THUNDELARRA EXPLORATION LTD

ABN 74 950 465 654

ANNUAL REPORT 2006

CORPORATE DIRECTORY

DIRECTORS

Philip G Crabb	Chairman & CEO
Frank DeMarte	Executive Director and Chief Financial Officer
Brian Richardson	Executive Director
Rick W Crabb	Non-Executive Director
Malcolm J Randall	Non-Executive Director

SECRETARY

Frank DeMarte

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PERTH WA 6000

AUDITORS
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LISTED ON AUSTRALIAN STOCK EXCHANGE LIMITED

Code: THX

All information on the Company including shareholder reports, press releases, quarterly reports and annual reports are available on our web site www.thundelarra.com.

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CHAIRMAN'S LETTER

Dear Shareholder

I am pleased to present the 2006 Annual Report outlining our activities during the past year.

In a significant development during the year, Agreement was reached with Sally Malay Mining Ltd ("Sally Malay") to settle of the dispute over the Copernicus Nickel-Copper Sulphide deposit in the East Kimberley on terms favourable to both parties.

Details of that settlement and the work carried out on the Copernicus project is detailed in the review of operations section of the annual report.

I am pleased to advise however that we now have a high expectation that the deposit will be mined and treated through the nearby Sally Malay mill commencing mid 2007.

Should the currently high nickel prices prevail to that time, Thundelarra expects considerable positive cash flow from the project.

Our other Joint Venture Farm-in partner in the East Kimberley, Breakaway Resources Ltd ("Breakaway") continued exploration and, at the end of November 2006, advised that it has spent the $5m as required under that agreement and as a consequence had earnt a 60% interest in the project area. Reports on exploration and other details of ongoing agreements appear later in this report.

Thundelarra successfully carried out exploration on its own account and details of that work and other areas taken up for exploration are also set out in this report. Of particular interest has been our drilling results for platinum-palladium-gold from the Lamboo project in the East Kimberley. Thundelarra intends to maintain its level of exploration on this project in 2007.

We had much success in listing our spin off Company, Royal Resources Limited (formerly United Gold Ltd) in April 2006 which has proved beneficial to those of our shareholders who received the in-specie distribution and or participated in the share issue.

A considerable effort was expended in either pegging or acquiring outright/joint venturing a number of uranium prospective tenements in the Northern Territory, Western Australia [and other states]. During this coming year, consideration will be given to the possible spin out of these assets into a new company, subject to shareholder approval and prevailing market conditions. Shareholders should be aware that additional funds will be required to carry out aggressive but focused exploration on these highly prospective areas. The expected positive cash flow from the proposed mining of the "Copernicus" open cut by our joint venture partner, Sally Malay will be a factor in this decision.

Further on the corporate front Thundelarra has 21,350,000 shares and 12,116,667 quoted options over shares in United Mineral Corporation Ltd (UMC) [formerly United Kimberley Diamonds NL]. The Company's shareholding represents approximately 21% of UMC's capital and this investment by our Company may prove most fruitful in the coming years.

CHAIRMAN'S LETTER (continued)

Thundelarra holds 885,515 shares in Royal Resources Limited, an active iron ore explorer in the Pilbara and Mid West Murchison district of Western Australia.

The Company also holds 2,500,000 shares and 1,200,000 warrants over shares in Aldershot Resources Ltd (Aldershot), a uranium explorer listed on the Toronto Venture Exchange. The Company's shareholding represents approximately 6% of Aldershot's capital. Aldershot has uranium tenements in Canada, Zambia and Australia and copper project in Chile.

Your Company has a number of exciting prospects in the East Kimberley and Pilbara regions of Western Australia and as soon as the monsoon eases (which is usually late March) we will again be in the field conducting exploration. Over the summer we will evaluate 2006 activities, define targets for 2007 and evaluate any new opportunities that may arise.

Thundelarra looks forward with confidence to the coming year and looks forward to further success in the field.

I thank our many loyal shareholders, along with my fellow directors and staff and in particular the effort put in by Mr Brian Richardson (our Exploration Director) along with Mr Frank DeMarte (our Director and Secretary in relation to corporate matters) both of whom contributed enormously during a busy and testing year.

Yours faithfully
THUNDELARRA EXPLORATION LTD

Philip G Crabb
CHAIRMAN

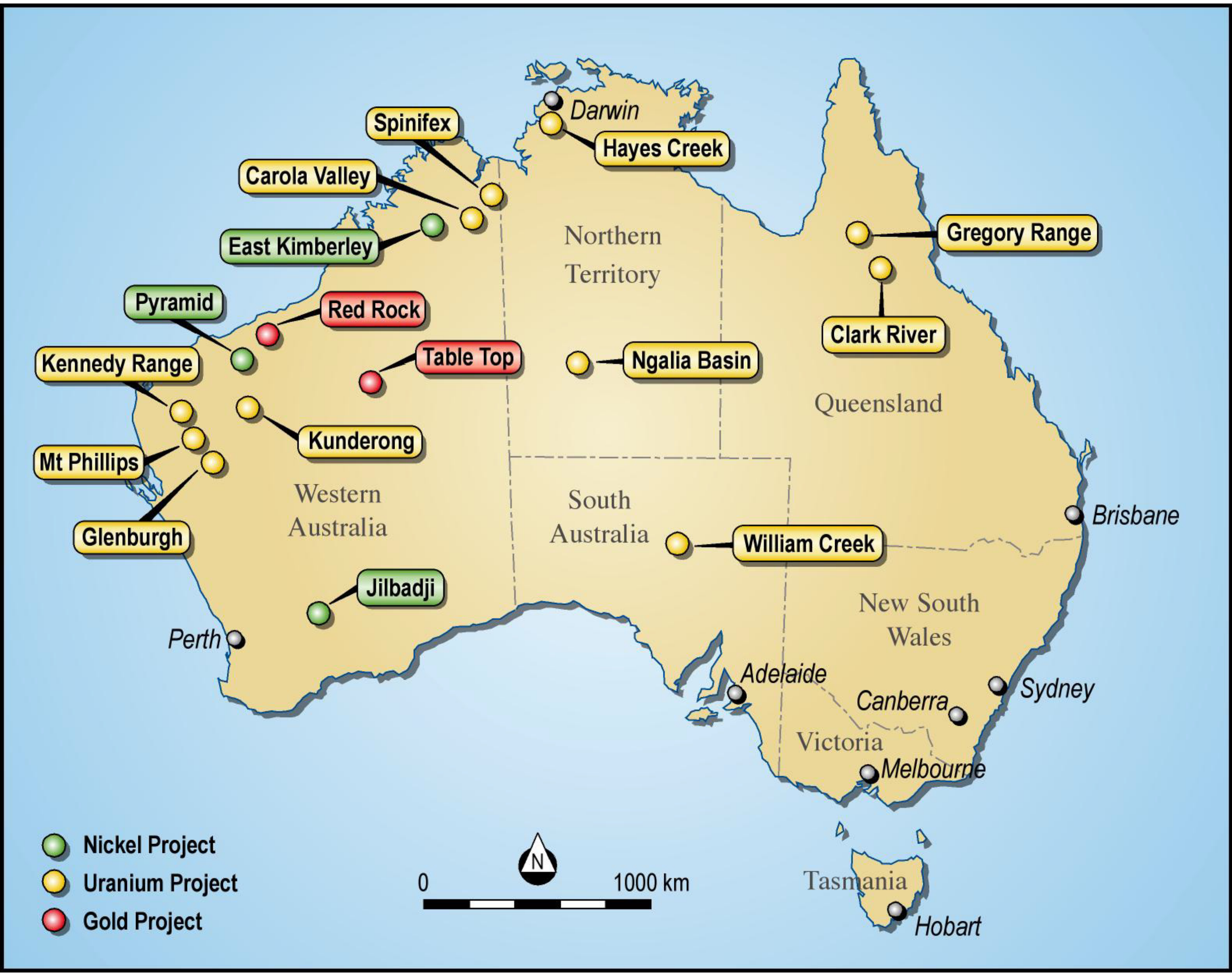
REVIEW OF OPERATIONS

During the past 12 months, Thundelarra Exploration Ltd ("Thundelarra") has enjoyed significant success on both the exploration and corporate fronts. In April 2006 the Copernicus dispute was settled out of court allowing our joint venture partner, Sally Malay Mining Ltd ("Sally Malay") to drill out the Copernicus underground nickel-copper sulphide resource and to progress the preparation of the Notice of Intent to mine the Copernicus open pit deposit. Production is anticipated to commence in the second half of 2007.

In October Thundelarra made a new platinum-palladium discovery at the Edison prospect within the East Kimberley Lamboo project. Exploration is at a very early but exciting stage with further work planned for the 2007 season.

In 2005 the Thundelarra Board initiated a strategy and approved a budget to explore for uranium within Australia. This initiative has resulted in the acquisition of 13 quality uranium projects within Australia including 7 outside of Western Australia. Negotiations are underway to acquire additional projects with the intention of commencing a major exploration push in 2007.

On the Corporate front, in addition to the settlement of the Copernicus dispute under mutually acceptable terms, Royal Resources Limited, the iron ore and gold "spin off" from Thundelarra was successfully listed on the Australian Stock Exchange in April 2006 raising a total of $4,024,000.



Darwin
Spinifex
Hayes Creek
Carola Valley
East Kimberley
Northern Territory
Gregory Range
Pyramid
Red Rock
Clark River
Table Top
Ngalia Basin
Kennedy Range
Queensland
Kunderong
Mt Phillips
Western Australia
South Australia
Brisbane
Glenburgh
William Creek
Jilbadji
New South Wales
Perth
Adelaide
Sydney
Canberra
Victoria
Melbourne
Nickel Project
Uranium Project
Gold Project
N
0
1000 km
Tasmania
Hobart

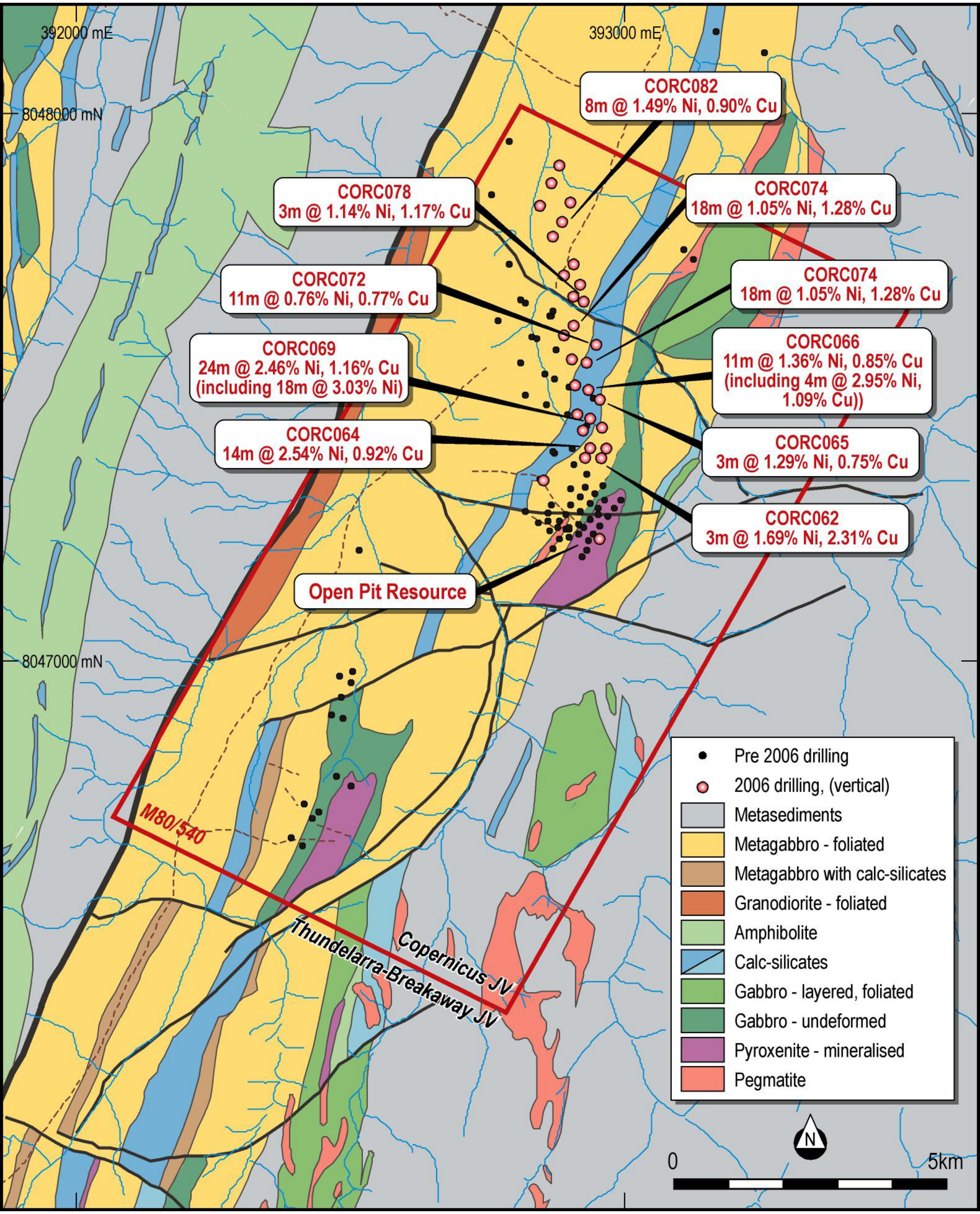
REVIEW OF OPERATIONS (continued)

COPERNICUS JOINT VENTURE

The Copernicus Joint Venture between Thundelarra (40%) and Sally Malay (60%) covers the East Kimberley Mining Lease Application 80/540 (1.2 square kilometres) located approximately 35 kilometres south of the operating Sally Malay nickel mine (see East Kimberley Project map). The tenement contains the Copernicus magmatic nickel-copper-cobalt sulphide deposit hosted by a north plunging pyroxenite unit within a small layered gabbro complex. It outcrops at surface where it forms the Copernicus open pit resource (359,000 tonnes @ 1.3% nickel, 0.7% copper and 0.05% cobalt). The original Farm-in Agreement between Thundelarra and Sally Malay on the Copernicus tenement was terminated by Thundelarra on the 15 April 2005. On the 1 June 2005, Sally Malay served a Supreme Court writ on Thundelarra and the Copernicus tenement was then subject to litigation between the parties until a Settlement Deed was signed on the 13 April 2006. Under the terms of the Deed a revised joint venture was formed whereby Thundelarra confirmed that Sally Malay held a 60% interest in the tenement and Sally Malay committed to spend an additional $3.5 million over 4 years to maintain their equity in the project. The resolution of the dispute allowed the Joint Venture parties to progress the Copernicus open pit and the drilling of the underground resource.

During the year 29 vertical reverse circulation holes (CORC062-090) were drilled for a total of 8,310 metres at the prospect (see Copernicus Project map). The objective of the program was to delineate the Copernicus North-Copernicus Deeps orebody in sufficient detail to enable the estimation of the Mineral Resources prior to determining an Ore Reserve. Holes were generally drilled at 25 metre by 25 metre spacing down to a vertical depth of 300 metres (Copernicus North) widening out to 50 metres by 25 metres between 300 and 500 metres vertical depth (Copernicus Deeps). The Mineral Resource estimate for the underground resource is expected to be completed by early December 2006.

The drilling has shown that the orebody is continuous from surface to approximately 300 metres vertical depth with the majority of holes intersecting mineralised Copernicus pyroxenite. A number of holes returned significant intersections including 24 metres @ 2.46% nickel and 1.16% copper from 186 metres and 14 metres @ 1.54% nickel and 0.92% copper from 122 metres. Only a few holes below 300 metres intersected mineralisation but a down-hole electromagnetic survey has indicated an off hole anomaly to the north of the drilling. This anomaly is interpreted as the displaced Copernicus sulphide body and will be drill tested in 2007. Significant results from the 2006 drilling program are presented in the following Table.


