



**THUNDELARRA**  
EXPLORATION  
ANNUAL REPORT 2007



# CORPORATE DIRECTORY

## Directors

Philip G Crabb	Chairman
Brett Lambert	Managing Director
Frank DeMarte	Executive Director and Chief Financial Officer
Brian Richardson	Executive Director
Malcolm J Randall	Non-Executive Director

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# CONTENTS

Chairman's Letter	2
Review of Operations	4
Directors' Report	21
Remuneration Report	25
Corporate Governance Statement	29
Income Statement	32
Balance Sheet	33
Statement of Changes in Equity	34
Cash Flow Statement	36
Notes to the Consolidated Financial Statements	37
Directors' Declaration	74
Independent Audit Report to the Members	75
Auditor's Independence Declaration	77
ASX Additional Information	78



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The Annual Report covers both Thundelarra Exploration Ltd as an individual entity and the Consolidated Entity consisting of Thundelarra Exploration Ltd and its controlled entity.





# CHAIRMAN'S LETTER

## Dear Shareholder

**I am pleased to present the 2007 Annual Report in what was a productive year for Thundelarra Exploration Ltd ("Thundelarra").**

During the year Thundelarra continued uranium exploration through the acquisition of a further seven uranium projects, increasing our portfolio of uranium projects across Australia to 18. The most significant uranium acquisition related to the agreement with TSX Listed GBS Gold International, where Thundelarra secured by way of a joint venture, the right to explore over 2,500 square kilometres in the Northern Territory, Pine Creek Region. Thundelarra holds 70% of the joint venture and is the manager, with GBS free carried to the completion of a feasibility study.

Our uranium exploration activities were focused in the Northern Territory and Western Australia. At the Frances Maude Project in the Northern Territory six holes were drilled in September, three of which intersected elevated uranium values. At our West Australian Kunderong Project high definition radiometric surveying identified multiple anomalies. A Tempest Electromagnetic Survey was performed to test these anomalies for which results are awaited. Mapping and surface sampling were undertaken at the East Kimberley Spinifex Uranium Project.

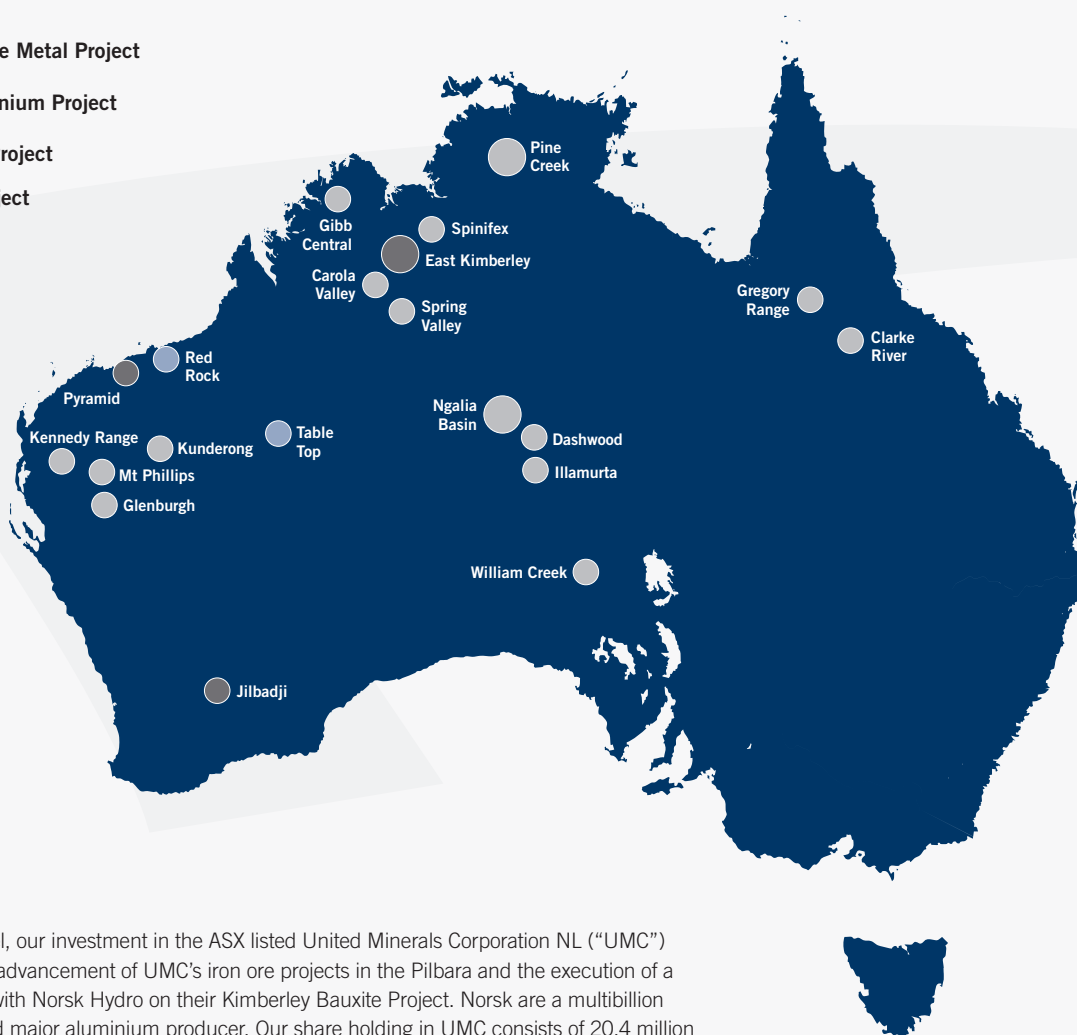
Developments continued at the Copernicus Nickel Project with our Joint Venture partner Sally Malay Mining Limited, and subject to the receipt of statutory approvals, mining of the open cut resource is on schedule to commence in mid 2008. A major step attributed towards the progress at Copernicus was the signing of the Co-Existence agreement with the Traditional Owners in November 2007.

