



THUNDELARRA

EXPLORATION LTD

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

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

Dear Shareholder

UPDATE ON POSITIVE DEVELOPMENTS

I am writing to personally update you on recent positive developments at Thundelarra.

Thundelarra has commenced a very exciting phase in its development with the transition from explorer to nickel producer now underway and a strategic expansion of the uranium division providing the Company with one of the most significant exploration portfolios in Australia. The hard work put in by the management team over the last few years, with the support of our loyal shareholder base, is starting to bear fruit.



In recognition of the changing nature of the business the Board moved to recruit a dedicated Chief Executive Officer with the necessary skills and experience to lead the Company through the transition and beyond. This culminated in the appointment of Mr Brett Lambert to the position of CEO in May this year, at which point I relinquished my executive duties, but continue my association with the Company as Non-Executive Chairman.

Brett is a mining engineer with over 25 years experience in the resources industry gained in Australia and overseas. Having managed the development of a number of new mining operations Brett's experience has been very beneficial as Thundelarra and joint venture partner Sally Malay establish the Copernicus nickel mine.

This week Brett accepted an invitation to join the Board of Thundelarra.

Whilst it has taken longer to advance Copernicus than we had all hoped, substantial progress has been made in 2007, beginning with a significant resource upgrade early in the year followed up with the declaration of an inaugural mining reserve and a commitment to mine development in June. Production of first ore is targeted for mid next year, subject to the imminent receipt of certain statutory approvals.



More recently a three hole deep RC drilling program at Copernicus delivered some very positive results. The final hole, CORC093, returned one of the best intercepts achieved on the property to date, from a position 100 metres below the current reserve. The drill assays, backed up by positive down-hole electromagnetic survey results, clearly demonstrate the potential for a significant reserve upgrade at Copernicus. A more substantial program of up to 16 RC holes is now planned to further evaluate this potential. The drilling program is scheduled to commence in mid October.

On the uranium front, Thundelarra has been very successful in building an Australia wide portfolio of quality prospects. A very significant achievement was made this month when the uranium rights were secured to GBS Gold's Pine Creek tenements in the Northern Territory. The Pine Creek Orogen is the most significant uranium province in Australia hosting most of the countries historic mines and the largest present day producer, the Ranger mine. The region remains highly prospective for further uranium discoveries.

During 2007 Thundelarra has been active in the field on a number of its Western Australian uranium properties and has just completed its first uranium drilling program at the Frances Maude project in the Northern Territory. Encouraging results have been achieved in all areas. Over the next twelve months uranium exploration activity will escalate markedly as the early stage work delivers drill targets and increased land access is granted.

The uranium division will play an increasingly important part in the company going forward. However this should not fully overshadow the significance of your company becoming a producer when the Copernicus nickel mine is commissioned next year. The combination of these two key components of the company's business place Thundelarra in a fairly unique situation for a junior resource company and position it well for future growth.

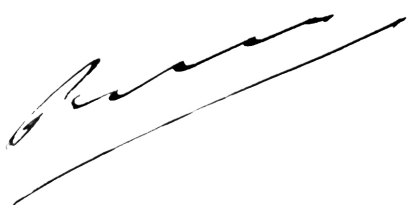
In addition to its exploration and development portfolio, Thundelarra retains shareholdings in a number of other listed companies. The most significant is a major holding in United Minerals Corporation that is valued at approximately \$20 million at current market prices. UMC have just completed a major drill program at their Pilbara Iron Ore Project and have entered into an arrangement for Norske Hydro to earn an interest in the Kimberly Bauxite Project by completing a feasibility study. Thundelarra's investment in UMC has created substantial value for the Company and further success by UMC on either of these two major projects could be expected to add significantly to this value.

The share market has been very volatile in recent weeks due to international financial uncertainties. However the consensus is that the fundamentals of the resources sector will remain strong for a long time to come. I believe those resource companies that can demonstrate quality projects, effective management, a high level of activity on the ground and a steady delivery of results will continue to generate value for their shareholders. Thundelarra possesses all these attributes.

I thank you for your support of Thundelarra and look forward to what I hope will be a long and rewarding association with the Company going forward.

Yours sincerely

THUNDELARRA EXPLORATION LTD



Philip G Crabb
CHAIRMAN