

THUNDELARRA EXPLORATION LTD

ACN 085 782 994

PROSPECTUS

1. 2,800,000 Shares at an issue price of 19 cents per Share, together with 2,800,000 free attaching Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, on the basis of one Option for every Share acquired, to raise \$532,000 ("**Tranche 1 Offer**");
2. 12,200,000 Shares at an issue price of 19 cents per Share, together with 12,200,000 free attaching Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, on the basis of one Option for every Share acquired, to raise \$2,318,000 ("**Tranche 2 Offer**"); and
3. 2,000,000 Options at an issue price of 3.5 cents per Option, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, to raise \$70,000 ("**Option Offer**").

LEAD MANAGER

BBY LIMITED

ACN 006 707 777

<p>This Prospectus is dated 22 May 2006. This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.</p>

CORPORATE DIRECTORY

DIRECTORS

Philip Crabb (Chairman)
Frank DeMarte (Executive Director)
Brian Richardson (Executive Director)
Rick Crabb (Non-Executive Director)
Malcolm Randall (Non-Executive Director)

SECRETARY

Frank DeMarte

REGISTERED AND PRINCIPAL OFFICE

Level 3, IBM Building
1060 Hay Street
WEST PERTH WA 6005
Telephone: (08) 9321 9680
Facsimile: (08) 9321 9670
Email: admin@thundelarra.com
website: <http://www.thundelarra.com>

SOLICITORS

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

LEAD MANAGER

BBY Limited
Level 17 MetCenter
60 Margaret Street
SYDNEY NSW 2000

AUDITORS

Stanton Partners*
Level 1, 1 Havelock Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd*
Level 2
45 St George's Terrace
PERTH WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

* Appears for information purposes only

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Important Notes and Statements

This Prospectus is dated 22 May 2006. A copy of this Prospectus was lodged with the ASIC on 22 May 2006. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus. No Shares and Options will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares and Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

This Prospectus will be issued in paper form and as an Electronic Prospectus, which may be viewed online at www.thundelarra.com. The Offers are available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. During the period the Offers are open, any person may obtain a hard copy of this Prospectus by contacting the Company on (08) 9321 9680 or by email at admin@thundelarra.com.

The Company will apply for the Shares and Options offered pursuant to this Prospectus to be listed on ASX. An application for the Shares and Options will only be accepted on the Application Form accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Summary of Important Dates

Event	Date*
Announcement of Placement Offer	Monday, 15 May 2006
Prospectus Lodged at ASIC	Monday, 22 May 2006
Closing Date for acceptance and receipt of applications under the Tranche 1 Offer	Wednesday, 24 May 2006
Issue of Unconditional Securities and despatch of holding statements for Unconditional Securities	Thursday, 25 May 2006
General Meeting seeking approval to issue Conditional Securities	Monday, 26 June 2006
Closing Date for acceptance and receipt of applications under the Tranche 2 Offer and the Option Offer	Thursday, 29 June 2006
Issue of Conditional Securities and despatch of holding statements for Conditional Securities	Friday, 7 July 2006

*These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

SECTION 1. DETAILS OF THE OFFERS

1.1 The Offers

Pursuant to this Prospectus:

- (a) the Company invites investors, being professional investors organised by BBY, to subscribe for:
 - (i) 2,800,000 Shares at an issue price of 19 cents per Share, together with 2,800,000 free attaching Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, on the basis of one Option for every Share acquired, to raise \$532,000 ("**Tranche 1 Offer**"); and
 - (ii) 12,200,000 Shares at an issue price of 19 cents per Share, together with 12,200,000 free attaching Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, on the basis of one Option for every Share acquired, to raise \$2,318,000 ("**Tranche 2 Offer**"),

(the Tranche 1 Offer and the Tranche 2 Offer collectively referred to as the "**Placement Offer**"); and
- (b) the Company invites BB Capital Pty Ltd to subscribe for:
 - (i) 2,000,000 Options at an issue price of 3.5 cents per Option, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, to raise \$70,000 ("**Option Offer**").

The Offers will raise \$2,920,000 (less expenses of the Offers estimated to be \$225,000).

1.2 Shareholder Approval

The Offers are in part conditional upon the Company obtaining the approval of its shareholders to the issue of Shares and the granting of Options pursuant to Rule 7.1 of the Listing Rules.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's fully paid ordinary shares then on issue. As at the date of this Prospectus the Company has the discretionary power to issue and grant up to 5,600,000 securities without requiring shareholder approval.

