



# **THUNDELARRA**

## **EXPLORATION LTD**

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31 January 2007

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

The Manager  
Companies Announcement Office  
ASX Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000



### **Via Electronic Lodgement**

Dear Sir/Madam

### **NOTICE OF ANNUAL GENERAL MEETING**

Please find attached a copy of the Notice of Annual General Meeting being despatched to shareholders together with the Company's 2006 Annual Report.

Yours sincerely  
THUNDELARRA EXPLORATION LTD

Frank DeMarte  
COMPANY SECRETARY

**THUNDELARRA EXPLORATION LTD**

**ABN 74 950 465 654**

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**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

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**Date of Meeting**

28 February 2007

**Time of Meeting**

10.30 am

**Place of Meeting**

The Colonial Conference Room  
The Melbourne  
Corner of Hay and Milligan Streets  
Perth  
Western Australia

**THUNDELARRA EXPLORATION LTD**  
**ABN 74 950 465 654**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Shareholders of Thundelarra Exploration Ltd ABN 74 950 465 654 ("**Company**") will be held at the Colonial Conference Room, The Melbourne, Corner Hay and Milligan Street, Perth, Western Australia on Wednesday 28 February 2007 at 10.30 am for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

Please note terms used in the Resolutions contained in this Notice of Annual General Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

**AGENDA**

**BUSINESS**

**Financial Report**

To receive, consider and adopt the annual Financial Statements of the Company for the year ended 30 September 2006, consisting of the Statements of Financial Performance, the Statements of Financial Position, the Statements of Cash Flows, the Directors' Report, the Directors' Declaration and the Auditors' Report.

**Resolution 1 – Remuneration Report**

To consider and, if thought fit, to pass the following Resolution as a non-binding **ordinary resolution**:

*"That pursuant to and in accordance with section 250R(2) of the Corporations Act that the Remuneration Report as contained within the Directors' Report be adopted."*

*Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.*

**Resolution 2 – Re-election of Mr Philip G Crabb as a Director of the Company**

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That Mr Philip G Crabb, being a Director of the Company, retiring by rotation in accordance with clause 13.2 of the Company's Constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company."*

### **Resolution 3 - Approval to Grant Options to a Director – Mr Philip G Crabb**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*‘That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Philip G Crabb (or his nominee or nominees) 250,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.’*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 3 by Mr Philip G Crabb and any associate of Mr Philip G Crabb. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Philip G Crabb or an associate of Mr Philip G Crabb.

### **Resolution 4 - Approval to Grant Options to a Director – Mr Frank DeMarte**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*‘That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Frank DeMarte (or his nominee or nominees) 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.’*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 4 by Mr Frank DeMarte and any associate of Mr Frank DeMarte. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Frank DeMarte or an associate of Mr Frank DeMarte.

### **Resolution 5– Approval to Grant Options to a Director – Mr Brian D Richardson**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*‘That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Brian D Richardson (or his nominee or nominees) 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.’*

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 5 by Mr Brian Richardson and any associate of Mr Brian Richardson. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Brian Richardson or an associate of Mr Brian Richardson.

## **Resolution 6 – Approval to Grant Options to a Director – Mr Malcolm J Randall**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*‘That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Malcolm J Randall (or his nominee or nominees) 250,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.’*

|  |
|--|
| The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 6 by Mr Malcolm Randall and any associate of Mr Malcolm Randall. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Malcolm Randall or an associate of Mr Malcolm Randall. |
|--|

**By order of the Board**



**Frank DeMarte**  
Company Secretary

Dated: 12 January 2007

## **PROXIES**

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at the Annual General Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.
- A proxy may, but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorising in writing or, if such appointor is a corporation, either under seal or under hand of the officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and must reach the Registered Office of the Company at least 48 hours prior to the Annual General Meeting. For the convenience of Shareholders a Proxy Form is enclosed.

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding Shares at 5.00 pm Western Standard Time on 26 February 2007 will be entitled to attend and vote at the Annual General Meeting.

## **Corporations**

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the Annual General Meeting.