Other significant announcements during the year relating to the Copernicus Project included the following. The open cut and underground resource increased to 10,600 tonnes of nickel. The feasibility study was presented for mining both the open cut and underground resource. New drill intercepts of nickel mineralisation outside the existing resource resulted in a follow up RC drill program in November to test both the extension of the new intercepts and the down plunge extension of the underground resource. A successful program could expand the underground reserve thus extending the mine life. The drill program was completed in December with results expected to be available early in 2008.

Exploration on our other base metal projects also met with success during the year. Most notably was the nickel sulphide discovery at the Mabel Hill Prospect in the East Kimberley. The prospect is part of the Panton North Joint Venture where Thundelarra has an 80% equity interest and Kimberley Mining Pty Ltd retain 20% equity, free carried to a decision to mine. A single vertical hole, drilled to test a magnetic anomaly, intersected over 50 metres disseminated nickel mineralisation. An important aspect of the Mabel Hill prospect is the location, being only 40 kilometres southwest of the existing Sally Malay mine and 18 kilometres west of Copernicus nickel deposit. Further exploration activities consisting of electromagnetic surveying and sampling could bring about a detailed drill program next year.

## Thundelarra Project Locations

- Regional Base Metal Project
- Regional Uranium Project
- Base Metal Project
- Uranium Project
- Gold Project



On a corporate level, our investment in the ASX listed United Minerals Corporation NL ("UMC") increased with the advancement of UMC's iron ore projects in the Pilbara and the execution of a formal agreement with Norsk Hydro on their Kimberley Bauxite Project. Norsk are a multibillion dollar company and major aluminium producer. Our share holding in UMC consists of 20.4 million fully paid shares and 12.1 million listed options. This investment is currently worth approximately \$32 million at the current share price of UMC.

The management structure for Thundelarra has also seen some changes during the year. The Board recognised the importance of appointing a dedicated Chief Executive Officer, which culminated in the appointment of Mr Brett Lambert. I have been particularly impressed by the application and immediate impact Mr Lambert has made for Thundelarra. Our other Board members have also recognised Mr Lambert's attributes to Thundelarra as he recently accepted the invitation to join the Board and the position of Managing Director. Mr Rick Crabb, who was appointed to the Board in 2001, resigned during the year due to increasing work commitments. Mr Rick Crabb made a substantial contribution to Thundelarra and I would like to acknowledge his efforts and thank him on behalf of our shareholders for his loyal service. On behalf of the Board and Thundelarra, I wish Mr Rick Crabb every success with his future business involvements.