Accordingly, the Tranche 1 Offer of 2,800,000 Shares and 2,800,000 free attaching Options under this Prospectus is not conditional upon obtaining the approval of shareholders ("**Unconditional Securities**"). The allotment of these Shares and Options will be at the discretion of the Directors.

However, the Tranche 2 Offer of the remaining 12,200,000 Shares and 12,200,000 free attaching Options, and the Option Offer of the 2,000,000 Options, under this

Prospectus are conditional upon the Company obtaining shareholder approval of its shareholders to those securities pursuant to Rule 7.1 of the Listing Rules ("**Conditional Securities**").

Allotment of the Conditional Securities pursuant to the Offers will not be made unless and until shareholder approval is obtained at the Company's General Meeting to be held on a date to be advised. A notice of meeting will be distributed to shareholders as soon as is practicable after the date of this Prospectus. Until shareholder approval is obtained the application money will be held in trust in a separate bank account. All application monies will be returned (without interest) if the necessary shareholder approval is not obtained.

1.3 **Opening and Closing Dates**

The Offers will open for receipt of acceptances at 9.00am WST on 22 May 2006 and will **close at 5.00pm WST on:**

- (a) in relation to the Tranche 1 Offer, 24 May 2006; and
- (b) in relation to the Tranche 2 Offer and the Option Offer, 29 June 2006,

or such later date as the Directors, in consultation with the Lead Manager, may determine.

1.4 **Minimum Subscriptions**

The minimum subscription pursuant to the Tranche 1 Offer is \$532,000.

No Shares and free attaching Options will be allotted or issued pursuant to the Tranche 1 Offer until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

The minimum subscription pursuant to the Tranche 2 Offer is \$2,318,000.

No Shares and free attaching Options will be allotted or issued pursuant to the Tranche 2 Offer until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

The minimum subscription pursuant to the Option Offer is \$70,000.

No Options will be allotted or issued pursuant to the Option Offer until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

1.5 Applications

An application for Shares and Options pursuant to the Offers can only be made on the relevant Application Form which accompanies a paper copy of this Prospectus. The Application Form with respect to the Placement Offer will be entitled either "Tranche 1 Offer Application Form" or "Tranche 2 Offer Application Form" and the Application Form with respect to the Option Offer will be entitled "Option Offer Application Form".

Cheques should be in Australian currency and made payable to "**Thundelarra Exploration Ltd – Trust Account**" and crossed "not negotiable".

Completed Application Forms must be accompanied by the application monies and lodged in person with or by post to the Company:

By delivery:

Thundelarra Exploration Ltd
Level 3, 1060 Hay Street
WEST PERTH WA 6005

By post:

Thundelarra Exploration Ltd
PO Box 7363
Cloisters Square
PERTH WA 6850

Application Forms must be completed in accordance with the instructions set out on the back of the Application Form.

Applications under the Tranche 1 Offer must be received by 5.00 pm WST on 24 May 2006 (subject to the right of the Directors to close the Tranche 1 Offer earlier or to extend this date without notice).

Applications under the Tranche 2 Offer and the Option Offer must be received by 5.00pm WST on 29 June 2006 (subject to the right of the Directors to close the Tranche 2 Offer and/or the Option Offer earlier or to extend this date without notice).

Should you wish to apply for Shares and Options, the instructions on the back of the Application Form will assist you to ensure that the Application Form is completed correctly.

1.6 Lead Manager and Brokers

BBY Limited ("**BBY**") has agreed to act as Lead Manager to the Placement Offer. As Lead Manager, BBY will receive a management fee of 1% of the total amount raised under the Placement Offer and 6% of the amount raised by BBY under the Placement Offer. BBY is responsible for the payments to other brokers who submit Applications under the Placement Offer.

No brokerage or stamp duty will be payable by Applicants subscribing for Shares and/or Options under this Prospectus.

1.7 Allotments

Subject to Section 1.2, the allotment of Shares and Options will be made as soon as practicable after the relevant closing dates and in the case of the Conditional Securities

as soon as is practicable after shareholders approve the allotment of those securities. The Company reserves the right to allot Shares and Options in full for any application or to allot any lesser number, or to decline any application received.