**THUNDELARRA EXPLORATION LTD**  
**ABN 74 950 465 654**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of the Company.

The Directors of the Company ("**Directors**") recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary appearing at the end of this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

**Financial Report**

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 September 2006.

**RESOLUTION 1 – REMUNERATION REPORT**

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

Pursuant to section 250R(2) of the Corporations Act, a resolution adopting the Remuneration Report contained within the Directors' Report must be put to the vote.

Shareholders are advised that pursuant to section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out within the Directors' Report. The report:

- Explains the Board's policy for determining the nature and amount of remuneration of Executive Directors of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- Details and explains any performance conditions applicable to the remuneration of Executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

**RESOLUTION 2 - RE-ELECTION OF PHILIP G CRABB AS A DIRECTOR OF THE COMPANY**

Mr Philip G Crabb was appointed a director of the Company on 30 November 1998.

Pursuant to clause 13.2 of the Company's Constitution, Mr Philip G Crabb being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

## RESOLUTIONS 3 TO 6 – APPROVAL TO GRANT OPTIONS TO DIRECTORS

The Company proposes to issue a total of 1,500,000 Options to Participating Directors. The Options have an exercise price of 50 cents and have an expiry date of 28 February 2010.

The grant of Options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company's current circumstances the Directors consider that the incentives to the parties noted above represented by the issue of these Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Directors.

The terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The number of Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- the remuneration of the Participating Directors – the Directors wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors have considered the proposed number of Options to be issued will ensure that the Participating Directors' overall remunerations is in line with market standards;
- length of service to the Company; and
- incentives to ensure continuity of service of the Participating Directors who have extensive knowledge of the Company and its assets.

In the event the Options are exercised, the following amounts are payable to the Company by the Participating Directors, being the total exercise price in respect of the Options:-

| Participating Director | Amount to be paid |
|------------------------|-------------------|
| Philip G Crabb         | \$125,000         |
| Brian D Richardson     | \$250,000         |
| Frank DeMarte          | \$250,000         |
| Malcolm J Randall      | \$125,000         |

The Company will therefore receive \$750,000 from the Participating Directors should all the Options be exercised.

### Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, each of the Directors are considered to be related parties of the Company.

Resolutions 3 to 6 provide for the grant of Options to the Participating Directors of the Company which is a financial benefit which requires Shareholder approval.

### INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.



***The related party to whom the proposed resolution would permit the financial benefit to be given:***

Subject to Shareholder approval the following number of Options will be granted to the following related parties or their respective nominees:

| <b>Participating Director</b> | <b>Number of Options</b> |
|-------------------------------|--------------------------|
| Philip G Crabb                | 250,000                  |
| Brian D Richardson            | 500,000                  |
| Frank DeMarte                 | 500,000                  |
| Malcolm J Randall             | 250,000                  |
| <b>Total</b>                  | <b>1,500,000</b>         |

***The nature of the financial benefit***

The proposed financial benefit to be given is the grant of Options for no consideration to the Participating Directors as noted above. The terms and conditions of the Options to be granted to the Participating Directors are set out in Annexure A to this Explanatory Memorandum.

***Directors' recommendation***

For the reasons noted above:

Messrs Frank DeMarte, Brian D Richardson, Rick Crabb and Malcolm J Randall (who have no interest in the outcome of Resolution 3) recommend that Shareholders vote in favour of Resolution 3. Mr Philip G Crabb declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

Messrs Philip G Crabb, Brian D Richardson, Rick Crabb and Malcolm J Randall (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Frank DeMarte declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

Messrs Philip G Crabb, Frank DeMarte, Rick Crabb and Malcolm J Randall (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Brian D Richardson declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

Messrs Philip G Crabb, Frank DeMarte, Brian D Richardson and Rick Crabb (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Malcolm Randall declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

All the Directors were available to make a recommendation.

***Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.***

- (i) Proposed Resolutions 3 to 6 would have the effect of giving power to the Directors to grant a total of 1,500,000 Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 103,358,370 listed Shares on issue, 16,177,000 listed options and 18,846,000 unlisted options.
- (ii) If all Options granted as proposed above are exercised, assuming the existing listed and unlisted options on issue are not exercised, the effect would be to dilute the Share holding of existing Shareholders by 1 %. The market price of the Shares during the period of the Options will normally

determine whether or not option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.

The Options will not be quoted on ASX and as such have no actual market value.

- (iii) The Participating Directors' base salaries per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of Options the subject of Resolutions 3 to 6 (showing the impact of using different volatility assumptions to calculate the value of the Options) are as follows:

| <b>Director</b>    | <b>Base salary/fee p.a.<br/>(\$)</b> | <b>Value of Options *<br/>(\$)</b> | <b>Total Financial Benefit<br/>(\$)</b> |
|--------------------|--------------------------------------|------------------------------------|---|
| Philip G Crabb     | 160,000                              | 30,550                             | 190,550                                 |
| Frank DeMarte      | 150,000                              | 61,100                             | 211,100                                 |
| Brian D Richardson | 150,000                              | 61,100                             | 211,100                                 |
| Malcolm J Randall  | 41,058                               | 30,550                             | 71,608                                  |

\* utilising a 75 % volatility factor discussed in further detail below.

The above range of valuations are based on the market Share price of the Company of 38 cents as at 8 January 2007.

- (iv) Valuation of Options

The Company's advisers have valued the Options to be granted to the Participating Directors using the Black-Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. Their assessment of the value of the Options has been prepared using the following assumptions:

| <b>Variable</b>         | <b>Input</b>  |
|-------------------------|---|
| Share price             | 38 cents  |
| Exercise price          | 50 cents  |
| Risk Free Interest Rate | 6.07 % (being a 3 year Government Bond Rate as at 8 January 2007) |
| Volatility              | 40-80%  |
| Time (years to expiry)  | approximately 3   |

The valuation date is as at 8 January 2006, although the Options will not be issued until after Shareholders approve the grant of the Options at this meeting.

The Company's advisers noted that in the year to 8 January 2007, the closing Share price of the Company's Shares trading on the ASX was in the range of 15.5 cents (late June 2006) to 50 cents (late October 2006) implying a volatility of 222%. The Company's Share price started to fall in November 2005 after ASX announcements in respect to the dispute with Sally Malay Mining Limited in respect to the Copernicus project and for the period 3 January 2006 to 12 April 2006 the Shares traded in the range of 17 cents to 24 cents range implying a volatility of 41%. Since the settlement of the dispute in April 2006 to 8 January 2007 the Company's Shares traded on the ASX at between 15.5 cents to 50 cents. The Company's Share price started to dramatically increase in August 2006 to following positive ASX announcements in relation to the Copernicus nickel project and on 21 August 2006 when the Company made an ASX announcement on significant platinum results from one of its projects and an update was provided to the market on 4 September 2006 on its nickel and platinum projects. Since 21 August 2006 to 8 January 2007, the Company's Shares traded on the ASX in the range of 28.5 cents to 50 cents implying a volatility of approximately 75%. The

volatility over the three months to 8 January 2007 was approximately 35%. Taking into account the Company's Share price as at 8 January 2007, the length of the Options (approximately 3 years), prospectivity of the Company's mineral tenements and the past Share prices, a 75% volatility factor is acceptable in valuing the Options.

The market value of a Share as at 8 January 2007 is 38 cents.

The valuations reflected below do not necessarily represent the market value of the Options or the tax values for taxation purposes to the Option holder. The future value of the Options may be up or down on the values noted below as it will primarily depend on the future share price of a Share (for the next 3 years), and the time to expiry of the Options.

Based on the above assumptions, the technical ranges of values in cents of one Option to be granted to the Participating Directors are as follows:

| <b>40% Volatility</b> | <b>60% Volatility</b> | <b>80% Volatility</b> |
|-----------------------|-----------------------|-----------------------|
| 6.31 cents            | 9.79 cents            | 12.99 cents           |

Any change in the variables applied in the Black and Scholes calculation between the date of the valuation and the date the Options are granted would have an impact on their value.