I also take this opportunity to thank the consultants, employees and my fellow Board members. To our many loyal shareholders, I thank you for your continued support, and look forward to making the transition from explorer to producer next year.

**Yours faithfully**

**THUNDELARRA EXPLORATION LTD**

**Philip G Crabb**  
**CHAIRMAN**



# REVIEW OF OPERATIONS

## COPERNICUS NICKEL PROJECT

The Copernicus Nickel Project is located in the East Kimberley region of Western Australia approximately 35 kilometres south of the Sally Malay nickel mine. The project is a joint venture between Thundelarra (40%) and Sally Malay Mining Limited (60%).

In mid 2007 Sally Malay completed a feasibility study on Copernicus indicating that development of the deposit was technically and financially viable. The joint venture partners subsequently committed to proceed with open pit mining and first production is scheduled for mid 2008 subject to receiving all necessary statutory approvals.

### Mineral Resources & Ore Reserves

The Copernicus Mineral Resource was updated in January 2007 based on the results of a 29 hole, 8,310 metre reverse circulation drilling program that was completed and reported in 2006. The revised resource of 852,000 tonnes grading 1.24% nickel represents a 125% increase in contained nickel when compared to the previous resource estimate. 97% of the new resource is classified as Measured or Indicated and is situated within 300 metres of the surface.

Mineral Resource Estimate December 2006 (Undiluted, 0.5% Ni Cut-off)

Class	Tonnes	Ni %	Cu %	Co %	Ni Tonnes	Cu Tonnes	Co Tonnes
Measured	373,000	1.13	0.66	0.05	4,220	2,460	190
Indicated	454,000	1.35	0.95	0.05	6,130	4,310	220
Inferred	25,000	0.98	0.69	0.03	250	240	10
<b>Total</b>	<b>852,000</b>	<b>1.24</b>	<b>0.81</b>	<b>0.05</b>	<b>10,600</b>	<b>6,900</b>	<b>420</b>

A Probable Mining Reserve of 784,000 tonnes grading 1.1% nickel has been estimated for a combined open pit and underground development. The reserve incorporates allowances for ore loss and dilution that are considered appropriate for the proposed mining method. The reserve tonnage is included within the reported resource.

Probable Mining Reserve April 2007 (Open Pit 0.5% Ni Cut-off, Underground 0.8% Ni Cut-off)

Class	Tonnes	Ni %	Cu %	Co %	Ni Tonnes	Cu Tonnes	Co Tonnes
Open Pit	437,000	1.0	0.65	0.05	4,370	2,840	220
Underground	347,000	1.2	0.70	0.04	4,150	2,420	140
<b>Total</b>	<b>784,000</b>	<b>1.1</b>	<b>0.67</b>	<b>0.05</b>	<b>8,520</b>	<b>5,260</b>	<b>360</b>





### Proposed Operations

The Copernicus mine plan incorporates a combination of open pit and underground mining. In 2007 the joint venture partners committed to the open pit phase of the project. A decision on underground development will be made in late 2008 based on an assessment of updated mineral resources and metal prices at that time.

The open pit will extend to 80 metres below surface and extract approximately half of the existing resource. It is proposed to use a contractor to mine the open pit in a short campaign of eight months in order to achieve optimum efficiencies in relation to equipment size and utilisation. Ore will initially be stockpiled at Copernicus prior to being trucked to the Sally Malay plant for processing. Open pit ore is scheduled to be processed over a 27 month period.

If a decision is made to go underground, the ore body will be accessed via a decline developed from just above the base of the open pit. The

5.2 metre wide by 5.2 metre high decline will have a gradient of one in seven and will attain a length of 2,060 metres when it reaches the base of the existing reserve at 300 metres below surface. A schematic layout of the proposed Copernicus open pit and underground mine is shown on page 6 of this report.