Where the number of Shares and Options allotted is less than the number applied for, the surplus application monies will be returned by cheque within 7 business days after the relevant closing date. Where no allotment is made, the amount tendered on application with the relevant Application Form will be returned in full by cheque as soon as practicable after the relevant closing date. Interest will not be paid on monies refunded.

A completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable application for the number of Shares and/or Options specified in the Application Form. The Application Form does not need to be signed to be a binding application.

If the Application Form is not completed correctly, or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application. The Directors' decision whether to treat the application as valid and how to construe, amend or complete the Application Form is final. However, an applicant will not be treated as having applied for more Shares and/or Options than is indicated by the amount of the cheque for the application monies.

1.8 ASX Listing

The Company will make application to ASX within 7 days following the date of this Prospectus for official quotation of the Shares and Options.

If approval is not granted by ASX within 3 months after the date of this Prospectus, the Company will not grant or allot any Shares or Options and will repay all application monies (where applicable) as soon as practicable, without interest.

A decision by ASX to grant official quotation of the Shares and Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Shares and Options now offered for subscription.

The Options the subject of the Offers are not expected to be listed for quotation on ASX until the last of the Options are issued pursuant to the Tranche 2 Offer and the Option Offer.

1.9 Purpose of the Offers

The purpose of the Offers is to raise funds for the following:

- (a) ongoing exploration activities on the Company's nickel, uranium and base metal projects;
- (b) ongoing investigation of and due diligence on new opportunities in respect of projects;
- (c) administrative costs of the Company; and

(d) working capital.

1.10 Use of Funds

Assuming the Company is successful in raising the minimum subscription under the Placement Offer and the Option Offer, the application of funds raised is summarised as follows:

Use of Funds	Year 1 (\$)	Year 2 (\$)	Total (\$)
Nickel Exploration	430,000	470,000	900,000
Uranium Exploration	670,000	640,000	1,310,000
Base Metal Exploration	110,000	90,000	200,000
Project Generation	100,000	100,000	200,000
Administration and Working Capital	240,000	70,000	310,000
Total	1,550,000	1,370,000	2,920,000

In the event that the Company does not raise the minimum subscription under the Tranche 2 Offer, the amounts specified in the above table will be reduced pro rata across all areas by \$2,318,000 and the Company will seek alternative funding for its projects.

In the event that the Company does not raise the minimum subscription under the Option Offer, the Company will reduce its administration and working capital in Year 2 by \$70,000.

SECTION 2. EFFECT OF THE OFFERS ON THE COMPANY

2.1 Principal Effects

If the maximum number of Shares and Options issued pursuant to this Prospectus are issued, they will constitute 33.88% of the presently issued Share capital which currently totals 94,430,370 Shares. When aggregated with the number of Options previously issued by the Company, the total percentage of Shares and Options in the Company the subject of these Offers will constitute approximately 28.17% of the presently issued Share capital of the Company on a fully diluted basis.

The principal effect on the Company of the Offers is as follows:

- (a) The Company will issue 15,000,000 Shares and 17,000,000 Options.
- (b) Following the issue of the Shares and Options, the cash reserves of the Company will increase by approximately \$2,920,000 (less expenses of the Offers which are estimated to be \$225,000).
- (c) If all of the Options proposed to be granted are ultimately exercised, the number of Shares on issue will increase from 94,430,370 to 111,430,370. The Company will receive 19 cents for each Option exercised and, assuming all Options are exercised, this will raise approximately \$3,230,000.

2.2 Balance Sheet and Capital Structure

Set out as follows is an un-audited Balance Sheet of the Company as at 31 March 2006 and the proposed capital structure of the Company after the Offers:

Balance Sheet Pro-forma Reflecting Proposed Offers

	Un-audited as at 31 March 2006 (\$)
CURRENT ASSETS	
Cash	3,372,016
Receivables	65,296
TOTAL CURRENT ASSETS	3,437,312
NON CURRENT ASSETS	
Receivables	398,919
Investments	4,085,691
Property, Plant & Equipment	354,058
Other	4,745,023
TOTAL NON-CURRENT ASSETS	9,583,691
TOTAL ASSETS	13,021,003