392000 mE
393000 mE
8048000 mN
8047000 mN
CORC082
8m @ 1.49% Ni, 0.90% Cu
CORC078
3m @ 1.14% Ni, 1.17% Cu
CORC074
18m @ 1.05% Ni, 1.28% Cu
CORC072
11m @ 0.76% Ni, 0.77% Cu
CORC074
18m @ 1.05% Ni, 1.28% Cu
CORC069
24m @ 2.46% Ni, 1.16% Cu
(including 18m @ 3.03% Ni)
CORC066
11m @ 1.36% Ni, 0.85% Cu
(including 4m @ 2.95% Ni,
1.09% Cu))
CORC064
14m @ 2.54% Ni, 0.92% Cu
CORC065
3m @ 1.29% Ni, 0.75% Cu
CORC062
3m @ 1.69% Ni, 2.31% Cu
Open Pit Resource
M80/540
Copernicus JV
Thundelarra-Breakaway JV
Pre 2006 drilling
2006 drilling, (vertical)
Metasediments
Metagabbro - foliated
Metagabbro with calc-silicates
Granodiorite - foliated
Amphibolite
Calc-silicates
Gabbro - layered, foliated
Gabbro - undeformed
Pyroxenite - mineralised
Pegmatite
N
0
5km

REVIEW OF OPERATIONS (continued)

Copernicus Drill Results – 2006 Program

Hole No	North	East	Dip	From-To	Interval	Ni%	Cu%	Co%
CORC062	102908	55400	90	96-99	3	1.69	2.31	0.05
CORC063	102928	55400	90	109-110	1	0.3	0.19	0.01
CORC064	**102915**	**55375**	**90**	**122-136**	**14**	**1.54**	**0.92**	**0.05**
CORC065	102957	55375	90	134-137	3	1.29	0.75	0.04
CORC066	**102963**	**55350**	**90**	**158-169**	**11**	**1.39**	**1.85**	**0.05**
			Including	**158-162**	**4**	**2.95**	**1.09**	**0.09**
CORC067	102938	55350	90	146-149	3	0.54	0.45	0.02
CORC068	102958	55325	90	170-173	3	0.70	0.45	0.03
CORC069	**103009**	**55325**	**90**	**186-210**	**24**	**2.46**	**1.16**	**0.08**
			Including	**187-205**	**18**	**3.03**	**1.16**	**0.09**
CORC071	**103053**	**55298**	**90**	**218-232**	**14**	**1.81**	**0.97**	**0.06**
			Including	**218-228**	**10**	**2.29**	**1.22**	**0.09**
CORC072	103090	55300	90	234-245	11	0.76	0.77	0.03
CORC073	103045	55272	90	237-250	13	NSR		
CORC074	**103104**	**55248**	**90**	**274-292**	**18**	**1.05**	**1.28**	**0.04**
			Including	**283-292**	**9**	**1.36**	**1.16**	**0.05**
CORC075	102895	55375	90	119-121	2	0.54	0.42	0.02
CORC076	103203	55196	90			NSR*		
CORC077	103176	55192	90			NSR		
CORC078	103150	55242	90	283-286	3	1.14	1.17	0.04
CORC079	103300	55143	90			NSR		
CORC080	103079	55240	90			NSR		
CORC081	103003	55350	90	165-166	1	0.56	0.42	0.02
CORC082	103260	55144	90	417-425	8	1.49	0.90	0.04
CORC083	102825	55325	90			NSR		
CORC084	103230	55142	90			NSR		
CORC085	103175	55225	90			NSR		
CORC086	103150	55225	90			NSR		
CORC087	103315	55095	90	503-504	1	0.40	0.40	0.02
CORC088	102774	55465	90	23-27	4	0.77	0.33	0.03
CORC089	103270	55094	90			NSR		
CORC090	103350	55093	90			NSR		

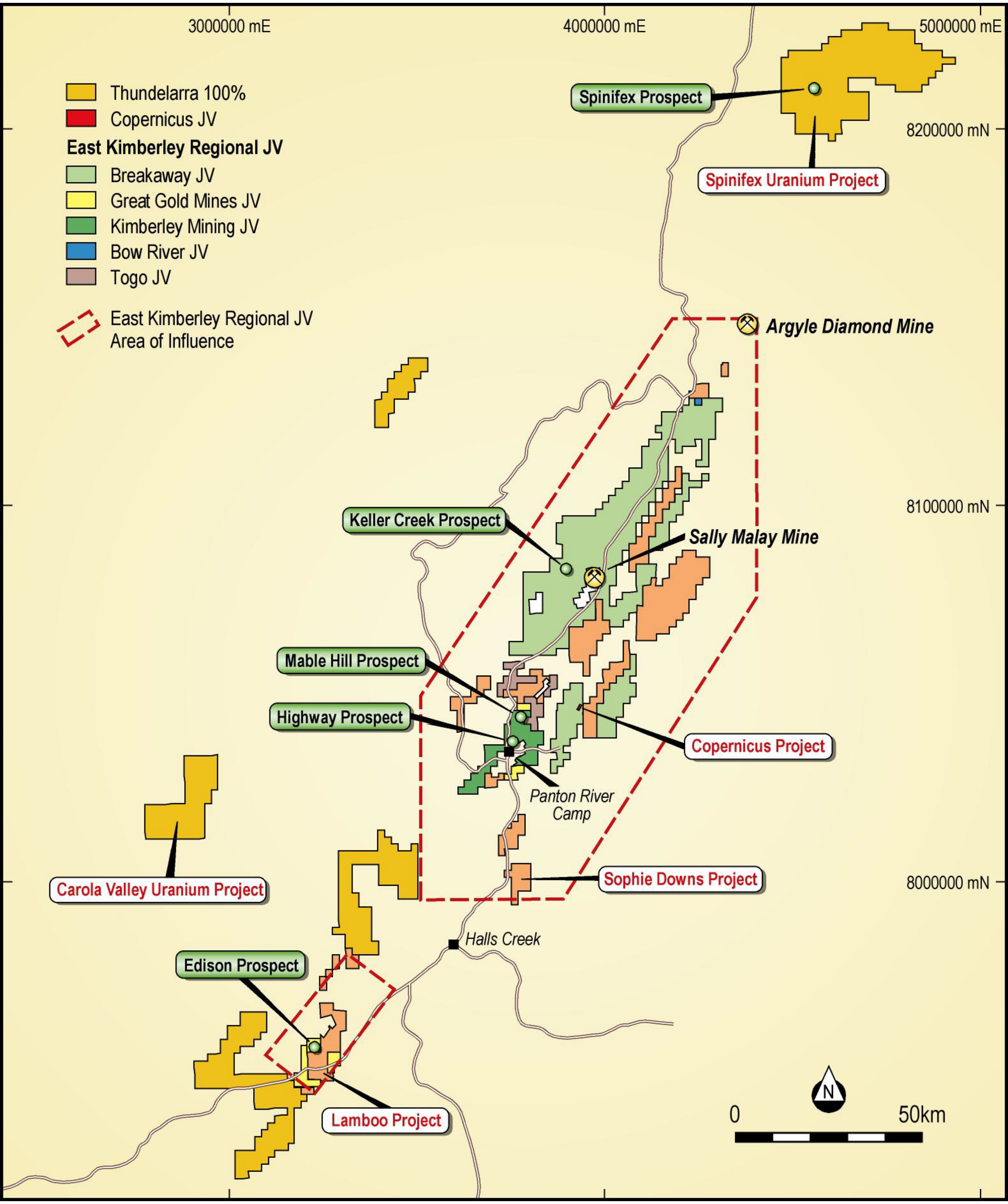
* NSR – no significant results

During the year Sally Malay, as managers of the project, progressed the Notice of Intent which is due for completion in December 2006. Subject to receiving all necessary statutory approvals, including granting of the mining lease, the Copernicus Joint Venture is hopeful of commencing open pit operations during the second half of 2007.

REVIEW OF OPERATIONS (continued)

EAST KIMBERLEY REGIONAL JOINT VENTURE

Thundelarra is a large tenement holder in the East Kimberley with over 2,600 square kilometres covering the Proterozoic Halls Creek Orogen ("HCO"), one of the most prospective and under explored nickel and platinum group metals ("PGM") provinces in Australia (see East Kimberley Project map). Thundelarra's tenements contain approximately 50 known layered mafic-ultramafic intrusions and over 100 magmatic nickel-copper and PGM occurrences including the significant Copernicus, Keller Creek and Edison prospects. Under a regional agreement with Breakaway Resources Limited ('Breakaway"), Thundelarra explores some 1,100 square kilometres in its own right and Breakaway is farming into the remainder by the expenditure of $5 million over 5 years. After Breakaway has earned the 60% equity, Thundelarra may then elect to contribute to maintain its 40% equity or dilute to a 20% interest, free carried to decision to mine. Breakaway also has the right, for a period of 6 months, following the completion of the earn-in in the original joint venture, to earn 60% of Thundelarra's equity in additional joint venture tenements by the expenditure of 150% of Thundelarra's total expenditure on the tenements.


3000000 mE
4000000 mE
5000000 mE
8200000 mN
8100000 mN
8000000 mN
Thundelarra 100%
Copernicus JV
East Kimberley Regional JV
Breakaway JV
Great Gold Mines JV
Kimberley Mining JV
Bow River JV
Togo JV
East Kimberley Regional JV Area of Influence
Spinifex Prospect
Spinifex Uranium Project
Argyle Diamond Mine
Keller Creek Prospect
Sally Malay Mine
Mable Hill Prospect
Highway Prospect
Copernicus Project
Panton River Camp
Sophie Downs Project
Carola Valley Uranium Project
Halls Creek
Edison Prospect
Lamboo Project
N
0
50km

REVIEW OF OPERATIONS (continued)

Lamboo Project

During the year Thundelarra focussed most of its exploration efforts on the Lamboo project located 40 kilometres south west of Halls Creek. The project consists of 5 tenements (80 square kilometres) covering the Lamboo Igneous Complex (“LIC”). This is a structurally complex folded layered intrusion approximately 35 kilometres long and 1.5 kilometres in width with at least 32 kilometres of strike within Thundelarra’s tenements. The project is prospective for ortho-magmatic nickel-copper sulphide and PGM mineralisation.

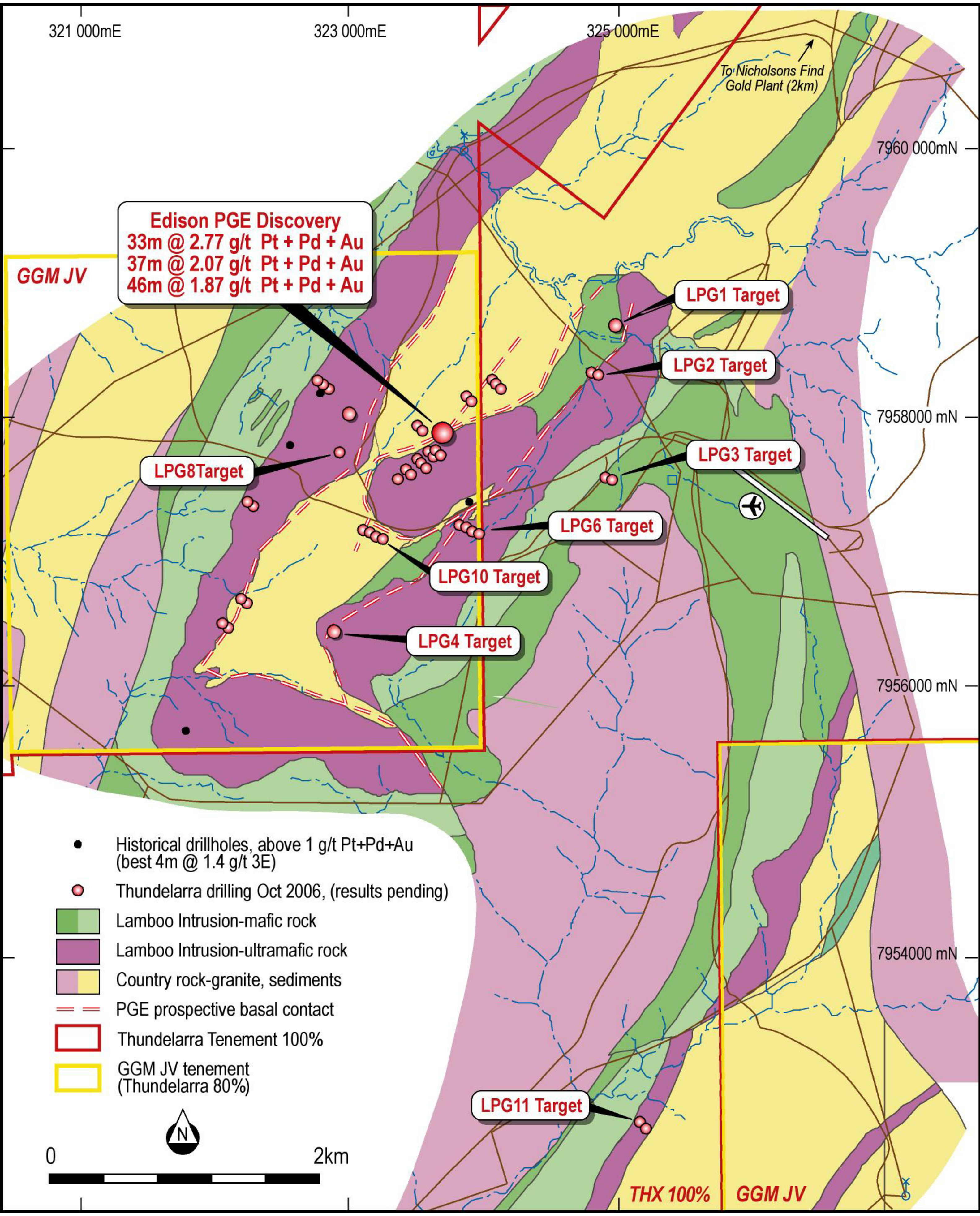
Thundelarra’s exploration effort concentrated primarily on the search for nickel-copper sulphides and PGM along the previously untested olivine rich basal contact of the intrusion. An extensive soil sampling program was conducted which resulted in the discovery of a high order soil anomaly (maximum soil value of 1.3 g/t platinum+palladium+gold) over the Edison prospect (see Lamboo Project map). Nine reverse circulation holes were drilled on 4 lines approximately 80 metres apart to test the central zone of the 1.8 kilometre long soil anomaly. Eight of the 9 holes returned significant intercepts with the mineralisation remaining open to the north and south (see Edison Prospect map). Intercepts are presented in the following Table.

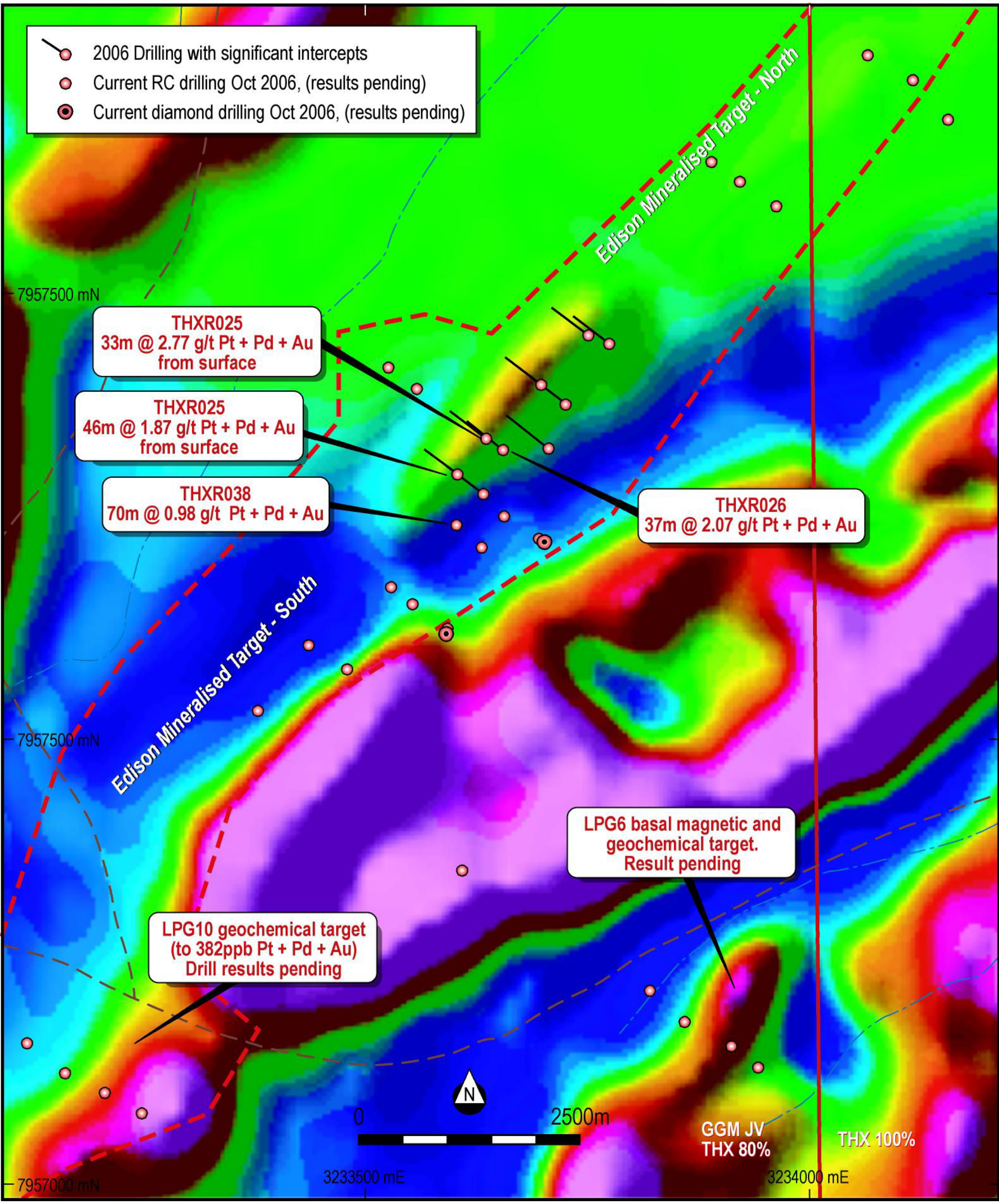
Edison Prospect Significant Drill Intercepts

Hole No	North	East	Dip	From -To	Interval	Pt+Pd+Au (3E) g/t	Pt g/t	Pd g/t	Au g/t
THXRC023	7957796	323605	-60/305	0-46m	**46m**	**1.87**	0.67	0.69	0.51
THXRC024	7957774	323634	-60/305	23-42m	19m	1.18	0.48	0.49	0.21
			and	44-54m	10m	1.13	0.48	0.50	0.15
THXRC025	7957837	323637	-60 305	0-33m	**33m**	**2.77**	1.01	1.23	0.53
THXRC026	7957824	323656	-60/305	16-53m	**37m**	**2.07**	0.69	0.88	0.50
THXRC027	7957896	323699	-60/305	5-20m	**15m**	**2.04**	0.99	0.98	0.07
			and	22-36m	14m	1.46	0.48	0.52	0.46
THXRC028	7957874	323726	-60/305	60-61m	1m	1.16	0.49	0.65	0.02
THXRC029	7957952	323752	-60/305	7-14m	7m	1.48	0.58	0.55	0.35
			and	17-20m	3m	1.52	0.40	0.39	0.73
THXRC030	7957943	323775	-60/305	NSR*					
THXRC031	7957824	323707	-60/305	86-87	4m	1.23	0.42	0.56	0.25
			and	92-94	2m	1.08	0.42	0.55	0.11

Note: co-ordinates in AMG Zone AGD84. Intercepts calculated using a +1g/t Pt+Pd+Au cut, maximum of 1m internal waste interval.
* NSR - no significant results.