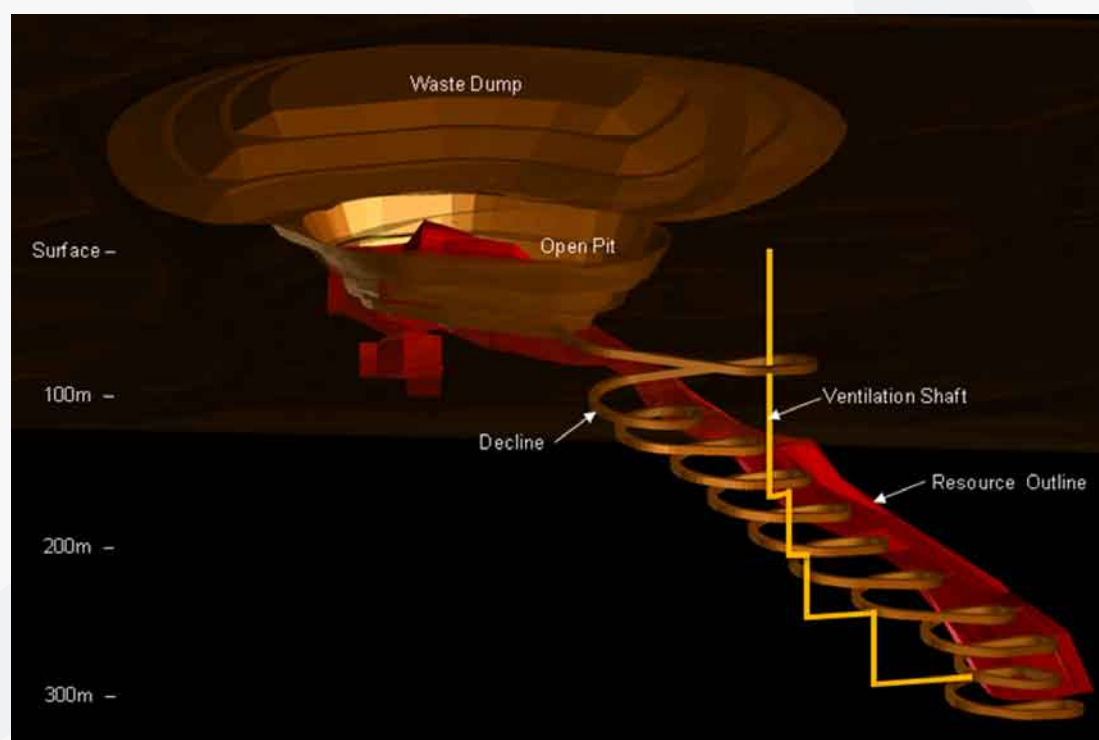
The underground reserve will be mined utilising up-hole retreat stoping from levels spaced at 25 metre vertical intervals. It is proposed that underground development and stoping will be carried out with Joint Venture owned and operated equipment. Underground ore will provide 20 months additional mill feed.

A 20 kilometre long haul road will link the Copernicus mine site with Great Northern Highway to facilitate ore haulage to Sally Malay. Copernicus ore has similar characteristics to Sally Malay ore and minimal plant modification is required for its treatment, however the two ores will be treated in alternate batches to enable optimisation of process parameters and ensure precise metallurgical accounting.

The feasibility study assumes plant recoveries of 76% for nickel, 90% for copper and 74% for cobalt. At these recovery levels 79,000 tonnes of concentrate grading 8.2% nickel, 6.0 % copper and 0.3% cobalt would be produced from the existing reserve. It has been noted however that despite the feasibility study for the Sally Malay mine predicting similar recoveries, actual recovery has proven to be much higher at 89% for nickel, 96% for copper and 93% for cobalt. If these recoveries were maintained during the processing of Copernicus ore, nickel production would increase by 17% from current estimates.

All concentrate will be trucked to the port of Wyndham for export. For the purposes of the feasibility study it was assumed that Copernicus concentrate will be sold to the Jinchuan Group of China under the same terms as Sally Malay concentrate. However Thundelarra is yet to commit to an off-take agreement for its share of production and has the ability to consider alternative opportunities.