CURRENT LIABILITIES	
Payables	108,590
Provisions	68,297
TOTAL CURRENT LIABILITIES	176,887
NON-CURRENT LIABILITIES	
Provisions	22,197
TOTAL NON-CURRENT LIABILITIES	22,197
TOTAL LIABILITIES	199,084
NET ASSETS	12,821,919
SHAREHOLDERS' EQUITY	
Share Capital	26,138,215
Accumulated Losses	(13,316,296)
TOTAL SHAREHOLDERS' EQUITY	12,821,919

Capital Structure of the Company

The pro-forma capital structure of the Company following the Offers pursuant to this Prospectus is set out below:

Issued Capital	Number
Existing Ordinary Shares	94,430,370
Options on issue as at date of this Prospectus - various classes (see <i>Note 1</i> below)	19,151,000
Existing Issued Capital (on a fully diluted basis)	113,581,370
Maximum No. of Shares to be issued pursuant to this Prospectus	15,000,000
Maximum No. of Options to be issued pursuant to this Prospectus	17,000,000
Total Issued Capital following the Offers under this Prospectus (on a fully diluted basis)	145,581,370

Note 1: Classes of options on issue as at the date of this Prospectus.

Number of Options	Exercise Price	Expiry date
1,771,000	\$0.475	28/02/07
1,245,000	\$0.325	28/03/08
11,000,000	\$0.655	20/11/07
1,970,000	\$0.675	26/02/09
375,000	\$0.475	20/04/09
290,000	\$0.22	31/05/09
2,500,000	\$0.40	12/04/09

SECTION 3. RISK FACTORS

The Shares and Options offered under this Prospectus are considered speculative. The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares and Options pursuant to this Prospectus. In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of:

- **Operation and Development Risks**

By its nature, the business of exploration, mineral development and production which the Company may continue to participate in contains risks. Prosperity depends on the successful exploration and/or acquisition of reserves, development of a commercial process route for processing the ore, design and construction of efficient processing facilities, competent operation and management and efficient financial management. For its part, exploration is a speculative endeavour, the development of a commercial process route cannot be assured while mining operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

- **Government Policy**

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy which are beyond the control of Thundelarra.

- **Native Title**

Both the Native Title Act 1993 (Commonwealth), related State native title legislation and aboriginal land rights and aboriginal heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles. Compensatory obligations may be necessary in settling native title claims if lodged over any tenements acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage, it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

- **Commodity Price Risk**

In the future, the Company's revenue will come from sale of product. Therefore, its earnings will be closely related to the price and arrangements it enters into for selling of its products. Product prices fluctuate and are affected by factors including the relationship between global supply and demand for metal, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse affect on the Company's exploration, development and production activities as well as its ability to fund those activities.

- **Environmental Risks**

The Company's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards and discharge of hazardous waste and materials. The Company intends to conduct its activities in an environmentally responsible manner, in accordance with applicable laws and regulations.

- **Share Market Risk**

The market price of Shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular. Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in Shares.

- **General**

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. This is particularly so where new technologies are employed.

Each orebody is unique. The nature of the mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations, but are based on interpretation and on samples from drilling which, even at close drill hole spacing, represent a very small sample of the entire orebody. Reconciliation of past production and reserves, where available can confirm the reasonableness of past estimates, but cannot categorically confirm the accuracy of future projections.

The applications of metallurgical testwork results and conclusions to the process design, recoveries and throughput depend on the accuracy of the testwork and the assumption that the sample tests are representative of the orebody as a whole. There is a risk associated with the scale-up of laboratory and pilot plant results to a commercial scale and with the subsequent design and construction of any plant.

Mining project revenues are subject to variations in metal prices and exchange rates. Annual price variations can be significant and future trends and timing are difficult to predict with accuracy.

- **Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares and Options offered under this Prospectus.

SECTION 4. ADDITIONAL INFORMATION

4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its shares.