- (v) Set out below are details of each of the Participating Directors' relevant interest in the securities of the Company as at the date of this Notice:

| <b>Director</b>            | <b>Associates</b>  | <b>Number of Shares</b>   | <b>Number of Options</b>                        |
|----------------------------|--|---|---|
| Philip G Crabb (Note 1)    | Held directly<br>June W Crabb<br>Barcfin Pty Ltd<br>Darkdale Pty Ltd<br>Ioma Pty Ltd<br>Midland Mines Pty Ltd<br>Gemini Mining Pty Ltd<br>Ragged Range Mining Pty Ltd<br>Crabb Superannuation Fund | 514,413<br>-<br>31,063<br>1,869,700<br>4,148,774<br>31,063<br>31,063<br>11,388,914<br>228,524 | -<br>-<br>-<br>-<br>500,000<br>-<br>-<br>-<br>- |
| Frank DeMarte (Note 2)     | Held directly<br>The DeMarte Family Trust<br>The DeMarte Super Fund<br>Grandeur Holdings Pty Ltd   | 100,000<br>1,018,700<br>304,963<br>31,063   | -<br>1,250,000<br>-<br>-                        |
| Brian D Richardson         | Held directly<br>Anne Richardson   | 1,036,581<br>-  | 850,000   |
| Malcolm J Randall (Note 3) | Renique Holdings Pty Ltd<br>(Randall Super Fund A/C)   | 263,000   | 400,000   |

**Notes:**

- 1: Philip G Crabb is a sole director of Ragged Range Mining Pty Ltd and a 48% shareholder. Mr Crabb is a director of Ioma Pty Ltd, Darkdale Pty Ltd and Barcfin Pty Ltd. Mr Crabb is a director of Gemini Mining Pty Ltd and a 99% shareholder and is a director of Midland Mines Pty Ltd and a 2% shareholder. Mr Crabb is a trustee for the Crabb Superannuation Fund.
- 2: Frank DeMarte is a director of Grandeur Holdings Pty Ltd and a 50% shareholder. Mr DeMarte is a trustee for the DeMarte Family Trust and the DeMarte Family Superannuation Fund.
- 3: Malcolm J Randall, together with his wife Carol Randall, control Renique Holdings Pty Ltd and are beneficiaries of the the Randall Super Fund.

- (vi) The following table gives details of the highest, lowest and latest price of the Shares trading on ASX over the past 12 months ending on 12 January 2007:

| <b>Security</b> | <b>Highest Price</b> | <b>Date of highest price</b> | <b>Lowest Price</b> | <b>Date of lowest price</b> | <b>Latest Price on 12 January 2007</b> |
|-----------------|----------------------|------------------------------|---------------------|-----------------------------|--|
| Ordinary Shares | 50 cents             | 25 October 2006              | 15.5 cents          | 28 June 2006                | 43 cents                               |

### ***Other Information***

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. The Directors do not consider that from an economic and commercial point of view, there are any costs of detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 3 to 6.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

### ***Listing Rule 10.11***

Listing Rule 10.11 requires the approval of Shareholders by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Options to the Directors.

### ***Additional Information***

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Options will be granted to Messrs Philip G Crabb, Brian D Richardson, Frank DeMarte and Malcolm J Randall, who are all Directors, or their nominees;
- (b) the maximum number of Options to be granted is 1,500,000;
- (c) the Options will be granted on a date which will be no later than 1 month after the date of this Annual General Meeting;
- (d) the Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Options; and
- (f) the terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**THUNDELARRA EXPLORATION LTD**  
**ABN 74 950 465 654**

**GLOSSARY**

The following terms have the following meanings in this Explanatory Memorandum:

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

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

"**Board**" means the board of Directors;

"**Business Day**" means any day that ASX declares is not a business day;

"**Company**" means Thundelarra Exploration Ltd ABN 74 950 465 654;

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

"**Director**" means a director of the Company;

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

"**Meeting**" means the meeting of Shareholders held to vote on the matters set out in the Notice;

"**Notice**" means the Notice of Annual General Meeting accompanying this Explanatory Memorandum;

"**Option**" means an option to acquire a Share, the terms and conditions of which are set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Annual General Meeting;

"**Participating Directors**" means Messrs Philip G Crabb, Brian D Richardson, Frank DeMarte and Malcolm J Randall;

"**Resolution**" means a resolution proposed pursuant to the Notice;

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

"**Shareholder**" means a holder of Shares.