A second round of drilling consisting of 42 reverse circulation holes (4,886 metres) and 2 diamond holes (162 metres) were completed in November to test the strike extension of the Edison mineralisation and a number of other prospects within the project. The results from this program are not available at the time of writing this report.


321 000mE
323 000mE
325 000mE
7960 000mN
7958000 mN
7956000 mN
7954000 mN
To Nicholsons Find Gold Plant (2km)
Edison PGE Discovery
33m @ 2.77 g/t Pt + Pd + Au
37m @ 2.07 g/t Pt + Pd + Au
46m @ 1.87 g/t Pt + Pd + Au
GGM JV
LPG1 Target
LPG2 Target
LPG3 Target
LPG4 Target
LPG6 Target
LPG8Target
LPG10 Target
LPG11 Target
THX 100%
GGM JV
Historical drillholes, above 1 g/t Pt+Pd+Au (best 4m @ 1.4 g/t 3E)
Thundelarra drilling Oct 2006, (results pending)
Lamboo Intrusion-mafic rock
Lamboo Intrusion-ultramafic rock
Country rock-granite, sediments
PGE prospective basal contact
Thundelarra Tenement 100%
GGM JV tenement (Thundelarra 80%)
N
0
2km



2006 Drilling with significant intercepts
Current RC drilling Oct 2006, (results pending)
Current diamond drilling Oct 2006, (results pending)
Edison Mineralised Target - North
Edison Mineralised Target - South
7957500 mN
7957500 mN
7957000 mN
THXR025
33m @ 2.77 g/t Pt + Pd + Au
from surface
THXR025
46m @ 1.87 g/t Pt + Pd + Au
from surface
THXR038
70m @ 0.98 g/t Pt + Pd + Au
THXR026
37m @ 2.07 g/t Pt + Pd + Au
LPG6 basal magnetic and
geochemical target.
Result pending
LPG10 geochemical target
(to 382ppb Pt + Pd + Au)
Drill results pending
N
0
2500m
GGM JV
THX 80%
THX 100%
3233500 mE
3234000 mE

REVIEW OF OPERATIONS (continued)

The Edison prospect covers the irregular basal portion of the LIC. No previous platinum exploration has been carried out over this part of the intrusion and due to thin cover the geology is poorly understood. The mineralisation is associated with a magnetic olivine rich ultramafic unit up to 50 metres in true thickness that occurs at the base of the intrusion. Detailed mapping, soil sampling, airborne magnetic and hyperspectral surveys previously conducted by Thundelarra have identified this prospective basal zone over at least 32 kilometres within the Lamboo project. Exploration is at an early but very exciting stage and further drilling will be conducted at the commencement of the 2007 field season.

Breakaway Joint Venture

During the year Breakaway completed a reverse circulation drilling program (13 holes for 1,495 metres), surface prospecting activities and down hole and ground electromagnetic surveys.

Drilling of the Keller Creek prospect shoot intersected 22 metres @ 0.49% nickel, 0.14% copper and 0.05% cobalt from 24 metres in hole 06BEKC0002. The intercept included 2 metres @ 1.36% nickel, 0.24% copper and 0.05% cobalt from 29 metres. The intercept corresponds to a broad disseminated sulphide zone, with an internal narrower blebby to massive pyrrhotite dominant sulphide zone, previously defined by drilling in 2005 (best intercept 6.7 metres @ 1.98% nickel and 0.56% copper from 36.8 metres.

Reverse circulation drilling on the Kepler, McKenzie Springs South West Tip and McKenzie Springs Gossan prospects intersected favourable mafic/ultramafic rocks with only minor or no associated sulphide mineralisation.

Surface sampling north of the historical Black Bull prospect identified a thin secondary copper stained gabbro/pyroxenite unit. A sample of gossan outcrop returned 9.5% copper, 0.1% nickel, 1 g/t gold and 26 g/t silver. Further field work is required to assess the significance of this occurrence.

The surface and down hole geophysical surveys are currently underway.

Sophie Downs Project

During the year Thundelarra applied for an exploration licence covering the Sophie Downs copper-zinc project located approximately 27 kilometres north of Halls Creek. The tenement, ELA80/3673, covers the Ilmars and Little Mt Isa base metal occurrences which are regarded as stratabound deposits with possible Volcanic Hosted Massive Sulphide (“VHMS”) affinities.

The Ilmars prospect consists of two mineralised zones. The southwestern zone is 350 metres long and up to 20 metres wide. Mineralisation consists of malachite disseminations, seams, veinlets, pods and cupriferous quartz veins in a layered sequence of meta-sediments and felsic volcanics.

The northeastern mineralised zone is about 200 metres long and includes a 1-2 metre thick gossan after massive sulphides. Assays of up to 19% copper, 5.2% zinc and 0.8% lead have been obtained from surface sampling. The best intercepts from historical drilling include 14% zinc over 2.5 metres, 1% copper over 2.1 metres and 4.1 g/ t gold over 9 metres.

The Little Mount Isa prospect is located approximately 2 kilometres south west of Ilmars and consists of two parallel siliceous gossans averaging 10 metres in thickness that outcrop over 500 metres in strike. Surface sampling has returned up to 3.26% zinc and 2.7% lead. Historical drilling has returned broad zones of low grade mineralisation.

Thundelarra is particularly interested in the Sophie Downs project because a number of new targets have been generated by Thundelarra using its hyperspectral information and results from its regional mapping programs.

These new targets will be assessed during the 2007 field season. The Sophie Downs project has the potential to host a significant copper-zinc-lead VHMS deposit similar to the Koongie Park base metal deposit located 27 kilometres south west of Halls Creek.

REVIEW OF OPERATIONS (continued)

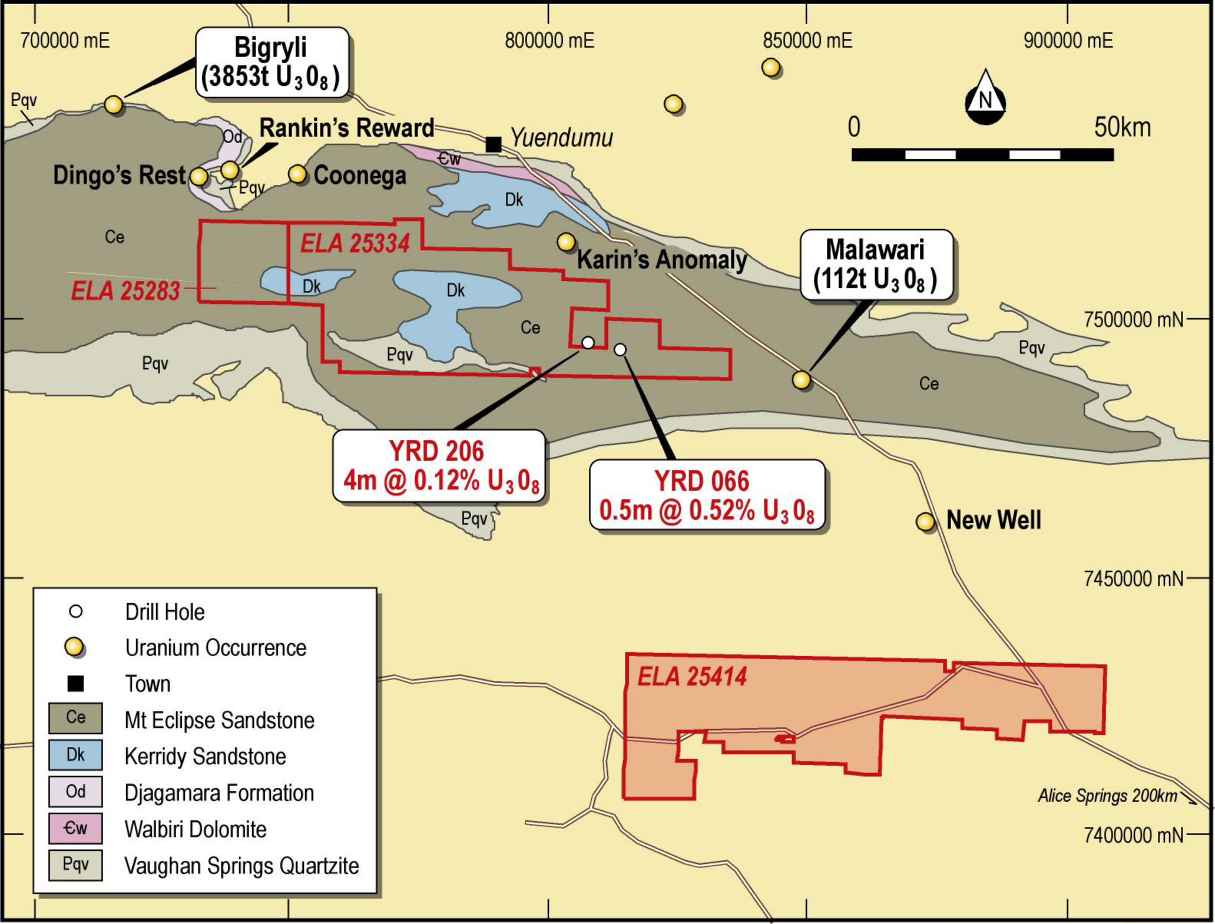
URANIUM EXPLORATION

In 2005 the Directors of Thundelarra initiated a strategy and approved a budget to explore for uranium within Australia. This initiative has resulted in the acquisition of 13 quality uranium projects within Australia including 7 outside of Western Australia. During the quarter announcements were made to the Australian Stock Exchange regarding the significant rock sample results from the East Kimberley Spinifex prospect and the acquisition of 4 tenements within the highly prospective Ngalia Basin of the Northern Territory. These prospects are summarised below:

At the Spinifex prospect the results from the initial rock chip sampling program returned assays of up to 6.3% U_3O_8 confirming the high grade nature of the mineralisation on the prospect. The uranium mineralisation is associated with a breccia zone within the Middle Proterozoic Hensman Sandstone and appears related to the adjacent Revolver Creek fault. Significantly, anomalous gold values (70 parts per billion) also occur with the uranium indicating a possible hypogene process for the mineralising event i.e. the fluids carrying the uranium (and gold) have originated from below and moved up through the sandstone. The source of the uranium may be the underlying and highly prospective unconformity between the Middle Proterozoic Hensman Sandstone and the Lower Proterozoic Revolver Creek Formation.

The Spinifex project consists of two tenements covering 720 square kilometres and is located approximately 50 kilometres north of the Argyle diamond mine, Western Australia.

The actual Spinifex prospect was discovered in 1971 during a regional airborne spectrometric survey. Follow-up ground checking of the radiometric anomaly revealed the presence of rich secondary uranium mineralisation in the fractures and breccia zones within the Hensman Sandstone. Seven shallow trenches were blasted into the sandstone in areas of high radioactivity. Systematic sampling of the trenches returned some very high grade results including up to 13.6% U_3O_8 in a rock specimen and 1.62% U_3O_8 from a channel sample taken along the floor of a trench. Thundelarra's recent ground work has located the trenches, confirmed the high grade nature of the mineralisation and outlined the anomalous radioactive background for the prospect area. No historical drilling or any other follow-up exploration was conducted over the prospect due in part to the then remote location and difficult access problems. Today well formed station roads are located within a few kilometres of the tenement boundary.



700000 mE
800000 mE
850000 mE
900000 mE
Bigryli
(3853t U_3O_8)
Rankin's Reward
Yuendumu
Dingo's Rest
Coonega
Pqv
Od
Ꞓw
Dk
Ce
ELA 25334
ELA 25283
Karin's Anomaly
Malawari
(112t U_3O_8)
0
50km
N
7500000 mN
7450000 mN
7400000 mN
YRD 206
4m @ 0.12% U_3O_8
YRD 066
0.5m @ 0.52% U_3O_8
New Well
ELA 25414
Alice Springs 200km
Drill Hole
Uranium Occurrence
Town
Ce Mt Eclipse Sandstone
Dk Kerridy Sandstone
Od Djagamara Formation
Ꞓw Walbiri Dolomite
Pqv Vaughan Springs Quartzite

REVIEW OF OPERATIONS (continued)

The exploration models for the project area are, high grade vein style mineralisation related to major structures and the Alligator River unconformity style. Significantly the broad spaced airborne radiometric data that is now available for the East Kimberley locates a number of anomalies (uranium channel) that appear to be of higher order than the discovery anomaly associated with the Spinifex prospect.

A detailed airborne radiometric survey will be flown over the project area in November followed by a helicopter ground assessment program.

In the Northern Territory Thundelarra acquired the rights to 2 project areas consisting of 4 tenements covering approximately 3,400 kilometres of ground within and adjacent to the Ngalia Basin (see Ngalia Project map). The Ngalia project consists of tenement applications numbered 25283 and 25334 covering 1,835 square kilometres of the highly prospective Mt Eclipse Sandstone. This sandstone formation is host to the Bigryli uranium deposit located 25 kilometres to the north west of the project area.

Historical broad spaced drilling over part of the eastern project area returned a number of anomalous intercepts including 0.5 metres @ 0.52% U_3O_8 from 162 metres in hole YRD66 and 4 metres @ 0.12% ppm U_3O_8 in hole YRD206. The latter hole is located in the adjacent tenement held by the Toronto listed Canadian explorer, Aldershot Resources Limited. Thundelarra's personnel recently located and logged the core available from most of the relevant diamond holes within the project. The uranium mineralisation occurs within a porous arkose unit (quartz-felspar sedimentary rock) containing pyrite and carbonaceous matter. Over 250 metres of this core will be sampled and assayed during the December quarter.

Approximately 60 kilometres to the south east of the Ngalia project, Thundelarra entered into an Option Agreement to acquire 100% equity in tenement application numbered 25414, covering 1,559 square kilometres. This tenement is located 25 kilometres south of the New Well uranium resource and is prospective for calcrete hosted surficial uranium mineralisation associated with drainage channels. Limited historical uranium exploration has been conducted over the project area but regional airborne radiometric data has outlined a number of low order uranium anomalies along interpreted channel systems.

Thundelarra is currently compiling all available historical information for the other 10 project areas.

RED ROCK JOINT VENURE

De Grey Mining Ltd ("De Grey") entered into an exploration Joint Venture on the Red Rock tenement E45/2611 with Thundelarra on 2nd May 2006. The tenement is located 60 kilometres south of Port Hedland and hosts approximately 10 kilometres of the prospective Tabba Tabba Greenstone Belt and felsic volcanic units. De Grey is earning 60% equity in the tenement by the expenditure of $180,000 over 2 years. Thundelarra has the right to contribute pro rata or at any stage elect to dilute to a 20% free carried interest through to a decision to mine.

Geological mapping conducted during the year identified prospective shale units within felsic volcanic stratigraphy. Infill surface geochemical lag sampling will be completed over these more prospective zones.

PYRAMID PROJECT

The Pyramid nickel project (Thundelarra 100%) comprises three tenement applications covering some 468 square kilometres within the Archaean aged West Pilbara craton. Tenements are located some 35 kilometres east of the Radio Hill nickel mine and 5 kilometres south of the Sherlock Bay nickel resource.