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("**ED**") securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The Shares and the Shares underlying the Options to be issued under this Prospectus are in a class of Shares that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the period ending 30 September 2005;
- (b) the Half Year Financial Report for the Company for the period ending 31 March 2006; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 September 2005 and before the issue of this Prospectus:

Date	Description of ASX Announcement
18/05/06	Change of Director's Interest Notice
16/05/06	Appendix 3B
15/05/06	Equity Placement to Fund Exploration
26/04/06	Second Quarter Activities & Cashflow Reports
13/04/06	Share Issue Sec 708 Notice
13/04/06	Appendix 3B
13/04/06	Copernicus Project – Settlement of Dispute
21/03/06	Copernicus Advanced Negotiations
07/03/06	Royal Resources Limited – Fully Subscribed
03/03/06	Change of Director's Interest Notice
27/02/06	Expiry of Unquoted Options
24/02/06	Results of Annual General Meeting
01/02/06	Change of Director's Interest Notice
30/01/06	First Quarter Activities & Cashflow Report
27/01/06	Change of Director's Interest Notice
24/01/06	Copernicus Deeps – Nickel Copper Intercepts
18/01/06	Notice of Annual General Meeting

4.4 Rights Attaching to Shares

The Shares to be issued pursuant to this prospectus will rank equally in all respects with existing Shares in the company. Full details of the rights attaching to the Company's Shares are set out in its constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the rights that attach to the Company's existing Shares:

Voting Rights

Each member entitled to vote and present in person or by proxy, representative or attorney has one vote on a show of hands and on a poll one vote for each fully paid share held in the capital of the Company. Members holding partly paid shares have such number of votes on a poll as bears the same proportion to the total of such shares registered in a member's name as the amount of the issue price thereof paid up bears to the total issued price. Each member is entitled to notice of, and to attend and vote at, general meetings.

In the event of a breach of any escrow agreement entered into by the Company under the Listing Rules in relation to any shares which are classified under the Listing Rules or by ASX as restricted securities, the member holding the shares in question shall cease to be entitled to any voting rights in respect of those shares for so long as the breach subsists.

Dividend Rights

The Directors may from time to time declare a dividend to be paid to the members entitled to the dividend. The dividend as declared shall be payable on all shares in

proportion to the amount of capital for the time being paid up or credited as paid up in respect of such shares. No dividend may be paid except out of profits.

In the event of a breach of any escrow agreement entered into by the Company under the Listing Rules in relation to any shares which are classified under the Listing Rules or by ASX as restricted securities, the member holding the shares in question shall cease to be entitled to any dividends in respect of those shares for so long as the breach subsists.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the members in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of members.

The liquidator may with the authority of a special resolution vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no member is compelled to accept any shares or other securities in respect of which there is any liability. Subject to the rights of the members (if any) entitled to shares with special rights in a winding up, all moneys and property that are to be distributed among members on a winding up shall be so distributed in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.

On a winding up of the Company, the holders of any shares which are classified under the Listing Rules or by ASX as restricted securities and which are subject to escrow restrictions at the commencement of the winding up shall rank on a return of capital behind all other shares in the Company.

Transfer of Shares

Subject to the constitution of the Company, the Corporations Act, any other laws and the Listing Rules, shares in the Company are freely transferable.

Future Increases in Capital

The Company may by ordinary resolution:

- increase its nominal shares by the creation of new shares of such amount as is specified in the resolution;
- consolidate and divide all or any of its nominal capital into shares of a larger amount than its existing shares;
- subject to the Listing Rules, sub-divide all or any of its shares into shares of a smaller amount; and
- cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and, reduce its nominal share capital by the amount of the shares so cancelled.

The allotment and issue of any new shares is under the control of the Directors from time to time of the Company. Subject to restrictions on the allotment of shares to Directors or their associates contained in the Listing Rules, the constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

Variation of rights

If at any time the share capital of the Company is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied whether or not the Company is being wound up with the consent in writing of three quarters of the issued shares of that class or if authorised by a special resolution at a separate meeting of the holders of shares of that class.

4.5 Terms and Conditions of Options

The following are the rights attaching to the Options offered under this Prospectus:

- (a) each Option has an exercise price of \$0.19;
- (b) each Option entitles the optionholder ("**Optionholder**") to subscribe for and be allotted one fully paid ordinary share ("**Share**") in the capital of Thundelarra Exploration Limited ("**THX**") at the exercise price for the Option;
- (c) the Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 30 June 2009 ("**Expiry Date**") by completing an Option Exercise Form (as set out below) and delivering it to the registered office of THX together with the payment for the number of Shares in respect of which the Options are exercised. An Option not exercised before the Expiry Date will lapse;
- (d) the Options are not assignable or transferable without the prior written consent of the directors of THX;
- (e) all Shares issued upon exercise of the Options will rank pari passu in all respects with THX's then issued Shares. THX will apply for official quotation by ASX of all Shares issued upon exercise of the Options;
- (f) there are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. However, THX must ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced and the Optionholder will be notified of the proposed issue at least 9 Business Days before the record date. This will give the Optionholder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue;
- (g) in the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of THX prior to the Expiry Date, the

rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;

