

**Attention ASX Company Announcements Platform  
Lodgement of Open Briefing®**



Thundelarra Exploration  
Level 3, IBM Building  
1060 Hay Street  
West Perth, WA 6005

---

**Date of lodgement:** 7-Aug-2006

**Title:** Open Briefing®. Thundelarra. Production & Exploration

**Record of interview:**

**corporatefile.com.au**

Thundelarra Exploration Ltd's (ASX code: THX) has just reported the results of the first holes drilled into the East Kimberley Copernicus North prospect (THX 40%). How do these intersections compare with previous drilling into the Copernicus deposit in terms of grade and width? Where are they in relation to previous drilling?

**Chairman Phil Crabb**

The recent drill result of 24 metres at 2.46% nickel and 1.16% copper is the best intercept reported from Copernicus so far with the previous best being 27 metres at 1.35% Ni and 0.53% Cu. We're very encouraged by the latest results not only because it is indicating the potential for improved grade and tonnage at depth, but it also shows that the mineralisation is very predictable in its continuity. All holes drilled so far in 2006 have intersected mineralisation. Another important point is that hole CORC064 (14 metres at 1.54% Ni and 0.92% Cu from 122 metres) is a shallow intercept and in the area we called The Link. This zone had previously returned a best intercept of only 2 metres at 1.3% Ni so this result was a very pleasant surprise.

**corporatefile.com.au**

What are the objectives of the current drilling campaign? What proportion of the drill results from the current campaign has been reported?

**Chairman Phil Crabb**

The overall objective of the current drilling program is to prove up an underground resource within the joint venture tenement. Sally Malay has approved a budget to drill 17,000 metres of RC and diamond drilling this year at a cost of \$2.1 million. To date they have only drilled a little over 2,000 metres so hopefully there's a lot of good news still to come. You will see from the ASX announcement that the yet to be assayed holes CORC071 and 072 intersected 15 metres and 10 metres of sulphides so we're expecting further positive results next week. Thundelarra will not need to contribute anything towards this drilling program.

**corporatefile.com.au**

What additional understanding of the size, grades and orientation of the Copernicus resource have you gained?

**Chairman Phil Crabb**

The mineralisation appears to be behaving as predicted with a few pleasant surprises in respect to widths and grade. The mineralisation starts from surface and at the moment extends at least 600 metres down-plunge. We're optimistic that it will extend well beyond this length.

The Copernicus open pit resource is obviously well understood and here the mineralised body is lens-shaped, being 19 metres wide in the middle with the higher grades, and tapering off on the sides, averaging about 10 metres in width. Its up-dip extent seems to be about 80 metres so you can see, if this shape and orientation continues to depth, as looks likely, there is a good chance that we'll see at least 2 million tonnes down to about 400 metres vertical. We obviously hope the ore body blows out at depth and then continues over the tenement boundary into our adjacent tenement.

With respect to grade I imagine the underground grade will be around 1.5% Ni and 0.8% Cu, similar to what Sally Malay is expecting from its underground operation.

**corporatefile.com.au**

Sally Malay is preparing a Notice of Intent to mine and process the Copernicus open pit resource. Sally Malay will process the ore through its Sally Malay Nickel Project plant. What is the current Copernicus resource and how much of it do you expect Sally Malay to mine?

**Chairman Phil Crabb**

Sally Malay has reported an indicated resource of 359,000 tonnes grading 1.3% Ni, 0.7% Cu and 0.05% Co down to 50 metres from surface. This equates to about 4,600 tonnes of contained nickel metal which at today's nickel price of around A\$34,000/t gives this small resource an in-ground value of around A\$156 million. Given the well defined shape of the body with a very sharp cut off between mineralisation and waste, I would imagine most of this resource will convert to reserve, maybe at a slightly lower grade and dependent on metallurgy etc. By the time you take recoveries and smelting costs the payable nickel is however around 50-60% and what you mine of course.

The way things are looking the intercept in CORC064 (14 metres at 1.54% Ni) is only about 60 metres from the bottom of the proposed open cut so it will be very easy and quick to access the underground ore from the pit.

**corporatefile.com.au**

When do you expect the first Copernicus ore to be processed? What is Thundelarra's expected annual share of contained nickel in concentrate from the project?