The project covers layered mafic and ultramafic intrusions with the potential for nickel sulphide mineralisation. The tenements secure extensive portions of the Opaline Well Intrusive suite and the southern margin of the Sherlock intrusion. Both have had little past nickel exploration and are extensively obscured by recent cover. A 20 kilometre section of the Cooya Pooya Dolerite is also secured. A gossan developed at the base of an olivine cumulate zone of this unit assayed up to 1.56 g/t platinum + palladium + gold and 0.2% nickel. Initial assessment of the project has commenced.

DIRECTORS' REPORT

The Directors present their report on the Consolidated Entity consisting of Thundelarra Exploration Ltd and the entity it controlled at the end of, or during, the year ended 30 September 2006.

NFORMATION ON DIRECTORS

The following persons were Directors of Thundelarra Exploration Ltd ("Company") and were in office during the financial year and until the date of this report.

PHILIP G CRABB (Chairman and Managing Director) Age 66
FAusIMM, MAICD

Mr Philip Crabb is a Fellow of the Australasian Institute of Mining and Metallurgy and Institute of Company Directors. Mr Crabb has been actively engaged in mineral exploration and mining activities for the past thirty six (36) years in both publicly listed and private exploration companies. He has considerable experience in field activities, having been a drilling contractor, quarry manager and mining contractor. Mr Crabb also has extensive experience with Australian publicly listed companies. In resource company management, he achieved notable success amongst others as a director of Gasgoyne Gold Mines NL which was involved in the discovery and development in 1989 of the Yilgarn Start Gold Mine, a major gold producer in Western Australia. Mr Crabb is presently also the Chairman of United Mineral Corporation NL and a director of Royal Resources Limited.

Mr Crabb was appointed a director on 30 November 1998.

Former Directorships in last three years

Broken Range NL from 1997 to 2006.

Special Responsibilities

Chairman of the Board.
Chief Executive Officer.

Interests in Shares and Options

Fully paid ordinary shares 17,418,514.
Options expiring 28 February 2007 exercisable at 47.5 cents 450,000.
Options expiring 26 February 2009 exercisable at 67.5 cents 500,000.
Options expiring 20 April 2009 exercisable at 47.5 cents 375,000.

FRANK DEMARTE (Executive Director, Chief Financial Officer and Company Secretary) Age 44
BBus, FCIS, MAICD

Mr Frank DeMarte has over twenty one (21) years of experience in the mining and exploration industry in Western Australia. Mr DeMarte has held executive positions with a number of listed mining and exploration companies and is currently an Executive Director and Chief Financial Officer of the Company.

Mr DeMarte is experienced in areas of secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Secretaries of Australia. Mr DeMarte is presently also a director of Royal Resources Limited and Aldershot Resources Ltd.

Mr DeMarte was appointed a director on 30 April 2001.

Former Directorships in last three years

Broken Range NL from 1997 to 2006.

DIRECTORS' REPORT (continued)

Special Responsibilities

Executive Director.
Chief Financial Officer.
Company Secretary.

Interest in Shares and Options

Fully paid ordinary shares 1,454,726.
Options expiring 28 February 2007 exercisable at 47.5 cents 550,000.
Options expiring 28 March 2008 exercisable at 32.5 cents 350,000.
Options expiring 26 February 2009 exercisable at 67.5 cents 350,000.

BRIAN D RICHARDSON (Executive Director) Age 53
BSc (Hons), MAusIMM

Mr Richardson has over 23 years of experience in the mining industry in Western Australia and the Northern Territory and holds an (Honors) degree. He was Exploration Manager of Miralga Mining NL and involved in the early exploration of Sulphur Springs base metals – gold project. He was also involved in the generation of various projects for Gasgoyne Gold Mines NL. In this role he discovered the Southern Star Mine in 1994/95. From 1997 through to 2000 he was the Managing Director of Resource Exploration NL (now Mawson West Limited) an Australian listed junior exploration company. Mr Richardson was first appointed to the board on 23 February 2004. Mr Richardson is presently also a director of Thundelarra Exploration Ltd and Aldershot Resources Ltd.

Mr Richardson was appointed a director on 9 October 2001.

There were no former directorships by Mr Richardson in the past three years.

Special Responsibilities

Exploration Executive Director.

Interest in Shares and Options

Fully paid ordinary shares 1,036,581.
Options expiring 28 February 2007 exercisable at 47.5 cents 150,000.
Options expiring 28 March 2008 exercisable at 32.5 cents 350,000.
Options expiring 26 February 2009 exercisable at 67.5 cents 350,000.

RICK W CRABB (Non-Executive Director) Age 49
B.Juris (Hons), LLB, MBA, FAICD

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He has practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He has advised on all legal aspects including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. Mr Crabb is presently also the Chairman of Paladin Resources Ltd, a director of Port Bouvard Ltd, Royal Resources Limited, Otto Energy Ltd, Alcaston Mining NL and Ashburton Minerals Ltd.

Mr Crabb was appointed a director on 9 October 2001.

Former Directorships in last three years

ST Synergy Ltd from 2001 to 2005.
Deep Yellow Ltd from 2003 to 2004.

DIRECTORS' REPORT (continued)

Aldershot Resources Ltd from 2004 to 2005
Broken Range NL from 1997 to 2006.

Special Responsibilities

Non Executive Director.
Audit Committee member.

Interest in Shares and Options

Fully paid ordinary shares 2,128,330.
Options expiring 28 February 2007 exercisable at 47.5 cents 100,000.
Options expiring 28 March 2008 exercisable at 32.5 cents 150,000.
Options expiring 26 February 2009 exercisable at 67.5 cents 150,000.

MALCOLM J R RANDALL (Non-Executive Director) Age 61
B.Applied Chem

Mr Malcolm Randall has had extensive experience in management and marketing in the resource sector with the Rio Tinto group of companies. This has included senior technical and commercial roles in Hamersley Iron Pty Ltd and business development activities for Argyle Diamonds in China, Thailand and India and establishment of Argyle's Antwerp sales office for polished stones. From 1993 to 1996 he was Managing Director of Biron Corporation following which he has undertaken consultancy roles for Ocean Resources NL in Indonesia, consultant to Golden Tiger Resources NL on their Vietnamese mineral opportunities and commercial advisor to the Hope Downs Iron Ore Project. Mr Randall is presently also the Chairman of Iron Ore Holdings Ltd, a director of United Minerals Corporation NL and Royal Resources Limited.

Former Directorships in last three years

Titan Resources NL from 1999 to 2005.
Consolidated Minerals Ltd from 2003 to 2005.

Special Responsibilities

Non Executive Director.
Chairman of Audit Committee.

Interest in Shares and Options

Fully paid ordinary shares 237,300.
Options expiring 28 February 2007 exercisable at 47.5 cents 100,000.
Options expiring 28 March 2008 exercisable at 32.5 cents 150,000.
Options expiring 26 February 2009 exercisable at 67.5 cents 150,000.

COMPANY SECRETARY

FRANK DEMARTE Age 44
BBus, FCIS, MAICD

The Company Secretary is Mr Frank DeMarte. Mr DeMarte has over twenty one (21) years of experience in the mining and exploration industry in Western Australia and has held executive positions with a number of listed mining and exploration companies.

Mr DeMarte is experienced in areas of secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Secretaries of Australia.

Mr DeMarte was appointed to the position on 8 September 2003.

DIRECTORS' REPORT (continued)

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity during the year was mineral exploration in Australia. Other than the foregoing, there were no significant changes in those activities during the year.

RESULT OF OPERATIONS

During the year the Consolidated Entity incurred a consolidated operating loss after tax of $1,963,157 (2005 - $2,701,381).

REVIEW OF OPERATIONS

A detailed review of operations for the Consolidated Entity is set out on page 4 to 17 of this report.

DIVIDENDS

No dividends have been paid during the financial year and no dividend is recommended for the current year.

NATIVE TITLE

Claims of native title over certain of the Consolidated Entity's tenements have been made, and may in the future be made under the Commonwealth Native Title Act. In the event that native title is established by an indigenous community over an area that is subject to the Company's mining tenements, the nature of the native title may be such that consent to mining may be required from that community but is withheld.

No determination of native title has yet been made by the Federal Court or any other body with appropriate jurisdiction in respect of any of the land the subject of the Company's tenements. It is also possible that some of the existing claims may be removed from the National Native Title Tribunal Register for failure to satisfy the new registration test which became operative upon proclamation of the Native Title Amendment Act 1998.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise dealt with in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period, the Directors are not aware of matter or circumstance not otherwise dealt with in this report or the Financial Statements, that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent years with the exception of any matters mentioned in Note 24 of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments in the operations of the Consolidated Entity are set out in the review of operations section of this report. The Consolidated Entity will continue to explore its Australian tenement areas of interest for minerals, and any significant information or data will be released in the market and to shareholders.

ENVIRONMENTAL ISSUES AND REGULATIONS

The Consolidated Entity has interests in mining tenements (including prospecting, exploration and mining leases). The leases and licence conditions contain environmental obligations. The Consolidated Entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

CORPORATE INFORMATION

Thundelarra Exploration Ltd	Parent entity
Element 92 Pty Ltd	100% owned controlled entity

DIRECTORS' REPORT (continued)

SHARES UNDER OPTIONS

As at the date of this report, there were 36,821,000 unissued ordinary shares of the Company under options as follows:

Date options granted	Expiry date	Exercise price of options	Number of options
28 February 2002	28 February 2007	$0.475	1,771,000
3 December 2003	20 November 2007	$0.655	11,000,000
1 April 2003	28 March 2008	$0.325	1,245,000
27 February 2004	26 February 2009	$0.675	1,970,000
20 April 2004	20 April 2009	$0.475	375,000
31 May 2005	31 May 2009	$0.22	460,000
12 April 2006	12 April 2009	$0.40	2,500,000
25 May 2006	30 June 2009	$0.19	2,800,000
7 July 2006	30 June 2009	$0.19	12,200,000
16 August 2006	30 June 2009	$0.19	2,000,000
31 August 2006	31 August 2009	$0.20	500,000

Optionholders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other entity.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the financial year, 380,000 options were exercised to acquire ordinary fully paid shares in the Company. Since the end of the financial year, no further options have been exercised.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of the Company.

Remuneration Policy

The Company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration, which is market related. Overall, the remuneration policy is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions, where it is in the best interest of the Company and the shareholders to do so.

The Board's reward policy reflects its obligations to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- Reward reflects the competitive market in which the Company operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Directors' and executives' remuneration is reviewed by the board of directors, having regard to various goals set. This remuneration and other terms of employment are commensurate with those offered within the exploration and mining industry.

Non-executive directors' remuneration is in the form of directors' fees and are approved by shareholders as to the maximum aggregate remuneration. The Board recommends the actual payment to non-executive directors. The Board's reward policy for non-executive directors reflects its obligation to align remuneration with shareholders' interests and to retain appropriately qualified talent for the benefit of the Company.

Remuneration packages are set at levels that are intended to attract and retain directors and executives capable of managing the Company's operations.

DIRECTORS' REPORT (continued)

The following discloses the remuneration of all of the directors and executive officers of the Consolidated Entity as determined by the Board during the year ended 30 September 2006.

Remuneration of Directors and Executives

Director		Short-Term		Post Employment	Share Based Payments	Long Term	Total	% Remuneration
		Salary & Fees	Consultancy	Superannuation	Equity Options	Other		Consisting of Options for the Year
Philip G Crabb	**2006**	126,000	-	34,000	-	-	160,000	-
Chairman	2005	131,923	-	34,000	-	-	165,923	-
F DeMarte	**2006**	96,000	-	54,000	-	-	150,000	-
Executive Director	2005	96,000	-	52,333	-	-	148,333	-
B D Richardson(1)	**2006**	65,200	45,830	34,800	-	-	145,830	-
Executive Director	2005	65,200	45,654	34,800	-	-	145,654	-
R W Crabb	**2006**	41,300	-	3,700	-	-	45,000	-
Non Executive Director	2005	39,768	-	3,565	-	-	43,333	-
M JR Randall	**2006**	36,696	-	5,000	-	-	41,696	-
Non Executive Director	2005	41,058	-	2,500	-	-	43,558	-
	2006	365,196	45,830	131,500	-	-	542,526	-
Totals	2005	373,949	45,654	127,198	-	-	546,801	-

(1) Fees paid in the normal course of business in 2006 for geological and consulting services totalling $45,830 (2005 -$45,654) were paid to REM Pty Ltd, a company in which Mr B Richardson is a director and shareholder.

During the financial year the directors of the Company were the only 5 named executives who received the highest remuneration for the year ended 30 September 2006.

Options granted as part of remuneration

There were no options granted to the Directors of the Company during the financial year as part of their remuneration.

Employment Contracts for Directors

The Consolidated Entity has not entered into any service, employment contracts or agreements with the Directors of the Consolidated Entity during the financial year.

DIRECTORS MEETINGS

The following table sets out number of meetings of directors held during the year and the number of meeting attended by each director are:

Name	Number Attended	Number eligible to attend
Philip G Crabb	5	5
Frank DeMarte	5	5
Brian Richardson	5	5
Rick W Crabb	5	5
Malcolm JR Randall	4	5

DIRECTORS' REPORT (continued)

Committee Memberships

As at the date of this report, the Company had an Audit Committee, Remuneration Committee and Nomination Committee.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums to insure the Directors of the Company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as officers of the Company.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 September 2006 has been received and can be found on page 74.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Stantons International or its related parties. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Stantons International received or are due to receive the following amounts for the year ended 30 September 2006 for provision of non-audit services relating to option valuation services of $920.

Signed in accordance with a resolution of the Directors.

PHILIP G CRABB
Director

Perth, Western Australia
22 December 2006.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of Thundelarra Exploration Ltd ("Thundelarra" or "Company") is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business of the Company on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders.

Thundelarra has adopted systems of control and accountability as the basis for the administration of Corporate Governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's Corporate Governance practices is set out on the Company's website at www.thundelarra.com:

- Corporate Governance disclosures and explanations;
- Statement of Board and Management Functions;
- Nomination Committee Charter;
- Policy and Procedure for Selection and Appointment of New Directors;
- Summary of Code of Conduct for Company Executives;
- Summary of Policy for Trading in Company Securities;
- Audit Committee Charter;
- Procedure for the Selection, Appointment and Rotation of External Auditor;
- Summary of Compliance Procedures for ASX Listing Rule Disclosure Requirements;
- Shareholder Communication Strategy;
- Company's Risk Management Policy and Internal Compliance and Control System;
- Statement of process for performance evaluation of the Board, Board committees, individual directors and key executives;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the reporting period the Company has complied with each of the Ten Essential Corporate Governance Principles[1] and the corresponding Best Practice Recommendations[2] as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below.

[1] A copy of the Ten Essential Corporate Governance Principles are set out on the Company's website under the Section entitled "Corporate Governance".
[2] A copy of the Best Practice Recommendations are set out on the Company's website under the section entitled "Corporate Governance".

CORPORATE GOVERNANCE STATEMENT (continued)

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.2, 2.3	The chairman (Philip Crabb) is the Managing Director of the Company.	The Board considers that to date, the dual role of Mr P Crabb as chairman and CEO has been in the best interests of the Company due to Mr Crabb's industry experience and specific knowledge of the Company's operations. Furthermore, the carrying out of both roles by Mr Crabb is in line with expectations of current investors and key to the attraction of future investors. The Board is mindful of the recommendation that roles of chairman and CEO be carried out by different people and takes best practice in corporate governance seriously. Accordingly, the Board intends to reconsider the duality of Mr Crabb's role and restructure accordingly if considered appropriate in the future.
4	4.3	The Audit Committee does not meet the recommendation for composition as it is comprised of 2 members which is less than the minimum 3 members.	The members of the audit committee are both independent and have experience relevant to carry out the obligations and duties of an audit committee. It is considered no additional benefit would be gained by adding another member to the audit committee.

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

A profile of each director containing the applicable information is set out on page 18 to 20 of the Directors' Report.

IDENTIFICATION OF INDEPENDENT DIRECTORS

The independent directors of the Company are Mr Rick Crabb and Mr Malcolm Randall.

Mr Crabb and Mr Randall are independent directors in accordance with Box 2.1 of the commentary that supplements the Principles of Good Corporate Governance and Best Practice Recommendations as published by the ASX Corporate Governance Council ("Independence Criteria").

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

NAMES OF NOMINATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS

The full Board carries out the function of the nomination committee. The Board did not meet formally as the nomination committee during the Reporting Period; however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

NAMES AND QUALIFICATIONS OF AUDIT COMMITTEE MEMBERS

Rick Crabb and Malcolm Randall are members of the Audit Committee. Mr Randall is the chairman of the committee.

CORPORATE GOVERNANCE STATEMENT (continued)

Both Mr Crabb and Mr Randall are qualified to be members of the Audit Committee by virtue of their respective commercial and industry experience, as detailed in the Directors' Report. Neither Mr Crabb nor Mr Randall possess specific "financial expertise", however the Board is of the view that the composition of the Audit Committee is satisfactory to ensure the integrity of the financial accounts. In addition, Mr DeMarte, who is primarily responsible for preparing the Company's accounts, is available to attend Audit Committee meetings by invitation and answer any queries the Audit Committee may have.