**THUNDELARRA EXPLORATION LTD**  
**ABN 74 950 465 654**

**ANNEXURE A**

**TERMS AND CONDITIONS OF OPTIONS**

The terms and conditions of the Options are:

1. Each Option will be issued for no consideration;
2. Each Option has an exercise price of \$0.50;
3. Each Option entitles the option holder ("**Option holder**") to subscribe for and be allotted one fully paid ordinary share ("**Share**") in the capital of Thundelarra Exploration Limited ("**THX**") at the exercise price for the Option;
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 28 February 2010 ("**Expiry Date**") by completing a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by him and delivering it to the registered office of THX accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him;
5. The Options are not assignable or transferable without the prior written consent of the directors of THX and will not be listed on the ASX;
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with THX's then issued Shares. THX will apply for official quotation by ASX of all Shares issued upon exercise of the Options;
7. There are no participating rights or entitlements inherent in the Options and the Option holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. However, THX must ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced and the Option holder will be notified of the proposed issue at least 9 Business Days before the record date. This will give the Option holder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue;
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of THX prior to the Expiry Date, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
9. If there is a pro rata issue (except a bonus issue) to THX shareholders, the exercise price of an Option will be reduced according to the following formula:

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

Where:

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

- O = the old exercise price of the Option;
- E = the number of underlying securities into which one Option is exercisable;
- P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;
- S = the subscription price for new Shares issued under the pro rata issue;
- D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
10. If there is a bonus issue to THX shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue; and
11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Exercise Form and the exercise price in respect of the Option.

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Facsimile 61 8 9323 2033  
www.computershare.com

Securityholder Reference Number (SRN)

## Appointment of Proxy

I/We being a member/s of Thundelarra Exploration Ltd and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Thundelarra Exploration Ltd to be held at The Colonial Conference Room, The Melbourne, Corner Hay & Milligan Streets, Perth WA 6000 on 28 February 2007 at 10.30am and at any adjournment of that meeting.

## Voting directions to your proxy - please mark to indicate your directions

|   |   | For                      | Against                  | Abstain*                 |
|---|---|--------------------------|--------------------------|--------------------------|
| 1 | Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Re-election of Mr Philip G Crabb as Director of the Company       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Approval to Grant Options to a Director - Mr Philip G Crabb       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Approval to Grant Options to a Director - Mr Frank DeMarte        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Approval to Grant Options to a Director - Mr Brian D Richardson   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Approval to Grant Options to a Director - Mr Mr Malcolm J Randall | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you wish to appoint a second proxy.

AND



%

OR

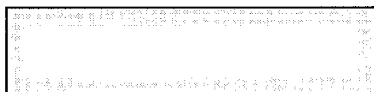


State the percentage of your voting rights or the number of securities for this Proxy Form.

## PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



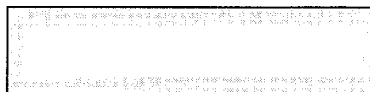
Individual/Sole Director and  
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

THX

1 P R



# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

- |                    |  |
|--------------------|--|
| Individual:        | where the holding is in one name, the holder must sign.  |
| Joint Holding:     | where the holding is in more than one name, all of the securityholders should sign.  |
| Power of Attorney: | to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.   |
| Companies:         | where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at [www.computershare.com](http://www.computershare.com).

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10.30am on 28 February 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

- |           |   |
|-----------|---|
| IN PERSON | Registered Office - Level 3, IBM Building , 1060 Hay Street, WEST PERTH WA 6005 AUSTRALIA |
| BY MAIL   | Registered Office - PO Box 7363, Cloisters Square, Perth, WA 6850                         |
| BY FAX    | 61 8 9323 2033  |