**Chairman Phil Crabb**

SMY has stated that they hope to be in production by the second quarter of 2007 subject to all approvals etc. Everything seems to be on track for this start date at the moment. Thundelarra will be entitled to 40% of the nickel in concentrate.

**corporatefile.com.au**

What net cash flow do you expect Copernicus to generate for Thundelarra both at your long term nickel price assumptions and at current spot prices?

**Chairman Phil Crabb**

I can't comment on cash flow in detail as yet, but I think a lot of people believe that the nickel price will be good for a while to come yet so we should be in production under similar strong commodity prices next year. As the Copernicus ore will be treated through the SMY plant and very little capital is required to get into production I think the open cut will be very profitable. I think it can be mined and processed within 6 months, but this will of course be subject to scheduling at the mine.

I notice that SMY have quoted a Net Nickel Revenue of A\$9.93/lb for their SMY mine so maybe Copernicus will come in somewhere around that.

We'll need to wait until the current drilling program is completed before we can start to talk about reserves etc as hopefully future results may influence the size and depth of the current pit.

**corporatefile.com.au**

Can you reiterate Sally Malay's remaining obligations as part of the earn-in agreement? What is the potential for Sally Malay/Thundelarra to add to the resource within the Copernicus Joint Venture area including the potential for underground mining?

**Chairman Phil Crabb**

SMY are required to spend \$3.5 million over 4 years to maintain their 60% equity. I'd imagine they'll spend this amount in less than 1 year. This expenditure should be enough to give us an underground ore reserve and take us a fair way towards production. After the expenditure of the \$3.5 million, Thundelarra will be required to contribute its 40% share.

Thundelarra and SMY have always been very strong believers in the potential of the Copernicus underground. I think given the current nickel, copper and cobalt prices, the good mining widths, the grade and large tonnage potential, the spare

processing capacity of the SMY mill, the minimal capital expenditure required to get into production and the fact that ore can be easily accessed from the bottom of the proposed pit, both parties will be very surprised if there is not an underground mining operation at Copernicus in the near future.

**corporatefile.com.au**

Can you outline Thundelarra's overall exploration program for the remainder of 2006 including for Thundelarra managed programs and the Breakaway Resources (formerly LionOre) and Sally Malay managed programs?

**Chairman Phil Crabb**

Thundelarra is currently very active in its own right in the East Kimberley and elsewhere in Australia. We have just completed our first drilling program at the Lamboo project and results are due out shortly. I am particularly interested in the Edison platinum prospect where our soil sampling returned a 1.3 g/t PGE in soil anomaly in the right geological location. We have drilled the holes underneath and we must now wait to see what we get.

We start a second campaign of drilling in about 6 weeks time continuing the assessment of the Lamboo project and several other nickel prospects away from Lamboo.

We have also reported that Thundelarra has commenced uranium exploration and project generation. We have a full time experienced uranium geologist on staff and we're currently looking at 4 good projects. We're also about to start exploration on our very exciting Spinifex uranium project in the East Kimberley. We expect the tenement to be granted in a couple of weeks and I will be doing a heritage survey about the same time. We have close to 800 sq kms around the old Spinifex prospect where sampling in the 1970s by Uranerz returned assays up to 13.5% U3O8. Thundelarra's exploration director worked for Uranerz back in the late 1970s in the East Kimberley.

Thundelarra has never been busier on the exploration front.

Breakaway has a budget of about \$500,000 for exploration on the East Kimberley JV this year. Due to the LionOre divestment and the Breakaway deal things have been slow to start, but we expect a lot of action including drilling. We anticipate that Breakaway will have a close look at Keller Creek, which currently has a best intercept of 6.8 metres at 1.98% Ni from 37 metres and Eileen Bore, which currently has a best intercept 116 metres at 0.78% Cu, 0.90 g/t Pt\_Pd\_Au, 0.30% Ni from surface, especially as both of these prospects are very close to the SMY mill and Copernicus. What is also important is the fact that Breakaway is currently looking for other commodities within our JV ground, particularly zinc.

SMY will obviously be very busy proving up the Copernicus underground and getting everything in place to start production next year from the open cut.