Schematic Projection of the Proposed Copernicus Mine



### Project Development

Open pit mining at Copernicus is scheduled to commence in mid 2008 subject to obtaining the necessary statutory approvals. A key step in the approval process was achieved with the signing in November 2007 of the Copernicus Co-Existence Agreement by the Copernicus Joint Venture partners and the Malarngowem People, Traditional Owners of the Copernicus region. The agreement paves the way for development of the Copernicus deposit whilst ensuring the values and rights of the Traditional Owners are recognised and respected. The agreement also incorporates a number of community benefit initiatives including a production royalty, assistance to improve regional health and education and commitments to secure the Traditional Owners' involvement in the project through direct employment and the provision of contract services.

The co-existence agreement was followed by the execution of a State Deed which has cleared the way for granting of the Copernicus Mining Lease in late December 2007.

Environmental base-line studies and an assessment of the environmental impact of the project have been completed and were presented in the form of a Mining Proposal to the Western Australian Environmental Protection Authority (EPA) and Department of Infrastructure and Resources (DoIR) in November 2007. The project was also referred to the Commonwealth Department of Environment and Water Resources (DEWR) who determined formal Commonwealth assessment was not required.

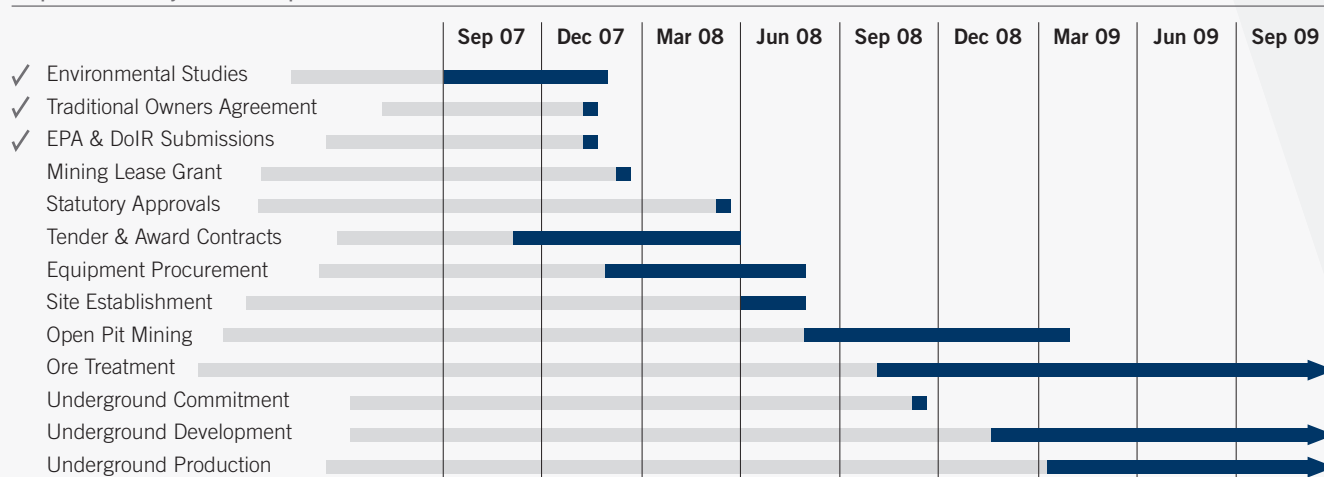
There were no significant issues identified by the environmental studies and it has been assumed that final statutory approval for the

project will be obtained by the end of the March quarter 2008. This is considered to be a reasonable period to assess a project of this nature taking into account the current high workload within the departments; however there remains some risk that approval may not be obtained by this date which could delay the commencement of mining.

A project manager has been appointed to oversee pre-production activities and project establishment. Tender documents have been prepared for the major construction and mining contracts and key contracts are scheduled to be awarded by March 2008.

The project development schedule is summarised below.

Copernicus Project Development Schedule





## Financial Analysis

Establishment costs will be low due to the availability of existing processing facilities and infrastructure and the adoption of contract mining for the open pit mining phase of the project. Based on feasibility study estimates Thundelarra will be required to commit \$5.3 million towards establishment costs and working capital prior to the first receipt of concentrate sales proceeds.