NUMBER OF AUDIT COMMITTEE MEETINGS AND NAMES OF ATTENDEES

During the Reporting Period the full Board carried out the functions of the Audit Committee. The Board met as the Audit Committee twice during the Reporting Period.

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

During the Reporting Period the composition and functioning of the Board as a whole was discussed from time to time at regular meetings of the Board. From the commencement of the Company's 2005/2006 financial year, the Chairman will conduct an annual review of individual directors and key executives. The Board considers that a more formal procedure is not warranted at present in view of the small size, and overlap of many of the key functions, of the Board and management.

COMPANY’S REMUNERATION POLICIES

Key executives receive a remuneration package which includes a salary, superannuation, in some instances other benefits such as motor vehicles. More detailed information is set out in the Directors' Report under “Directors’ and Senior Executives’ Remuneration. Remuneration levels for executives are competitively set to attract the most qualified and experienced senior executive officers, in the context of prevailing market conditions. The assistance of an external consultant or remuneration surveys is used where necessary. The executive directors do not receive a separate fee for their services as directors.

The non-executive directors receive a fixed fee for their services.

NAMES OF REMUNERATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS

From the commencement of the Company's 2004/2005 financial year, Rick Crabb, Malcolm Randall and Brian Richardson comprise the Remuneration Committee. During the Reporting Period, the full Board carried out the function of the remuneration committee. The Board did not meet formally as the remuneration committee during the Reporting Period; however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

EXISTENCE AND TERMS OF ANY SCHEMES FOR RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

The Company does not have any terms or schemes relating to retirement benefits for non-executive directors.

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Note	Consolidated		Parent Entity	
		2006 $	2005 $	2006 $	2005 $
REVENUE	4	155,211	-	155,211	436,375
Expenses					
Administrative costs		(4,182)	-	(4,182)	(7,178)
Depreciation	4	(101,849)	-	(101,849)	(114,702)
Office and miscellaneous		(169,625)	-	(169,625)	(297,076)
Professional fees		(570,208)	-	(570,208)	(388,752)
Regulatory and trust company fees		(85,693)	-	(85,693)	(36,307)
Shareholder and investor relations		(38,561)	-	(38,561)	(38,599)
Share based payments expense	4	(215,320)	-	(215,320)	(4,204)
Travelling expenses		(31,154)	-	(31,154)	(42,956)
Employee benefits expense		(557,728)	-	(557,728)	(552,095)
Exploration expenditure written off	4	(23,578)	-	(23,578)	(1,048,889)
Loss on disposal of tenements		-	-	-	(13,450)
Loss of disposal of fixed assets		(6,869)	-	(6,869)	-
Net decrease in fair value of investments		(293,453)	-	(293,453)	(559,500)
Other operating expenses		(20,148)	-	(20,148)	(34,048)
Loss before income tax expense		(1,963,157)	-	(1,963,157)	(2,701,381)
Income tax expense	5	-	-	-	-
Net loss attributable to members of Thundelarra Exploration Ltd		(1,963,157)	-	(1,963,157)	(2,701,381)
Loss per share attributable to ordinary equity holders:					
Basic loss (cents per share)	7	(2.39)	-	(2.39)	(3.60)

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 SEPTEMBER 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6(b)	2,751,544	-	2,751,494	2,114,164
Trade and other receivables	8	42,058	-	42,058	67,627
Other financial assets	9	750,500	-	750,500	-
TOTAL CURRENT ASSETS		3,544,102	-	3,544,052	2,181,791
NON-CURRENT ASSETS					
Other receivables	8	81,271	-	81,271	543,423
Other financial assets	9	4,415,698	-	4,589,056	2,458,086
Property, plant and equipment	10	216,676	-	216,676	406,168
Exploration expenditure	11	5,946,362	-	5,773,054	4,379,724
TOTAL NON-CURRENT ASSETS		10,660,007	-	10,660,057	7,787,401
TOTAL ASSETS		14,204,109	-	14,204,109	9,969,192
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	289,634	-	289,634	565,043
Provisions	13	96,465	-	96,465	87,819
TOTAL CURRENT LIABILITIES		386,099	-	386,099	652,862
NON-CURRENT LIABILITIES					
Provisions	13	22,197	-	22,197	22,197
TOTAL NON-CURRENT LIABILITIES		22,197	-	22,197	22,197
TOTAL LIABILITIES		408,296	-	408,296	675,059
NET ASSETS		13,795,813	-	13,795,813	9,294,133
EQUITY					
Contributed equity	14	26,695,050	-	26,695,050	23,443,215
Reserves	14	2,901,872	-	2,901,872	4,204
Accumulated losses		(15,801,109)	-	(15,801,109)	(14,153,286)
TOTAL EQUITY		13,795,813	-	13,795,813	9,294,133

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2006

CONSOLIDATED	Notes	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
At 1 October 2004		-	-	-	-
Loss for the year		-	-	-	-
		-	-	-	-
Shares issued during the period		-	-	-	-
Transaction costs		-	-	-	-
Cost of share based payments		-	-	-	-
		-	-	-	-
At 30 September 2005		-	-	-	-

CONSOLIDATED	Notes	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
At 1 October 2005 - Parent		23,443,215	4,204	(14,153,286)	9,294,133
Loss for the year		-	-	(1,963,157)	(1,963,157)
		23,443,215	4,204	(16,116,443)	7,330,976
Application AASB132 and AASB139		-	-	315,334	315,334
Net unrealised gains on available for sale financial assets	14(d)	-	2,543,617	-	2,543,617
Cost of share based payments	14(d)		354,051	-	354,051
Shares issued during the year	14(b)	3,483,600	-	-	3,483,600
Transaction costs	14(b)	(231,765)	-	-	(231,765)
		3,251,835	2,897,668	315,334	6,464,837
At 30 September 2006		26,695,050	2,901,872	(15,801,109)	13,795,813

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2006

PARENT	Notes	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
At 1 October 2004		22,842,673	-	(11,451,905)	11,390,768
Loss for the year		-	-	(2,701,381)	(2,701,381)
		22,842,673	-	(14,153,286)	8,689,387
Shares issued during the period	14(b)	625,588	-	-	625,588
Transaction costs	14(b)	(25,046)	-	-	(25,046)
Cost of share based payments	14(d)	-	4,204	-	4,204
		600,542	4,204	-	604,746
At 30 September 2005		23,443,215	4,204	(14,153,286)	9,294,133

PARENT	Notes	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
At 1 October 2005		23,443,215	4,204	(14,153,286)	9,294,133
Loss for the year		-	-	(1,963,157)	(1,963,157)
		23,443,215	4,204	(16,116,443)	7,330,976
Application AASB132 and AASB139		-	-	315,334	315,334
Net unrealised gains on available for sale financial assets	14(d)	-	2,543,617	-	2,543,617
Cost of share based payments	14(d)		354,051	-	354,051
Shares issued during the year	14(b)	3,483,600	-	-	3,483,600
Transaction costs	14(b)	(231,765)	-	-	(231,765)
		3,251,835	2,897,668	315,334	6,464,837
At 30 September 2006		26,695,050	2,901,872	(15,801,109)	13,795,813

The above Parent Entity Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Other revenue received	4	60,249	-	60,249	24,987
Payment to suppliers		(1,734,876)	-	(1,734,876)	(1,054,118)
Interest received	4	94,962		94,962	247,956
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	6(a)	(1,579,665)	-	(1,579,665)	(781,175)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for investments		(142,333)	-	(142,333)	(221,482)
Payment of subsidiary, net of cash	22	(49,950)	-	(50,000)	-
Payments for purchase of plant, equipment and vehicles		(16,074)	-	(16,074)	(178,377)
Proceeds from sale of investments		-	-	-	3,531
Proceeds from sale of plant, equipment and vehicles		105,136	-	105,136	25,052
Placement of security deposits		-	-	-	(12,351)
Loan to controlled entity		-	-	(4,908)	-
Redemption of security deposits	8	10,000	-	10,000	80,849
Exploration and evaluation expenditure	11	(1,421,816)	-	(1,416,908)	(2,177,329)
Net cash outflow from investing activities		(1,515,037)	-	(1,515,087)	(2,480,107)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issue of shares and options		3,503,599	-	3,503,599	625,588
Share issue costs	14	(231,765)	-	(231,765)	(25,046)
Net payments made in financing director-related entities and directors		2,369	-	2,369	(506,510)
Loans repaid by director-related entities		457,879	-	457,879	225,145
Net cash inflow from financing activities		3,732,082	-	3,732,082	319,177
Net (decrease)/increase in cash and cash equivalents held		637,380	-	637,330	(2,942,105)
Cash and cash equivalents at the beginning of the financial year		2,114,164	-	2,114,164	5,056,269
Cash and cash equivalents at the end of the financial year	6	2,751,544	-	2,751,494	2,114,164

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. CORPORATE INFORMATION

The financial report of Thundelarra Exploration Ltd (the Company) for the year ended 30 September 2006 was authorised for issue in accordance with a resolution of the directors on 22 December 2006.

Thundelarra Exploration Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange Ltd.

The nature of the operations and principal activities of the Group are described in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on the accruals basis and historical cost basis except for available-for-sale investments which have been measured at fair value. The carrying value of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report on AIFRS and comparatives for the year ended 30 September 2005 have been restated accordingly except for the adoption of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement.* The Company has adopted the exemption under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* from having to apply AASB 132 and AASB 139 to the comparative period. Reconciliations of AIRFS equity and loss for 30 September 2005 to the balances reported in the 30 September 2005 financial report and at transition to AIRFS are detailed in note 26.

Except for the revised AASB 119 *Employee Benefits* (issued December 2005), Australian Accounting Standards that have recently been issued but are not yet effective have not been adopted for the annual reporting period ending 30 September 2006.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard*	Application date for Group
2005-1	AASB 139: *Financial Instruments: Recognition and Measurement*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-5	AASB 1: *First-time adoptions of AIFRS,* AASB 139: *Financial Instruments: Recognition and Measurement*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-6	AASB 3: *Business Combinations*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-10	AASB 132: *Financial Instruments: Disclosure and Presentation,* AASB 101: *Presentation of Financial Statements,* AASB 114: *Segment Reporting,* AASB 117: *Leases,* AASB 139: *Financial Instruments: Recognition and Measurement,* AASB 1: *First-time adoption of AIFRS.*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
New standard	AASB 7: *Financial Instruments: Disclosures*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

The following amendments are not applicable to the Group and therefore have no impact.

AASB Amendment	Affected Standard(s)
2005-2	AASB 1023: *General Insurance Contracts*
2005-4	AASB 139: *Financial Instruments: Recognition and Measurement,* AASB 132: *Financial Instruments: Disclosure and Presentation,* AASB 1: *First-time adoption of AIFRS.*
2005-9	AASB 139: *Financial Instruments: Recognition and Measurement* and AASB 132: *Financial Instruments: Disclosure and Presentation.*

(c) Basis of consolidation

The Consolidated financial statements comprise the financial statements of Thundelarra Exploration Ltd and its subsidiary as at 30 September 2006.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and assumptions

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in note 19.

Mineral Exploration and Evaluation

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest.

These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area of interest are continuing.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(f) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as detailed above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit not taxable profit or loss, or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Plant and equipment

Plant and equipment is stated at cost less any accumulated depreciation and any impairment in losses.

i) Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment – over 4 to 10 years
Motor vehicles – over 4 years

ii) Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the item value of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is being derecognised.

(k) Exploration, development and joint venture expenditure

Exploration, development and joint venture expenditure carried forward represents an accumulation of net costs incurred in relation to separate areas of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively by its sale, or

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Exploration, development and joint venture expenditure (continued)

(ii) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

Accumulated costs in respect of areas of interest, which are abandoned, are written off in the income statement in the year in which the area is abandoned.

The net carrying value of each property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is fully provided against in the financial year in which this is determined.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided by the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(n) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of the employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Earnings per share

(i) Basic earnings per share ("EPS") is calculated by dividing the net profit/loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(ii) Diluted EPS is calculated by dividing the basic EPS, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on net revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(r) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(s) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Impairment of assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exits, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Interests in joint ventures

The Group has interests in joint ventures that are jointly controlled operations.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(u) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Investments (continued)

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as thorough the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

(v) Share-based payment transactions

(i) Equity settled transactions:
The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place the Employee Share Option, which provides benefits to all employees, excluding directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, further details of which are given in note 19.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Thundelarra Exploration Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions (continued)

If the terms of an equity-settled aware are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 7).

(ii) Cash settled transactions:
The Group also provides benefits to employees in its electronic segment in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Thundelarra Exploration Ltd.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted (see note 19). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

(w) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(x) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicated that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SEGMENT INFORMATION

The Group operates predominantly in the mining industry and principally within the geographical area of Australia.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
4. REVENUE				
Operating activities				
Interest	94,962	-	94,962	247,956
Recovery of exploration costs	50,822	-	50,822	161,273
Other	9,427	-	9,427	24,987
	155,211	-	155,211	434,216
Non-operating activities				
Profit on disposal of investments	-	-	-	131
Profit on disposal of plant, equipment and vehicles	-	-	-	2,028
Total revenues	155,211	-	155,211	436,375
LOSS FROM CONTINUING OPERATIONS				
Net (Profit)/Loss on disposal				
Loss on disposal of tenements				
Consideration for disposal of tenements	-	-	-	(2,400,000)
Carrying amounts of tenements sold	-	-	-	2,413,450
Net Loss	-	-	-	13,450
Loss on disposal of plant, equipment and vehicles		-		
Proceeds from disposal of plant, equipment and vehicles	(105,136)	-	(105,136)	(25,052)
Carrying amounts of plant, equipment and vehicles sold	112,005	-	112,005	23,024
Net (Profit)/Loss	6,869	-	6,869	(2,028)
Exploration expenditure written-off or provided for	23,578	-	23,578	1,048,889
Diminution in value of investments	293,453	-	293,453	559,500
Deprecation of plant, equipment and vehicles	101,849	-	101,849	114,702
Share based payment expense	215,320	-	215,320	4,204

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Note	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
5. INCOME TAX					
(a) Numerical reconciliation of income tax expense to prima facie tax payable					
Loss from ordinary activities before income tax expense		(1,963,157)	-	(1,963,157)	(2,701,381)
Prima facie tax benefit on loss from ordinary activities at 30% (2005 – 30%)		(588,947)	-	(588,947)	(810,414)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:					
Entertainment		1,610	-	1,610	3,384
		(587,337)	-	(587,337)	(807,030)
Movement in unrecognised temporary differences		(227,293)	-	(228,766)	222,747
Tax effect of current year tax losses for which no deferred tax asset has been recognised		814,630	-	816,103	584,283
Income tax expense		-	-	-	-
(b) Unrecognised temporary differences					
Deferred Tax Asset (30%)					
Prepayments		5,316	-	5,316	7,184
Web site expenses		153	-	153	458
Capital raising costs		69,805	-	69,805	25,559
Provisions		33,575	-	33,575	30,964
Capitalised tenement acquisition costs		-	-	-	161,323
Carry forward tax losses		4,577,514	-	4,576,042	3,599,617
		4,686,363	-	4,684,891	3,825,105
Deferred Tax Liabilities (30%)					
Capitalised tenement acquisition costs		1,519,110	-	1,519,110	1,163,518
Investments		609,883	-	608,411	-
		2,128,993	-	2,127,521	1,163,518

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

5. INCOME TAX (continued)

The potential future income tax benefit arising from tax losses have not been recognised as an asset because recovery of tax losses is not virtually certain:

The potential future income tax benefit will be obtainable by the company only if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised;
(b) the company continues to comply with the conditions for deductibility imposed by income tax law; and
(c) no changes in income tax legislation adversely affects the company in realising the benefit of the deduction for the loss.

The estimated potential future income tax benefits on tax losses have not taken account of the tax losses incurred on the Canadian division, which is governed under separate tax legislation regime. It is of the Directors' opinion that the likelihood of its recoverability is highly unlikely with due regards to the management's decision to focusing its exploration, evaluation and development of mines and tenements in Australia.

6. RECONCILIATION OF CASH

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(a) Reconciliation of net cash provided by operating activities to operating loss after income tax				
Operating loss after income tax	(1,963,157)	-	(1,963,157)	(2,701,381)
Non cash flows in operating loss				
Exploration costs written-off or provided for	23,578	-	23,578	1,048,889
Depreciation	101,849	-	101,849	114,702
Provision for employee entitlements	8,646	-	8,646	(1,830)
Loss on sale of tenements	-	-	-	13,450
Shares received for exploration costs recovered	-	-	-	(161,273)
Share based payments	215,320	-	215,320	4,204
Net decrease in fair value of investments	293,453	-	293,453	559,500
(Profit)/Loss on sale of plant, equipment and vehicles	6,869	-	6,869	(2,028)
(Profit) on sale of investments	-	-	-	(131)
Change in assets and liabilities				
Decrease/increase in trade creditors and accruals	(283,696)	-	(283,696)	385,705
(Increase)/Decrease in receivables	17,473	-	17,473	(44,604)
Decrease/(Increase) in prepayments	-	-	-	3,622
Net cash outflow from operating activities	(1,579,665)	-	(1,579,665)	(781,175)

Disclosure of non cash financing and investing activities. Refer to Note 22.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

6. RECONCILIATION OF CASH (continued)

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(b) Cash and cash equivalents represents:				
Cash on hand	2	-	2	130
Cash in bank and on hand	116,562	-	116,512	24,142
Deposits at call	2,634,982	-	2,634,982	2,166,164
Overdrawn bank account	-	-	-	(76,142)
	2,751,544	-	2,751,494	2,114,164

7. EARNINGS PER SHARE

		2006	2005
a)	Basic loss per share (cents per share)	(2.39)	(3.60)
b)	Net loss attributable to ordinary equity of the Company	($1,963,157)	($2,701,381)
c)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	82,008,932	74,864,918

Diluted earnings per share is not disclosed as the options are not dilutive and loss per share would not show an inferior position.