- (h) if there is a pro rata issue (except a bonus issue) to THX shareholders, the exercise price of an Option will be reduced according to the following formula:

$$O^n = O - \frac{E [(P - (S + D))]}{N + 1}$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

S = the subscription price for new Shares issued under the pro rata issue;

D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- (i) if there is a bonus issue to THX shareholders, the number of shares over which an Option is exercisable will be increased by the number of shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue; and
- (j) Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Exercise Form and the exercise price in respect of the Option.

4.6 **Interests of Directors**

Directors' Holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Directors	Direct Holdings and those of Associates	Shares	Options
Philip G Crabb (Note 1)	Held directly Ragged Range Mining Pty Ltd Ioma Pty Ltd Darkdale Pty Ltd Gemini Mining Pty Ltd Midland Mines Pty Ltd Barcfin Pty Ltd The Crabb Superannuation Fund	514,413 11,388,914 3,998,774 1,494,700 31,063 31,063 31,063 228,524	- - 950,000 375,000 - - - -
Frank DeMarte (Note 2)	Held directly The DeMarte Family Trust The DeMarte Family Super Fund Granduer Holdings Pty Ltd	100,000 1,018,700 304,963 31,063	- 1,250,000 - -
Brian Richardson	Held directly	1,036,581	850,000
Rick Crabb (Note 3)	Held directly Rick Crabb and Carol Crabb as trustees for The Intermax Trust Westessa Holdings Pty Ltd	1,000,000 771,565 356,765	- - 400,000 -
Malcolm Randall (Note 4)	Renique Holdings Pty Ltd	263,000	400,000

Notes:

1. *Mr Philip Crabb is a sole director of Ragged Range Mining Pty Ltd and 48% shareholder. Mr Crabb is a director of Ioma Pty Ltd, Darkdale Pty Ltd and Barcfin Pty Ltd. Mr Crabb is a director of Gemini Mining Pty Ltd and a 99% shareholder, and is a director of Midland Mines Pty Ltd and a 2% shareholder. Mr Crabb is also a trustee and beneficiary of The Crabb Superannuation Fund. 500,000 of the 950,000 Options held by Ioma Pty Ltd are exercisable at \$0.675 each on or before 26 February 2009. The remaining 450,000 of the 950,000 Options held by Ioma Pty Ltd are exercisable at \$0.475 each on or before 28 February 2007. The 375,000 Options held by Darkdale Pty Ltd are exercisable at \$0.475 each on or before 20 April 2009.*
2. *Mr Frank DeMarte is a director of Grandeur Holdings Pty Ltd and a 50% shareholder. Mr DeMarte is a trustee for the DeMarte Family Trust and the DeMarte Family Superannuation Fund. 550,000 of the 1,250,000 Options held by the DeMarte Family Trust are exercisable at \$0.475 each on or before 28 February 2007. 350,000 of the 1,250,000 Options held by the DeMarte Family Trust are exercisable at \$0.325 each on or before 28 March 2008. the remaining 350,000 of the 1,250,000 held by the DeMarte Family Trust are exercisable at \$0.675 each on or before 26 February 2009.*
3. *Mr Rick Crabb is a director of and he and an associate together hold 100% of the shares in Westessa Holdings Pty Ltd. Carol Crabb is the spouse of Rick Crabb. 100,000 of the 400,000 Options held by Rick Crabb and Carol Crabb as trustees for The Intermax Trust are exercisable at \$0.475 each on or before 28 February 2007. 150,000 of the 400,000 Options held by Rick Crabb and Carol Crabb as trustees for The Intermax Trust are exercisable at \$0.325 each on or before 28 March 2008. The remaining 150,000 of the 400,000 Options held by Rick Crabb and Carol Crabb as trustees for The Intermax Trust are exercisable at \$0.675 each on or before 26 February 2009*
4. *Mr Malcolm Randall is a director of Renique Holdings Pty Ltd and a 50% shareholder. 100,000 of the 400,000 Options held by Renique Holdings Pty Ltd are exercisable at \$0.475 each on or before 28 February 2007. 150,000 of the 400,000 Options held by Renique*

Holdings Pty Ltd are exercisable at \$0.325 each on or before 28 March 2008. The remaining 150,000 of the 400,000 Options held by Renique Holdings Pty Ltd are exercisable at \$0.675 each on or before 26 February 2009.