**corporatefile.com.au**

The majority of Thundelarra's tenements in the East Kimberley are subject to the East Kimberley Joint Venture where Breakaway is earning 60% equity by

spending \$5 million over five years. From an outsider's perspective you haven't reported a great deal on the JV. What expenditure obligations have Breakaway met so far and what progress has been made by the JV?

**Chairman Phil Crabb**

LionOre has spent about \$4.5 million to date on the JV and Breakaway will carry on the spend and will probably earn their 60% interest this season. Once this happens Thundelarra will need to contribute 40% of ongoing expenditure costs or opt for a 20% free carried interest to completion of BFS. There are a number of very exciting prospects in the Breakaway JV tenements that we hope will generate some good news over the next couple of months. We hope that Breakaway will also look at possibly fast tracking prospects such as Keller Creek and Eileen Bore that may have open pit resource potential.

**corporatefile.com.au**

Overall, which are Thundelarra's most advanced exploration projects and which do you consider the most prospective?

**Chairman Phil Crabb**

Lambo is obviously our most advanced exploration tenement and I believe we'll get some very encouraging platinum results in the near future. We also have the Mabel Hill and Highway nickel prospects where we already have nickel intercepts or good untested EM anomalies ready for drilling.

On the uranium front I think Spinifex is a very exciting opportunity and we're very encouraged by what we have seen so far. Thundelarra has a large number of prospects, but we need to prioritise our resources.

**corporatefile.com.au**

How are you prioritising exploration beyond the projects you've just outlined? What pre-drilling work are you doing on other prospects?

**Chairman Phil Crabb**

Because of the seasonal aspect of exploration in the Kimberley we're putting most of our resources into this region at the moment. We are now however really stepping up our uranium exploration efforts and I think we'll have a new uranium project ready for exploration come the wet season. We also have a good nickel project in the Pilbara called Pyramid and we may allocate a budget to explore this shortly.

Thundelarra also has a very prospective bit of ground under JV with De Grey Mining in the Pilbara called Red Rock. De Grey is just starting a major exploration push on this base metal-gold project.

**corporatefile.com.au**

Can you explain the addition of uranium exploration to your program given the historical restriction imposed by governments on uranium mining in Australia and the great number of competing uranium exploration projects that have emerged?

**Chairman Phil Crabb**

We believe that eventually even WA will allow uranium mining and we know that even if we were lucky enough to discover a uranium ore body during our first drilling program at Spinifex it would take at least 5 years to get into production. We would be relaxed if the government changed its policy on the day we announced our first ore reserve.

We have decided to concentrate on finding the ore body first then we can look at the political situation later.

People have said that we have missed the boat with respect to uranium, but we're finding that there are plenty of opportunities for an explorer like ourselves, with good in-house uranium expertise, strong management and a commitment to good exploration on the ground.

**corporatefile.com.au**

What is Thundelarra's current cash position and committed expenditure for 2006?

**Chairman Phil Crabb**

Thundelarra has about \$3.5 million in the bank, we have a budget of about \$500,000 for the next 6 months, but if Copernicus goes the way we hope, we will be cash flow positive by July next year. We will however have to raise a few dollars on the way to fund our share of the open cut mining.

**corporatefile.com.au**

Where is the best opportunity for Thundelarra to move from explorer to longer term producer?

**Chairman Phil Crabb**

Copernicus near surface nickel resource will hopefully allow us to join the select group of producers next year and Copernicus underground should see us as longer term producers. There is no reason why Copernicus cannot be as big as the nearby Sally Malay deposit. Of course there is more work to do, but that work will be completed this year.

**corporatefile.com.au**

Thank you Phil.

---

For further information on Thundelarra visit [www.thundelarra.com](http://www.thundelarra.com) or call Phil Crabb or Brian Richardson on 08 9321 9680.

To read other Thundelarra Open Briefings, or to receive future Open Briefings by email, please visit [www.corporatefile.com.au](http://www.corporatefile.com.au)

**DISCLAIMER:** Corporate File Pty Ltd has taken reasonable care in publishing the information contained in this Open Briefing®. It is information given in a summary form and does not purport to be complete. The information contained is not intended to be used as the basis for making any investment decision and you are solely responsible for any use you choose to make of the information. We strongly advise that you seek independent professional advice before making any investment decisions. Corporate File Pty Ltd is not responsible for any consequences of the use you make of the information, including any loss or damage you or a third party might suffer as a result of that use.