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
8. TRADE AND OTHER RECEIVABLES (CURRENT)				
Other receivables	40,311	-	40,311	60,153
Amounts receivable from directors and director related entities	1,747	-	1,747	7,474
	42,058	-	42,058	67,627

The amounts receivable from directors and director related entities are unsecured, interest free and have no fixed terms of repayment

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
TRADE AND OTHER RECEIVABLES (NON CURRENT)				
Security deposits/bonds	81,271	-	81,271	91,271
Loan provided to a director related entity	-	-	-	452,152
	81,271	-	81,271	543,423

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
9. OTHER FINANCIAL ASSETS (CURRENT)				
Listed shares at fair value				
Aldershot Resources Limited (a Canadian incorporated entity)	750,500	-	750,500	-
Total other financial assets (current)	750,500	-	750,000	-
OTHER FINANCIAL ASSETS (NON-CURRENT)				
Listed shares and options at fair value				
Aldershot Resources Ltd (a Canadian incorporated entity)	-	-	-	448,035
Royal Resources Limited	168,248	-	168,248	-
United Kimberley Diamonds NL	3,629,500	-	3,629,500	1,921,500
United Kimberley Diamonds NL - Options	617,950	-	617,950	-
	4,415,698	-	4,415,698	2,369,535
Unlisted shares at cost				
Royal Resources Limited (formerly known as United Gold Ltd)	-	-	-	88,551
	4,415,698	-	4,415,698	2,458,086
Investment in controlled entity				
Shares in controlled entity at cost (Note 22)	-	-	168,450	-
Amounts receivable from wholly owned subsidiary	-	-	4,908	-
	-	-	173,358	-
Total other financial assets (non current)	4,415,698	-	4,589,056	2,458,086

At 30 September 2006 the Company holds the following quoted securities:

(i) 21,350,000 fully paid ordinary shares in United Minerals Corporation NL (formerly United Kimberley Diamonds NL), representing 21% of the ordinary shares on issue;

(ii) 12,116,667 listed options in United Minerals Corporation NL, representing 28% of the listed options; and

(iii) 2,500,000 fully paid ordinary shares in Aldershot Resources Ltd, representing 6% of the ordinary shares on issue. Aldershot Resources Ltd is a Canadian company listed on the TSX Venture Exchange.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

9. OTHER FINANCIAL ASSETS (NON-CURRENT)(continued)

Name	Country of Incorporation	Percentage Interest Held		Cost of Parent Entity's Interest	
		2006 %	2005 %	2006 $	2005 $
Element 92 Pty Ltd	Australia	100	-	168,450	-

The investment in Element 92 Pty Ltd comprise of shares and options which are all unquoted. Disclosure relating to the acquisition of Element 92 Pty Ltd is set out in Note 22.

The loan provided to the subsidiary, Element 92 Pty Ltd, is unsecured, interest free and has no fixed terms of repayment.

	Consolidated		Parent Entity	
	2006 $	2005 $	2006 $	2005 $
10. PROPERTY, PLANT AND EQUIPMENT				
Leasehold Improvements, at cost	127,055	-	127,055	127,055
Less: accumulated depreciation	(65,081)	-	(65,081)	(27,896)
	61,974	-	61,974	99,159
Plant and equipment, at cost	34,789	-	34,789	61,360
Less: accumulated depreciation	(22,127)	-	(22,127)	(25,714)
	12,662	-	12,662	35,646
Office equipment, at cost	151,732	-	151,732	142,920
Less: accumulated depreciation	(83,951)	-	(83,951)	(75,943)
	67,781	-	67,781	66,977
Motor vehicles, at cost	214,316	-	214,316	226,601
Less: accumulated depreciation	(140,057)	-	(140,057)	(117,276)
	74,259	-	74,259	109,325
Panton Camp, at cost	-	-	-	107,749
Less: accumulated depreciation	-	-	-	(12,688)
	-	-	-	95,061
Total property, plant and equipment	216,676	-	216,676	406,168

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Leasehold Improvements				
Carrying amount at 1 October 2005	99,159	-	99,159	-
Additions	-	-	-	127,055
Disposals	-	-	-	-
Depreciation	(37,185)	-	(37,185)	(27,896)
Carrying amount at 30 September 2006	61,974	-	61,974	99,159
Plant and equipment				
Carrying amount at 1 October 2005	35,646	-	35,646	37,761
Additions	-	-	-	7,870
Disposals	(15,264)	-	(15,264)	-
Depreciation	(7,720)	-	(7,720)	(9,985)
Carrying amount at 30 September 2006	12,662	-	12,662	35,646
Office equipment				
Carrying amount at 1 October 2005	66,977	-	66,977	53,839
Additions	24,362	-	24,362	39,452
Disposals	(1,163)	-	(1,163)	(1,045)
Depreciation	(22,395)	-	(22,395)	(25,269)
Carrying amount at 30 September 2006	67,781	-	67,781	66,977
Motor Vehicles				
Carrying amount at 1 October 2005	109,325	-	109,325	169,989
Additions	-	-	-	4,000
Disposals	(5,526)	-	(5,526)	(21,979)
Depreciation	(29,540)	-	(29,540)	(42,685)
Carrying amount at 30 September 2006	74,259	-	74,259	109,325
Panton Camp				
Carrying amount at 1 October 2005	95,061	-	95,061	103,928
Additions	-	-	-	-
Disposals	(90,052)	-	(90,052)	-
Depreciation	(5,009)	-	(5,009)	(8,867)
Carrying amount at 30 September 2006	-	-	-	95,061
Total carrying amount	216,676	-	216,676	406,168

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
11. EXPLORATION AND EVALUATION EXPENDITURE (NON-CURRENT)				
Exploration and evaluation expenditure in respect of areas of interest still in the exploration and/or evaluation phase (refer to Note 21)				
At 1 October 2005	4,379,724	-	4,379,724	5,556,690
Expenditure incurred during the year	1,421,816		1,416,908	2,285,373
Fair value of tenements arising on consolidation	168,400	-	-	-
Disposal of tenements	-	-	-	(2,413,450)
Expenditure provided or written off during the year	(23,578)	-	(23,578)	(1,048,889)
At 30 September 2006	5,946,362	-	5,773,054	4,379,724

For those areas of interest which are still in the exploration phase, the ultimate recoupment of the stated costs is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Some of the Consolidated entity's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
12. TRADE AND OTHER PAYABLES (CURRENT)				
Trade creditors and accruals	287,742	-	287,742	560,495
Amounts owing to director related entities	1,892	-	1,892	4,548
	289,634	-	289,634	565,043

The current accounts with director related entities are unsecured, interest free and have no fixed terms of repayments.

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
13. PROVISIONS				
Employee entitlements (current)	96,465	-	96,465	87,819
Employee entitlements (non-current)	22,197	-	22,197	22,197
	118,662	-	118,662	110,016
Number of employees at year end	12	-	12	13

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

13. PROVISIONS (continued)

Superannuation

The Company contributes to employees' superannuation plans in accordance with the requirements of Occupational Superannuation Legislation. Contributions by the Company represent a defined percentage of each employee's salary. Employee contributions are voluntary.

Employee Share Option Plan

Details of the Employee Share Option Plan for the Company are disclosed in Note 19.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
14. CONTRIBUTED EQUITY AND RESERVES				
(a) Issued and paid up capital				
Ordinary shares 95,060,370 (2005 – 76,930,370)	26,695,050	-	26,695,050	23,443,215

(b) Movement in Ordinary shares on issue

		Number of Shares	Issue Price $	Total $
1/10/2004	Opening balance	73,878,726		22,842,673
11/10/2004	Issue on exercise of options	10,000	0.205	2,050
28/02/2005	Issue on exercise of options	67,000	0.205	13,735
11/04/2005	Issue on exercise of options	96,000	0.205	19,680
12/04/2005	Issue on exercise of options	15,000	0.205	3,075
20/04/2005	Issue on exercise of options	60,000	0.205	12,300
28/04/2005	Issue on exercise of options	1,336,700	0.205	274,024
29/04/2005	Issue on exercise of options	246,000	0.205	50,430
30/04/2005	Issue on exercise of options	764,000	0.205	156,620
16/05/2005	Private placement of shares	456,944	0.205	93,674
	Share issue costs			(25,046)
	Balance at 30 September 2005	76,930,370		23,443,215

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(b) Movement in ordinary shares on issue (continued)

		Number of Shares	Issue Price $	Total $
1/10/2005	Opening Balance	76,930,370		23,443,215
12/04/2006	Private placement of shares	2,500,000	0.20	500,000
25/05/2006	Private placement of shares	2,800,000	0.19	532,000
7/07/2006	Private placement of shares	12,200,000	0.19	2,318,000
31/08/2006	Acquisition of Subsidiary	250,000	0.20	50,000
8/09/2006	Issue on exercise of options	30,000	0.22	6,600
12/09/2006	Issue on exercise of options	75,000	0.22	16,500
19/09/2006	Issue on exercise of options	155,000	0.22	34,100
21/09/2006	Issue on exercise of options	120,000	0.22	26,400
	Share issue costs			(231,765)
	Balance at 30 September 2006	95,060,370		26,695,050

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Movement in options on issue

	Number 2006	Number 2005
Exercisable at 47.5 cents on or before 28 February 2007		
Balance at the beginning	1,771,000	1,771,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,771,000	1,771,000
Exercisable at 20.5 cents on or before 30 April 2005		
Balance as at beginning	-	3,051,644
Issued during the year	-	-
Exercised during the year	-	(2,594,700)
Options lapsed during the year	-	(456,944)
Balance as at end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Movement in options on issue (continued)

	Number 2006	Number 2005
Exercisable at 32.5 cents on or before 28 March 2008		
Balance as at beginning	1,245,000	1,245,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,245,000	1,245,000
Exercisable at 65.5 cents on or before 20 November 2007		
Balance as at beginning	11,000,000	11,000,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	11,000,000	11,000,000
Exercisable at 67.5 cents on or before 26 February 2009		
Balance as at beginning	1,970,000	1,970,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,970,000	1,970,000
Exercisable at 47.5 cents on or before 20 April 2009		
Balance as at beginning	375,000	375,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	375,000	375,000
Exercisable at 22 cents on or before 31 May 2009		
Balance as at beginning	390,000	-
Issued during the year	550,000	390,000
Exercised during the year	(380,000)	-
Options lapsed during the year	(100,000)	-
Balance as at end of year	460,000	390,000
Exercisable at 40 cents on or before 12 April 2009		
Balance as at beginning	-	-
Issued during the year	2,500,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	2,500,000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Movement in options on issue (continued)

	Number 2006	Number 2005
Exercisable at 20 cents on or before 31 August 2009		
Balance as at beginning	-	-
Issued during the year	500,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	500,000	-

In September 2006, 380,000 options above were exercised raising $83,600 in contributed equity and at the time of exercise the shares had a market value of $154,575.

The above options are not quoted on the Australian Stock Exchange.

	Number 2006	Number 2005
Exercisable at 19 cents on or before 30 June 2009		
Balance as at beginning	-	-
Issued during the year	17,000,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	17,000,000	-

The above options are quoted on the Australian Stock Exchange.

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(d) Reserves				
General reserve	2,543,617	-	2,543,617	-
Share-based payments reserve	358,255	-	358,255	4,204
	2,901,872	-	2,901,872	4,204
General reserve				
Balance at beginning of year	-	-	-	-
Fair value adjustments	2,543,617	-	2,543,617	-
Balance at end of year	2,543,617	-	2,543,617	-
Share based payments reserve				
Balance at beginning of year	4,204	-	4,204	-
Share based payments	354,051	-	354,051	4,204
Balance at end of year	358,255	-	358,255	4,204

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(d) Reserves (continued)

Nature and purpose of reserves

General reserve

This reserve records fair value changes on available for sale financial assets as set out in Note 9.

Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued.

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
15. ACCUMULATED LOSSES				
Balance at the beginning of the year	(14,149,082)	-	(14,153,286)	(11,451,905)
Application of AASB 132 and AASB 139	315,334	-	315,334	-
Net loss attributable to members of Thundelarra Exploration Ltd	(1,963,157)	-	(1,963,157)	(2,701,381)
Balance at the end of the financial year	(15,801,109)	-	(15,801,109)	(14,153,286)

16. COMMITMENTS AND CONTINGENCIES

(i) Exploration commitments

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
Within one year	1,657,381	-	1,657,381	1,461,946
Later than one year but not later than five years	6,629,524	-	6,629,524	5,847,783
Later than five years	1,657,381	-	1,657,381	1,461,946
	9,944,286	-	9,944,286	8,771,675

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report:-

If the Group decides to relinquish certain tenements and / or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of the carrying values. The sole transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
(ii) Operating lease commitments				
Operating lease commitments are as follows:-				
Office rental				
Within one year	127,294	-	127,294	95,152
Later than one year but not later than five years	148,509	-	148,509	206,156
	275,803	-	275,803	301,308

(iii) Native Title

At the date of this report, claims had been lodged in relation to tenements held by the Group. The effect (if any) that these claims will have, or which future claims will have on the Group's tenements is not yet known.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

17. DIRECTORS AND EXECUTIVES DISCLOSURE

(a) Details of Key Management Personnel

The following persons were Directors of Thundelarra Exploration Ltd during the financial year:

Philip G Crabb	Chairman – executive
Brian D Richardson	Executive directors
Frank DeMarte	Executive directors
Rick W Crabb	Non Executive directors
Malcolm J Randall	Non Executive directors

There are no executives (other than directors) with authority for making strategic decisions and management.

(b) Remuneration policy of key management personnel

The Company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration, which is market related. Overall, the remuneration policy is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions, where it is in the best interest of the Company and the shareholders to do so.

The Board's reward policy reflects its obligations to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- Reward reflects the competitive market in which the Company operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Directors' and executives' remuneration is reviewed by the board of directors, having regard to various goals set. This remuneration and other terms of employment are commensurate with those offered within the exploration and mining industry.

Non-executive directors' remuneration is in the form of directors' fees and are approved by shareholders as to the maximum aggregate remuneration. The Board recommends the actual payment to non-executive directors. The Board's reward policy for non-executive directors reflects its obligation to align remuneration with shareholders' interests and to retain appropriately qualified talent for the benefit of the Company.

Remuneration packages are set at levels that are intended to attract and retain directors and executives capable of managing the Company's operations.

Details of Remuneration

Details of the remuneration of each director of Thundelarra Exploration Ltd, including their personally related entities are set out below:

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

17. DIRECTORS AND EXECUTIVES DISCLOSURE (continued)

(c) Compensation of Key Management Personnel

		Short-Term		Post Employment	Share Based Payments	Long Term	Total	% Remuneration
		Salary & Fees	Consultancy	Superannuation	Equity Options	Other		Consisting of Options for the Year
Philip G Crabb	**2006**	126,000	-	34,000	-	-	160,000	-
Chairman	2005	131,923	-	34,000	-	-	165,923	-
F DeMarte	**2006**	96,000	-	54,000	-	-	150,000	-
Executive Director	2005	96,000	-	52,333	-	-	148,333	-
B D Richardson (1)	**2006**	65,200	45,830	34,800	-	-	145,830	-
Executive Director	2005	65,200	45,654	34,800	-	-	145,654	-
R W Crabb	**2006**	41,300	-	3,700	-	-	45,000	-
Non Executive Director	2005	39,768	-	3,565	-	-	43,333	-
M JR Randall	**2006**	36,696	-	5,000	-	-	41,696	-
Non Executive Director	2005	41,058	-	2,500	-	-	43,558	-
Totals	**2006**	365,196	45,830	131,500	-	-	542,526	-
	2005	373,949	45,654	127,198	-	-	546,801	-

(1) Geological and consulting services totalling $45,830 (2005 - $45,654) were paid to REM Pty Ltd, a company in which Mr B Richardson is a director and shareholder. These services were provided under normal commercial terms and conditions.

(d) Compensation of Key Management Personnel – by category

	Consolidated and Parent Entity 2006 $	2005 $
Short Term	411,026	419,603
Post Employment	131,500	127,198
Share Based Payments	-	-
Long Term	-	-
	542,526	546,801

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

17. DIRECTORS AND EXECUTIVES DISCLOSURE (continued)

(e) Shareholdings of Key Management Personnel (Consolidated and Parent Entity)

The number of shares held in Thundelarra Exploration Ltd during the financial year.