Remuneration of Directors

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$100,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:

Financial year up to 30 September 2005

Directors	Director's Fees/Salaries	Super-annuation	Options	Total
	\$	\$	\$	\$
Mr Philip G Crabb	131,923	34,000	-	165,923
Mr Frank DeMarte	96,000	52,333	-	148,333
Mr Brian Richardson	110,854	34,800	-	145,654
Mr Rick Crabb	39,768	3,565	-	43,333
Mr Malcolm Randall	41,058	2,500	-	43,558

Financial year up to 30 September 2004

Directors	Director's Fees/Salaries	Super-annuation	Options	Total
	\$	\$	\$	\$
Mr Philip G Crabb	118,500	31,500	155,000	305,000
Mr Frank DeMarte	96,000	39,000	108,500	243,500
Mr Brian Richardson	87,410	29,800	108,500	225,710
Mr Rick Crabb	28,861	2,580	46,500	77,941
Mr Malcolm Randall	25,249	-	46,500	71,749
Mr Jeremy Caddy [#]	85,230	-	46,500	131,730

[#] Mr Jeremy Caddy resigned from the Company on 19 April 2004.

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- the Offers.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offers.

4.7 **Interests of Named Persons**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- the Offers.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offers.

- Stanton Partners are the auditors to the Company. They have provided audit services to the Company during the last two years totalling approximately \$41,200.
- Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$8,000 for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately \$36,000.
- BBY Limited have acted as Lead Manager to the Placement Offer. For these services, BBY will receive a management fee of 1% of the total amount raised

under the Placement Offer. BBY will also be entitled to receive and 6% of the amount raised by BBY under the Placement Offer. BBY is responsible for the payments to other brokers who submit Applications under the Placement Offer. BBY have not provided any other professional services to the Company during the last two years.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

4.8 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.24 on 5 April 2006 and \$0.17 on 20 March 2006. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.205 on 19 May 2006.

There are currently no listed Options on issue.

4.9 Expenses of the Offers

The approximate expenses of the Offers including advisers' fees, Lead Manager, ASIC and ASX fees, printing and distribution costs and other miscellaneous expenses, is \$225,000, which has been paid or is payable by the Company.

4.10 Consents

Each of the parties referred to in this Section 4.10:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this Section 4.10; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 4.10.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) Blakiston & Crabb as the solicitors to the Company; and
- (b) BBY Limited as the Lead Manager to the Placement Offer.

4.11 Privacy Disclosure Statement

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

4.12 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper prospectus lodged with the ASIC and the issue of Securities in response to an electronic Application Form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact Thundelarra (at email: admin@thundelarra.com or telephone (08) 9321 9680) and Thundelarra will send to you free, either a hard copy or a further electronic copy of the Prospectus or both.

Thundelarra reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the application monies received will be dealt with in accordance with section 722 of the Corporations Act.

SECTION 5. DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares or Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 22 May 2006



Brian Richardson
Director

SECTION 6. DEFINED TERMS

"**Application Form**" means the application form accompanying this Prospectus, being either the Tranche 1 Offer Application Form, the Tranche 2 Offer Application Form or the Option Offer Application Form, and "**Applicant**" and "**Application**" have comparative meanings;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means Australian Stock Exchange Limited;

"**BBY**" or "**Lead Manager**" means BBY Limited ACN 006 707 777;

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"**Company**", "**Thundelarra**" or "**THX**" means Thundelarra Exploration Ltd ACN 085 782 994;

"**Conditional Securities**" means the 12,200,000 Shares and the 12,200,000 free attaching Options the subject of the Tranche 2 Offer, and the 2,000,000 Options the subject of the Option Offer, as referred to in Section 1.2;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Directors**" means the directors of the Company;

"**Electronic Prospectus**" means the electronic version of the Prospectus;

"**Listing Rules**" means the Listing Rules of ASX;

"**Prospectus**" means this prospectus dated 22 May 2006, and includes the Electronic Prospectus;