30 September 2006	Balance 1 October 2005	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 September 2006
P G Crabb	16,628,489	-	-	1,090,025	17,718,514
B D Richardson	1,036,581	-	-	-	1,036,581
F DeMarte	1,454,726	-	-	-	1,454,726
R W Crabb	1,028,330	-	-	1,100,000	2,128,330
M J Randall	237,300	-	-	-	237,300
Total	20,385,426	-	-	2,190,025	22,575,451

30 September 2005	Balance 1 October 2004	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 September 2005
P G Crabb	16,188,489	-	-	440,000	16,628,489
B D Richardson	1,036,581	-	-	-	1,036,581
F DeMarte	1,454,726	-	-	-	1,454,726
R W Crabb	1,028,330	-	-	-	1,028,330
M J Randall	263,000	-	-	(25,700)	237,300
Total	19,971,126	-	-	414,300	20,385,426

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(f) Optionholdings of Key Management Personnel (Consolidated and Parent Entity)

There were no compensation options granted or vested to key personnel during 2006. There were no compensation options granted or vested to key personnel during 2005.

The number of options over ordinary shares held in Thundelarra Exploration Ltd during the financial year.

						Vested at 30 September 2006		
30 September 2006	Balance at beginning of period 1 October 2005	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 September 2006	Total	Exercisable	Not Exercisable
P G Crabb	1,325,000	-	-	-	1,325,000	1,325,000	1,325,000	-
B D Richardson	850,000	-	-	-	850,000	850,000	850,000	-
F DeMarte	1,250,000	-	-	-	1,250,000	1,250,000	1,250,000	-
R W Crabb	400,000	-	-	-	400,000	400,000	400,000	-
M R Randall	400,000	-	-	-	400,000	400,000	400,000	-
Total	4,225,000	-	-	-	4,225,000	4,225,000	4,225,000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

17. DIRECTORS AND EXECUTIVES DISCLOSURE (continued)

(f) Optionholdings of Key Management Personnel (Consolidated and Parent Entity) (continued)

						Vested at 30 September 2005		
30 September 2005	Balance at beginning of period 1 October 2004	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 September 2005	Total	Exercisable	Not Exercisable
P G Crabb	1,325,000	-	-	-	1,325,000	1,325,000	1,325,000	-
B D Richardson	850,000	-	-	-	850,000	850,000	850,000	-
F DeMarte	1,250,000	-	-	-	1,250,000	1,250,000	1,250,000	-
R W Crabb	400,000	-		-	400,000	400,000	400,000	
M R Randall	400,000	-	-	-	400,000	400,000	400,000	-
Total	4,225,000		-		4,225,000	4,225,000	4,225,000	-

	Consolidated 2006 $	Consolidated 2005 $	Parent Entity 2006 $	Parent Entity 2005 $
18. REMUNERATION OF AUDITORS				
The auditor of Thundelarra Exploration Ltd is Stantons International for:				
• An audit or review of the financial report of the consolidated entity	23,890	-	23,890	21,967
• Other services in relation to the consolidated entity	920	-	920	-

19. SHARE BASED PAYMENTS

Employee Share Option Plan

Options are granted under the Company Employee Share Option Plan (ESOP) which was approved by the Directors on 1 March 2005. The ESOP is available to any person who is a director, or an employee (whether full-time of part-time) of the Company or of an associated body corporate of the Company (“Eligible Person”).

Subject to the Rules set out in ESOP and the Listing Rules, the Company (acting through the Board) may offer options to any Eligible Person at such time and on such terms as the Board considers appropriate. Some of the Rules include:

(i) No consideration is payable by an Eligible Person for a grant of an option, unless the Board decides otherwise.
(ii) The method of calculation of the exercise price of each option will be determined by the Board with regard to the market value of the shares when it resolves to offer the option.
(iii) Exercisable period will be determined by the Board prior to the offer of the relevant options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the issue date.
(iv) The Board may impose exercise conditions on any issue as it thinks appropriate.

Options may be exercised at any time during the period commencing on the issue date to the earlier of their expiry date or termination of the employee’s employment.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

19. SHARE BASED PAYMENTS (continued)

The expense recognised in the income statement in relation to share based payments is disclosed in Note 4.

The following table illustrates the number and weighted average prices (WAEP) of and the movements in share options issued during the year.

	Number 2006	WAEP 2006 $	Number 2005	WAEP 2005 $
Outstanding at the beginning of the year	16,751,000	0.60	19,412,644	0.55
Granted during the year	20,550,000	0.22	390,000	0.22
Forfeited during the year	(100,000)	0.22	(456,944)	0.21
Exercised during the year	(380,000)	0.22	(2,594,700)	0.21
Outstanding at the end of the year	36,821,000	0.39	16,751,000	0.60
Exercisable at the end of the year	36,821,000	0.39	16,751,000	0.60

The outstanding balance as at 30 September 2006 is represented by:

Date options granted	Expiry date	Exercise price of options	Number of options
28 February 2002	28 February 2007	$0.475	1,771,000
3 December 2003	20 November 2007	$0.655	11,000,000
1 April 2003	28 March 2008	$0.325	1,245,000
27 February 2004	26 February 2009	$0.675	1,970,000
20 April 2004	20 April 2009	$0.475	375,000
31 May 2005	31 May 2009	$0.22	460,000
12 April 2006	12 April 2009	$0.40	2,500,000
25 May 2006	30 June 2009	$0.19	2,800,000
7 July 2006	30 June 2009	$0.19	12,200,000
16 August 2006	30 June 2009	$0.19	2,000,000
31 August 2006	31 August 2009	$0.20	500,000
Total			36,821,000

Please refer to Shares Under Option table in the Directors Report for movements since year end.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2006 is between 2 and 3 years (2005 - 2 and 4 years).

The range of exercise prices for options outstanding at the end of the year was $0.19 to $0.675 (2005 - $0.22 to $0.675).

The weighted average fair value of options granted during the year was $0.06 (2005 - $0.011)

The fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 September 2006.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

19. SHARE BASED PAYMENTS (continued)

	2006 (40 cent options)	2006 (20 cent options)	2006 (22 cent options)	2005 (22 cent options)
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	100	50	100	100
Risk-free interest rate (%)	5.75	6	6	6
Expected life of the option (years)	2.5	2.9	2.6	3
Option exercise price ($)	0.40	0.20	0.22	0.22
Weighted average share price at grant date ($)	0.20	0.34	0.16	0.19

20. RELATED PARTY DISCLOSURES

(a) Directors

Fees paid in the normal course of business in 2006 for drilling services, camp maintenance and other services totalling $13,692 (2005 - $209,904) were paid/payable (balance outstanding at 30 September 2006) and included in trade creditors $290 (2005 - $6,306) to a company of which Mr Philip Crabb is a director and shareholder

Fees paid in the normal course of business in 2006 for geological and consulting services totalling $45,830 (2005 - $45,654) were paid/payable (balance outstanding at 30 September 2006) and included in trade creditors $4,166 (2005 - $Nil) to a company of which Mr Brian Richardson is a director and shareholder

(b) Loans with key management personnel and their related entities

Details regarding loans outstanding at the reporting date to specified directors and their personally-related entities, where the individual aggregate loan balance exceeded $100,000 at any time in the reporting period, are as follows:

	Consolidated		Parent Entity	
	2006 $	2005 $	2006 $	2005 $
(i) Loan provided to Royal Resources Ltd	_	-	_	452,152
(ii) Loan provided to Aldershot Resources Ltd	_	-	_	7,274

The loans provided to the above director-related entities are unsecured, interest free and have no fixed terms of repayment.

(i) The Company's directors are also directors of Royal Resources Limited (formally known as United Gold Ltd).

(ii) B Richardson and F DeMarte are also directors of Aldershot Resources Ltd and have an interest both directly and indirectly.

(c) Wholly Owned Group Transactions

The Group consists of the Company and its wholly owned controlled entity set out in Note 9. Transactions between the Company and its wholly owned controlled entity during the year ended 30 September 2006 consists of loans advanced by the Company totalling $4,908. The loan provided above is unsecured, interest free and has no fixed term of repayment. There were no repayments made during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

21. INTEREST IN JOINT VENTURES

The Company has interests in several joint ventures as follows:

Joint Venture	Principal Activities	Percentage Interest 2006	Percentage Interest 2005	Expenditure capitalised at 30 September 2006 $
Unincorporated				
East Kimberley JV	Nickel/Copper	Diluting to 40%	100%*	1,157,314
Copernicus/Salk ML JV	Nickel/Copper	Diluting to 40%	Diluting to 40%	1,085,927
				2,243,241

22. ACQUISITION OF CONTROLLED ENTITY

(a) Acquisition of Element 92 Pty Limited

On 31 August 2006, Thundelarra Exploration Ltd acquired 100% of the issued share capital of Element 92 Pty Limited, a private company previously owned by Arnhem Resources Pty Ltd.
Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$
Purchase consideration:	
Cash paid	50,000
Issue of 250,000 ordinary shares at a deemed price of 20 cents each	50,000
500,000 unquoted consideration options expiring 31 August 2009 exercisable at 20 cents each, issued at 13.69 cents each	68,450
Total purchase consideration	168,450
Fair value of net identifiable assets acquired	168,450
Goodwill	-

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $	Fair value $
Cash on hand	50	50
Tenement acquisition and exploration expenditure	-	168,400
Net identifiable assets acquired	50	168,450

The financial effects of the above transaction have been brought to account at 30 September 2006. The operating results and assets and liabilities of Element 92 Pty Ltd were consolidated from 31 August 2006.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

23. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of cash and short term deposits.

The main purpose of these financial instruments is to maintain the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the Financial Statements.

(a) *Interest Rate Risk*
The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

		Fixed Interest Rate Maturing			
2006 **Consolidated**	**Floating Interest Rate $**	**1 year or less $**	**Over 1-5 years $**	**Non interest bearing $**	**Total $**
Financial Assets					
Cash and cash equivalents	116,510	2,634,982	-	52	2,751,544
Trade and other receivables	-	81,271	-	42,058	123,329
Other financial assets	-	-	-	5,166,198	5,166,198
Total Financial Assets	116,510	2,716,253	-	5,208,308	8,041,071
Financial Liabilities					
Trade and other payables	-	-	-	(289,634)	(289,634)
Total Financial Liabilities	-	-	-	(289,634)	(289,634)
Net Financial Assets/(Liabilities)	116,510	2,716,253	-	4,918,674	7,751,437
Weighted Average Interest Rate	**4.30%**	**5.50%**			

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

23. FINANCIAL INSTRUMENTS (continued)

2005 Company	Floating Interest Rate $	Fixed Interest Rate Maturing: 1 year or less $	Fixed Interest Rate Maturing: Over 1-5 years $	Non interest bearing $	Total $
Financial Assets					
Cash and cash equivalents	(52,130)	2,166,164	-	130	2,114,164
Receivables	-	91,271	-	519,779	611,050
Other financial assets	-	-	-	2,458,086	2,458,086
Total Financial Assets	(52,130)	2,257,435	-	2,977,995	5,183,300
Financial Liabilities					
Payables	-	-	-	(565,043)	(565,043)
Total Financial Liabilities	-	-	-	-	-
Net Financial Assets/(Liabilities)	(52,130)	2,257,435	-	2,412,952	4,618,257
Weighted Average Interest Rate	-	-		-	-

Reconciliation of net financial assets/ (liabilities) to net assets	Consolidated 2006 $	Consolidated 2005 $
Net Financial Assets/(Liabilities) as above	7,751,437	-
Plant, Equipment and Vehicles	216,676	-
Exploration & Evaluation Expenditure	5,946,362	-
Provisions	(118,662)	-
Net Assets per Balance Sheet	13,795,813	-

The net fair value of all financial assets and liabilities at balance date approximate to their carrying value:

(b) *Credit Risk*
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

(c) *Net Fair Value of Financial Assets and Liabilities*
The net fair value of the financial assets and financial liabilities approximates their carrying value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

24. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period, the Directors are not aware of matter or circumstance not otherwise dealt with in this report or the Financial Statements, that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent years with the exception of the following, the financial effects of which have not been provided for in the 30 September 2006 Financial report:

Equity Placement

On 7 December 2006, the Company announced that it had successfully completed a fundraising of $2.405 million, via placement of 6,500,000 ordinary fully paid shares at an issue price of 37 cents each per share to offshore investors and local sophisticated investors organised by BBY Limited.

25. CONTINGENT LIABILITIES

On the 13 April 2006, Thundelarra and Sally Malay made a joint announcement to the Australian Stock Exchange Limited (“ASX”) advising that they had signed a formal Deed settling their dispute in relation to the Copernicus project, which allowed both parties to progress the Copernicus open pit and drilling of the Copernicus Deeps.

Sally Malay and Thundelarra 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.

Since the last annual reporting date, the Directors are of the opinion that there has been no other change in contingent liabilities other than the above.

26. TRANSITION TO AIFRS

For all periods up to an including the period ended 30 September 2005, the Group prepared its financial statements in accordance with Australian generally accepted accounting practice (AGAAP). These financial statements for the year ended 30 September 2006 are the first the Group is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Group has prepared financial statements that comply with AIFRS applicable for period beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in note 2. In preparing these financial statements, the Group has started from an opening balance sheet as at 1 October 2004 date of incorporation, the Group’s effective date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 *First-time adoption of AIFRS.*

This note explains the principal adjustments made by the Group in restating its previously published AGAAP financial statements for the year ended 30 September 2005.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

26. TRANSITION TO AIFRS (continued)

Exemptions Applied

AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AIFRS retrospectively.

The Group has taken the following exemptions:

- Comparative information for financial instruments is prepared in accordance with AGAAP and the Company has adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005.

- AASB 3 – *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before 1 July 2004.

- AASB 2 – *Share-based payments* has not been applied to equity instruments granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005.

Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and the cash flow statement presented under previous AGAAP.

The impacts of adopting AIFRS on the total equity and profit / (loss) after tax as reported under previous Australian Accounting Standards applicable before 1 January 2005 (AGAAP) is illustrated below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

26. TRANSITION TO AIFRS (continued)

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS at 1 October 2004

	Parent Entity		
	Previous AGAAP $	Effect of Transition To AIFRS $	AIFRS $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5,056,269	-	5,056,269
Trade and other receivables	37,545	-	37,545
Other financial assets	3,622	-	3,622
TOTAL CURRENT ASSETS	5,097,436	-	5,097,436
NON-CURRENT ASSETS			
Other receivables	316,034	-	316,034
Other financial assets	238,231	-	238,231
Property, plant and equipment	365,517	-	365,517
Exploration expenditure	5,556,690	-	5,556,690
TOTAL NON-CURRENT ASSETS	6,476,472	-	6,476,472
TOTAL ASSETS	11,573,908	-	11,573,908
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	94,610	-	94,610
Provisions	66,333	-	66,333
TOTAL CURRENT LIABILITIES	160,943	-	160,943
NON-CURRENT LIABILITIES			
Provisions	22,197	-	22,197
TOTAL NON-CURRENT LIABILITIES	22,197	-	22,197
TOTAL LIABILITIES	183,140	-	183,140
NET ASSETS	11,390,768	-	11,390,768
EQUITY			
Contributed equity	22,842,673	-	22,842,673
Reserves	-	-	-
Accumulated losses	(11,451,905)	-	(11,451,905)
TOTAL EQUITY	11,390,768	-	11,390,768

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

26. TRANSITION TO AIFRS (continued)

(b) Reconciliation of equity as presented under AGAAP to that under AIFRS at 30 September 2005

		Parent Entity	
	Previous AGAAP $	Effect of Transition To AIFRS $	AIFRS $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2,114,164	-	2,114,164
Trade and other receivables	67,627	-	67,627
Other financial assets	-	-	-
TOTAL CURRENT ASSETS	2,181,791	-	2,181,791
NON-CURRENT ASSETS			
Other receivables	543,423	-	543,423
Other financial assets	2,458,086	-	2,458,086
Property, plant and equipment	406,168	-	406,168
Exploration expenditure	4,379,724	-	4,379,724
TOTAL NON-CURRENT ASSETS	7,787,401	-	7,787,401
TOTAL ASSETS	9,969,192	-	9,969,192
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	565,043	-	565,043
Provisions	87,819	-	87,819
TOTAL CURRENT LIABILITIES	652,862	-	652,862
NON-CURRENT LIABILITIES			
Provisions	22,197	-	22,197
TOTAL NON-CURRENT LIABILITIES	22,197	-	22,197
TOTAL LIABILITIES	675,059	-	675,059
NET ASSETS	9,294,133	-	92,94,133
EQUITY			
Contributed equity	23,443,215	-	23,443,215
Reserves	-	4,204	4,204
Accumulated losses	(14,149,082)	(4,204)	(14,153,286)
TOTAL EQUITY	9,294,133	-	9,294,133

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2006

26. TRANSITION TO AIFRS (continued)

(c) Reconciliation of Profit or Loss for Year Ended 30 September 2005

	Previous AGAAP $	Parent Entity Effect of Transition To AIFRS $	AIFRS $
Revenue	436,375	-	436,375
Expenditure			
Administrative costs	(7,178)	-	(7,178)
Depreciation expense	(114,702)	-	(114,702)
Office and miscellaneous	(297,076)	-	(297,076)
Professional fees	(388,752)	-	(388,752)
Regulatory and trust company fees	(36,307)	-	(36,307)
Shareholder and investor relations	(38,599)	-	(38,599)
Share based payments expense	-	(4,204)	(4,204)
Travelling expenses	(42,956)	-	(42,956)
Employee benefits expense	(552,095)	-	(552,095)
Exploration expenditure written off	(1,048,889)	-	(1,048,889)
Loss on disposal of tenements	(13,450)	-	(13,450)
Provision for diminution of investments	(559,500)	-	(559,500)
Other operating expenses	(34,048)	-	(34,048)
Loss before income tax expense	(2,697,177)	(4,204)	(2,701,381)
Income tax expense	-	-	-
Net Loss attributable to the member of the Parent	(2,697,177)	(4,204)	(2,701,381)

Share based payment costs are charged to the income statement under AASB 2 'Share based Payments'

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Thundelarra Exploration Ltd I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 September 2006 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 September 2006.

On behalf of the Board

PHILIP G CRABB
Director

22 December 2006
Perth, Western Australia

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

INDEPENDENT AUDIT REPORT

**TO THE MEMBERS OF
THUNDELARRA EXPLORATION LTD**

SCOPE

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, statement of changes in equity and statement of cash-flows, accompanying notes to the financial statements, and the directors' declaration for Thundelarra Exploration Ltd (the Company) and the consolidated entity for the year ended 30 September 2006. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

AUDIT OPINION

In our opinion, the financial report of Thundelarra Exploration Ltd is in accordance with:

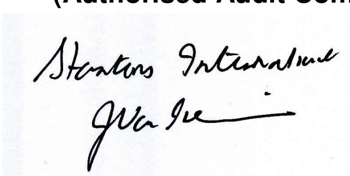
a) the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 September 2006 and of their performance for the year ended on that date; and

 (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director
Perth, Western Australia
22 December 2006

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WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
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22 December 2006

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

Dear Directors

RE: THUNDELARRA EXPLORATION LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Thundelarra Exploration Ltd.

As Audit Director for the audit of the financial statements of Thundelarra Exploration Ltd for the year ended 30 September 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

ASX ADDITIONAL INFORMATION

The following information dated 8 December 2006 is required by the Listing Rules of the Australian Stock Exchange Ltd

1. DISTRIBUTION AND NUMBER OF HOLDER OF EQUITY SECURITIES

Distribution	Fully Paid Ordinary Shares	2009 Options
1 – 1,000	154	3
1,001 – 5,000	447	26
5,001 – 10,000	333	22
10,001 – 100,000	808	96
100,001 and over	120	20
Total	1,862	167

There were 187 shareholders holding less than a marketable parcel.

2. TWENTY LARGEST SHAREHOLDERS OF QUOTED SECURITIES

(a) Ordinary shares

Name	Number of Shares Held	%
Ragged Range Mining Pty Ltd & Associates	17,355,289	18.26
LionOre Australia Pty Ltd	7,800,000	8.21
Fortis Clearing Nominees Pty Ltd (Settlement A/C)	5,600,252	5.89
ANZ Nominees Limited (Cash Income A/C)	3,455,340	3.63
Sally Malay Mining Limited	2,500,000	2.63
Mr Frank DeMarte	1,454,726	1.53
Mr Brian Richardson	1,036,581	1.09
Mr Rick Crabb	1,000,000	1.05
Dahele Pty Ltd	950,000	1.00
Mr Rick Wayne Crabb & Mrs Carol Jean Crabb (Intermax Fund A/C)	771,565	0.81
PM-Tec Pty Ltd	754,000	0.79
Gurravembi Investments Pty Ltd	640,992	0.67
Mr Trevor George Brookes	620,000	0.65
HSBC Custody Nominees (Australia) Limited	600,000	0.63
Laguna Bay Capital Pty Ltd	580,000	0.61
Mr Simon Attwell	550,000	0.58
CS Fourth Nominees Pty Ltd (Unpaid A/C)	550,000	0.58
Graham Properties Pty Ltd (The Graham Super Fund A/C)	503,373	0.53
Berne No 132 Nominees Pty Ltd (224266 A/C)	500,000	0.53
Mr Robert Gray & Mrs Dawn Thais Gray (The Gray Super Fund A/C)	500,000	0.53
Total	47,722,118	50.20

ASX ADDITIONAL INFORMATION (continued)

(b) Options expiring 30 June 2009

Name	Number of Options Held	%
Fortis Clearing Nominees Pty Ltd (Settlement A/C)	4,268,529	25.11
Tricom Nominees Pty Ltd (LPG A/C)	2,177,092	12.81
Gurravembi Investments Pty Ltd (Super Fund A/C)	1,285,681	7.56
Mr Neal John Worthington	1,228,120	7.22
Mr Stephen Timothy Biggs & Mr Stephen Charles Biggs (Tim Biggs Super Fund A/C)	500,000	2.94
Slipline Pty Ltd	400,000	2.35
Laguna Bay Capital Pty Ltd	256,408	1.51
Berne No 132 Nominees Pty Ltd (224266 A/C)	250,000	1.47
PM-Tec Pty Ltd	250,000	1.47
Mr Brendon Atkinson	200,000	1.18
Melbard Nominees Pty Limited	200,000	1.18
Mr Peter Rockey	200,000	1.18
David Wellacott	200,000	1.18
Seruced No 9 Pty Ltd	180,000	1.06
Toro De Plata Pty Ltd	175,000	1.03
Calibrate Australia Pty Ltd (Calibrate Staff S/F A/C)	157,400	0.93
Hawthorn Grove Investments Pty Ltd	150,000	0.88
Mr Clive Harry Worthington	141,678	0.83
Ms Kim Lian Kuah	120,000	0.71
Mr Alan McDonald Brown & Mrs Wendy Kay Brown	102,000	0.60
Total	12,441,908	73.19

3. **SUBSTANTIAL SHAREHOLDERS**

An extract from the Company's register of substantial shareholders is set out below:

Name	Number of Shares Held	%
Ragged Range Mining Pty Ltd & Associates	17,355,289	18.26
LionOre Australia Pty Ltd	7,800,000	8.21

4. **VOTING RIGHTS**

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The Company's options have no voting rights.

5. STOCK EXCHANGE LISTING

Thundelarra Exploration Limited ordinary shares are listed on all member exchanges of the Australian Stock Exchange Limited. The home exchange is the Australian Stock Exchange (Perth) Limited.

ASX ADDITIONAL INFORMATION (continued)

6. RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the Australian Stock Exchange Limited, Perth as restricted securities.

7. TENEMENTS HELD

Tenement Number and Type	**Tenement Name**	**Holder/ Applicant**	**Interest (%)**	**Status**
EAST KIMBERLEY				
E80/2569	Alice Downs	THX	100	Granted 23/08/01
ELA80/3276	Turkey Hill	THX	100	Granted 16/08/05
ELA80/3293	Spring Creek Fork	THX	100	Granted 16/08/05
ELA80/3294	West Spring Creek	THX	100	Granted 16/08/05
E80/2572	Billymac Yard	THX	100	Granted 23/07/02
E80/2601	Lamboo	THX	100	Granted 29/07/02
E80/2607	Corkwood South	THX	100	Granted 23/05/02
E80/2565	West McIntosh	B Wasse	100	Granted 15/03/02
E80/2579	Togo	Am-Aust, Wasse, Voermans	100	Granted 15/03/02
E80/2634	Nine Mile	THX	100	Granted 02/10/01
E80/2635	Corkwood North	THX	100	Granted 23/05/02
E80/2290	Panton North	THX & KMN	100	Granted 24/06/98
E80/2750	Bow River	THX	100	Granted 03/09/02
E80/2749	Sally Downs Well	THX	100	Granted 15/08/03
E80/2748	Dave Hill	THX	100	Granted 15/01/03
E80/2746	Nortons	THX	100	Granted 18/06/02
E80/2716	Eileen Bore	THX	100	Granted 08/02/02
P80/1427	Eileen Bore	THX	100	Granted 20/02/02
P80/1506	Eileen Bore	THX	100	Granted 17/06/03
PLA80/1563	Eileen Bore	THX	100	Pending (applied 16/02/06)
ELA/2805	Panton West	THX	100	Granted 22/07/03
ELA80/2817	Mable Downs	THX	100	Granted 04/03/03
E80/2824	Mable West	THX	100	Granted 03/09/02
E80/2827	Bow River West	THX	100	Granted 07/10/02
E80/2835	McKenzie Spring	THX	100	Granted 07/10/02
ELA80/2836	Frog Hollow	THX	100	Granted 04/07/03
E80/2865	Fletcher Creek	THX	100	Granted 07/10/02
ELA80/2866	Warmun	THX	100	Granted 16/05/03
MLA80/2867	Killarney	THX	100	Granted 04/03/03
ELA80/2878	Frank Hill	THX	100	Granted 13/12/04
MLA80/540	Copernicus	THX	100	Pending (applied 16/06/03)

ASX ADDITIONAL INFORMATION (continued)

7. TENEMENTS HELD (continued)

Tenement Number and Type	Tenement Name	Holder/ Applicant	Interest (%)	Status
EAST KIMBERLEY (continued)				
MLA80/580	Eileen Bore	THX	100	Pending (applied 26/05/05)
MLA80/581	Eileen Bore	THX	100	Pending (applied 26/05/05)
MLA80/582	Eileen Bore	THX	100	Pending (applied 26/05/05)
MLA80/583	Eileen Bore	THX	100	Pending (applied 26/05/05)
MLA80/584	Eileen Bore	THX	100	Pending (applied 26/05/05)
MLA80/601	Corkwood South	THX	100	Pending (applied 08/09/05)
MLA80/602	Corkwood South	THX	100	Pending (applied 08/09/05)
MLA80/603	Corkwood South	THX	100	Pending (applied 08/09/05)
MLA80/604	Corkwood North	THX	100	Pending (applied 08/09/05)
MLA80/605	Corkwood North	THX	100	Pending (applied 08/09/05)
MLA80/606	Corkwood North	THX	100	Pending (applied 08/09/05)
MLA80/607	Corkwood North	THX	100	Pending (applied 08/09/05)
MLA80/608	Corkwood North	THX	100	Pending (applied 08/09/05)
E80/3323	Keller West	THX	100	Granted 25/07/05
MLA80/591	Lamboo	THX	100	Pending (applied 29/06/05)
MLA80/592	Lamboo	THX	100	Pending (applied 29/06/05)
MLA80/593	Lamboo	THX	100	Pending (applied 29/06/05)
E80/3233	Bow River	THX	100	Granted 16/08/04
E80/2751	Bow River	THX	100	Granted 03/09/02
E80/3498	Togo 2	THX	100	Granted 24/07/06
E80/3354	Ord Nth	THX	100	Granted 16/05/05
E80/3355	Ord West	THX	100	Granted 16//05/05
E80/3356	Ord East	THX	100	Granted 16/05/05
E80/3364	Lamboo Sth	THX	100	Granted 16/05/05
E80/3383	Frank Hill East	THX	100	Granted 19/05/06
E80/2109	Ord River	THX	100	Granted 25/03/96
MLA80/522	Ord River	THX	100	Pending (applied 08/10/01)
MLA80/523	Ord River	THX	100	Pending (applied 08/10/01)
ELA80/3400	Mt Lush	THX	100	Pending (applied 05/11/04)
E80/2559	Lamboo West	GGR	100	Granted 06/03/03
E80/2567	Lodestone South	GGR	100	Granted 12/01/04
P80/1549	Lodestone	THX	100	Granted 25/09/06
E80/2574	Togo Nth	GGR	100	Granted 27/10/03
ELA80/3499	Edle West	THX	100	Granted 24/07/06
ELA80/3503	Dougall Bore	THX	100	Granted 24/07/06

ASX ADDITIONAL INFORMATION (continued)

7. TENEMENTS HELD (continued)

Tenement Number and Type	Tenement Name	Holder/ Applicant	Interest (%)	Status
EAST KIMBERLEY (continued)				
ELA80/3525	Cattle Creek East	THX	100	Pending (applied 22/08/06)
ELA80/3571	Carola Valley	THX	100	Granted 07/06/06
ELA80/3572	Spinifex	THX	100	Granted 28/08/06
ELA80/3573	Galway Valley	THX	100	Granted 07/06/06
ELA80/3625	Corkwood West	THX	100	Pending (applied 22/12/05)
ELA80/3671	Hensman	THX	100	Pending (applied 26/04/06)
ELA80/3673	Sophie Downs	THX	100	Pending (applied 03/05/06)
PLA80/1583	White Rock Well	THX	100	Pending (applied 08/08/06)
ELA80/3719	Springvale 1	THX	100	Pending (applied 11/08/06)
ELA80/3720	Springvale 3	THX	100	Pending (applied 11/08/06)
ELA80/3721	Springvale 4	THX	100	Pending (applied 11/08/06)
ELA80/3722	Springvale 5	THX	100	Pending (applied 11/08/06)
ELA80/3723	Springvale 8	THX	100	Pending (applied 11/08/06)
ELA80/3724	Springvale 2	THX	100	Pending (applied 11/08/06)
ELA80/3725	Springvale 6	THX	100	Pending (applied 11/08/06)
ELA80/3726	Springvale 7	THX	100	Pending (applied 11/08/06)
ELA80/3800	Rosewood	THX	100	Pending (applied 21/11/06)
MURCHISON				
E57/614	Yuinmery A	THX	100	Granted 27/11/06
E57/615	Yuinmery B	THX	100	Granted 27/11/06
E57/616	Yuinmery C	THX	100	Granted 27/11/06
E57/617	Yuinmery D	THX	100	Granted 27/11/06
ELA57/651	Yuinmery East	THX	100	Pending (applied 18/07/06)
PILBARA				
ELA47/1304	Pyramid	THX	100	Granted 23/01/06
ELA47/1305	Pyramid	THX	100	Granted 21/02/06
ELA47/1467	Pyramid	THX	100	Granted 23/01/06
ELA45/2611	Red Rock	THX	100	Granted 08/11/05
ELA45/2695	Runton	THX	100	Pending (applied 03/12/04)
YILGARN				
ELA77/1204	Jilbadji	THX	100	Pending (applied 20/11/03)
PEAK HILL				
E52/1909	Paradise	THX	100	Granted 04/08/06
ELA52/1940	Kunderong	THX	100	Pending (applied 20/03/06)
ELA52/1890	Tunnel Creek	CULLEN	100	Pending (applied 26/07/05)
ELA52/1891	Tunnel Creek	CULLEN	100	Pending (applied 26/07/05)

ASX ADDITIONAL INFORMATION (continued)

7. TENEMENTS HELD (continued)

Tenement Number and Type	Tenement Name	Holder/ Applicant	Interest (%)	Status
EAST KIMBERLEY (continued)				
ELA52/1892	Tunnel Creek	CULLEN	100	Pending (applied 26/07/05)
GASCOYNE				
ELA09/1340	Skippy Bore	THX	100	Pending (applied 01/08/06)
ELA09/1341	Kendell	THX	100	Pending (applied 01/08/06)
ELA09/1342	Judy Bore	THX	100	Pending (applied 01/08/06)
QUEENSLAND				
EPM15849	Gregory Range	THX	100	Pending (applied 23/08/06)
EPM15852	Yates	THX	100	Pending (applied 24/08/06)
EPM15853	Crowbar	THX	100	Pending (applied 24/08/06)
SOUTH AUSTRALIA				
File Ref 396/06	William Creek	THX	100	Pending (applied 10/08/06)
NORTHERN TERRITORY				
EL25553	Hayes Creek	THX	100	Pending (applied 11/08/06)
EL25734	Waterloo	THX	100	Pending (applied 27/11/06)
ELEMENT 92 PTY LTD				
EL25283	Walbiri Range	Element 92	100	Pending (applied 24/04/06)
EL25334	Jabangardi Hill	Element 92	100	Pending (applied 27/04/06)
EL25556	Waite Bore	Element 92	100	Pending (applied 14/08/06)
EL25637	Illamurta	Element 92	100	Pending (applied 02/10/06)
EL25414	Dashwood	IGM	Earning 100	Pending (applied 05/06/06)

Key to Tenement Type:

E	=	Exploration License
ELA	=	Exploration License Application
EPM	=	Exploration Permit Minerals
MLA	=	Mining Lease Application
P	=	Prospecting License
PLA	=	Prospecting License Application

Key to Parties:

GGR	=	Great Gold Mines NL
THX	=	Thundelarra Exploration Limited
KMN	=	Kimberley Mining NL
WASSE	=	B Wasse
CULLEN	=	Cullen Exploration Pty limited
ELEMENT 92	=	Element 92 Pty Ltd