"**Offers**" means the Placement Offer and the Option Offer;

"**Option**" means an option to acquire one Share;

"**Option Offer**" means the grant pursuant to this Prospectus of 2,000,000 Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, at an issue price of 3.5 cents per Option, to raise \$70,000;

"**Placement Offer**" means the Tranche 1 Offer and the Tranche 2 Offer;

"**Section**" means a section of this Prospectus;

"**Share**" means an ordinary fully paid share in the capital of the Company;

"**Tranche 1 Offer**" means the issue pursuant to this Prospectus of 2,800,000 Shares at an issue price of 19 cents per Share, together with 2,800,000 free attaching Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, on the basis of one Option for every Share acquired, to raise \$532,000;

"Tranche 2 Offer" means the issue pursuant to this Prospectus of 12,200,000 Shares at an issue price of 19 cents per Share, together with 12,200,000 free attaching Options, each to acquire one Share exercisable at 19 cents each on or before 30 June 2009, on the basis of one Option for every Share acquired, to raise \$2,318,000;

"Unconditional Securities" means the 2,800,000 Shares and the 2,800,000 free attaching Options the subject of the Tranche 1 Offer, as referred to in Section 1.2; and

"WST" means Australian Western Standard Time.

Guide to the Thundelarra Exploration Ltd Tranche 1 Offer Application Form

This Application Form relates to the offer of 2,800,000 Shares in Thundelarra Exploration Ltd at \$0.19 per Share, together with 2,800,000 free attaching Options, each Option to acquire one Share and exercisable at \$0.19 on or before 30 June 2009, pursuant to the Prospectus dated 22 May 2006. The expiry date of the Prospectus is the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for Shares and Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for. You will receive one free attaching Option (exercisable at \$0.19 each on or before 30 June 2009) with each Share issued to you.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.19.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to "Thundelarra Exploration Ltd – Trust Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and free attaching Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares and free attaching Options equal to or less than the number of Shares and free attaching Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgment of Applications

Return your completed Application Form with cheque(s) attached to:

BY DELIVERY:

Thundelarra Exploration Ltd
Level 3, 1060 Hay Street
WEST PERTH WA 6005

BY POST:

Thundelarra Exploration Ltd
PO Box 7363
Cloisters Square
PERTH WA 6850

Application Forms must be received no later than 5.00 pm WST time on 24 May 2006

Guide to the Thundelarra Exploration Ltd Tranche 2 Offer Application Form

This Application Form relates to the offer of 12,200,000 Shares in Thundelarra Exploration Ltd at \$0.19 per Share, together with 12,200,000 free attaching Options, each Option to acquire one Share and exercisable at \$0.19 on or before 30 June 2009, pursuant to the Prospectus dated 22 May 2006. The expiry date of the Prospectus is the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for Shares and Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for. You will receive one free attaching Option (exercisable at \$0.19 each on or before 30 June 2009) with each Share issued to you.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.19.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to "Thundelarra Exploration Ltd – Trust Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and free attaching Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares and free attaching Options equal to or less than the number of Shares and free attaching Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgment of Applications

Return your completed Application Form with cheque(s) attached to:

BY DELIVERY:

Thundelarra Exploration Ltd
Level 3, 1060 Hay Street
WEST PERTH WA 6005

BY POST:

Thundelarra Exploration Ltd
PO Box 7363
Cloisters Square
PERTH WA 6850

Application Forms must be received no later than 5.00 pm WST time on 29 June 2006.

Guide to the Thundelarra Exploration Ltd Option Offer Application Form

This Application Form relates to the offer of 2,000,000 Options in Thundelarra Exploration Ltd at \$0.035 per Option, each Option to acquire one Share and exercisable at \$0.19 on or before 30 June 2009, pursuant to the Prospectus dated 22 May 2006. The expiry date of the Prospectus is the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Options you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Options applied for by the sum of \$0.035.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to "Thundelarra Exploration Ltd – Trust Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Options equal to or less than the number of Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgment of Applications

Return your completed Application Form with cheque(s) attached to:

BY DELIVERY:

Thundelarra Exploration Ltd
Level 3, 1060 Hay Street
WEST PERTH WA 6005

BY POST:

Thundelarra Exploration Ltd
PO Box 7363
Cloisters Square
PERTH WA 6850

Application Forms must be received no later than 5.00 pm WST time on 29 June 2006.