The underground phase of the project would incur higher establishment costs due to the intention to undertake owner mining and the up-front costs associated with developing access to the ore body and installing the

on-site infrastructure necessary to support an underground operation. However cash flow from open pit operations is forecast to cover all underground establishment costs and no further capital contributions are anticipated.

Thundelarra has financially modelled the Copernicus Nickel Project based on the feasibility study cost estimates and production schedule. For the open pit phase of the operation cash costs after by-product credits have been forecast to average US\$12,860 per tonne of payable nickel<sup>1</sup> (US\$5.84 per pound) with total costs of US\$15,271 per tonne (US\$6.93 per pound). Underground cash costs have been forecast at US\$16,279 per

tonne (US\$7.38 per pound) with total costs of US\$18,455 per tonne (US\$8.37 per pound).

Projected cash flow and net present value (NPV) have been modelled at nickel prices ranging from US\$20,000 per tonne to US\$50,000 per tonne. By-product metal prices and exchange rate were based on leading investment bank forecasts from September 2007<sup>2</sup>. The resulting range of cash flows and net present values for the open pit alone, the underground mine and combined operation are tabulated below. A discount rate of 8% was used. For comparison purposes cash flows and NPV based on spot prices at 30 September 2007 are also presented<sup>3</sup>.

### Copernicus Project Cashflow & NPV relative to Nickel Price

	Nickel Price	September 2007 Spot	US\$20,000/t	US\$30,000/t	US\$40,000/t	US\$50,000/t
Open Pit	Cashflow	\$37.0 M	\$12.7 M	\$41.8 M	\$71.0 M	\$100.1 M
	NPV	\$32.2 M	\$10.3 M	\$36.5 M	\$62.7 M	\$89.0 M
Underground	Cashflow	\$23.9 M	\$4.7 M	\$32.6 M	\$60.4 M	\$88.2 M
	NPV	\$16.8 M	\$1.7 M	\$23.9 M	\$46.0 M	\$68.1 M
Combined Open Pit & Underground	Cashflow	\$60.9 M	\$17.4 M	\$74.4 M	\$131.3 M	\$188.3 M
	NPV	\$49.0 M	\$12.0 M	\$60.4 M	\$108.7 M	\$157.1 M

## Resource Extension Drilling

In June 2007 three reverse circulation (RC) holes were drilled to test down-hole electro-magnetic (DHEM) anomalies located down plunge of the Copernicus resource. All three holes intersected Copernicus style nickel sulphides, results are presented in the table below.

Hole CORC093 returned 13 metres at 1.84% nickel, 1.03% copper and 0.05% cobalt, one of the highest grade intersections achieved at Copernicus to date, from 100 metres below the base of the existing Measured and Indicated resource.

DHEM surveys conducted from holes CORC091 to 93 identified a series of conductors indicating that nickel sulphide mineralisation continues at depth. In November 2007 a more extensive RC drilling program commenced to further define the down plunge potential at Copernicus with the aim of extending the underground reserve. The program was suspended in mid December due to the onset of the wet season with 10 out of 16 planned holes completed for 3,687 metres. At the date of this report assay results were awaited.

### Summary of Copernicus Drill Results June 2007

Hole No	North	East	Dip	From-To	Interval	Ni %	Cu %	Co %
CORC091	103170	55265	90	274-280	6	1.16	0.56	0.05
CORC092	103140	55290	90	250-254	4	0.35	0.68	0.01
				260-261	1	0.78	0.81	0.07
CORC093	103255	55165	90	406-419	13	1.84	1.03	0.05



<sup>1</sup> Based on smelter recovery and payment factors of 97% and 70% respectively

<sup>2</sup> Copper prices US\$3,307/t to US\$5,512/t, cobalt price US\$17,857/t to US\$35,274/t, exchange rate US\$0.78 to US\$0.72/A\$

<sup>3</sup> Nickel price US\$31,000/t, copper 8,155/t, cobalt \$63,900/t, exchange rate US\$0.885/A\$

## BASE METAL EXPLORATION

### East Kimberley Regional Projects

Thundelarra is a large tenement holder in the East Kimberley with projects spanning some 300 kilometres of strike and covering over 3,000 square kilometres in area.

The region hosts a range of mineralising environments prospective for nickel-copper-cobalt sulphide (Copernicus), platinum group

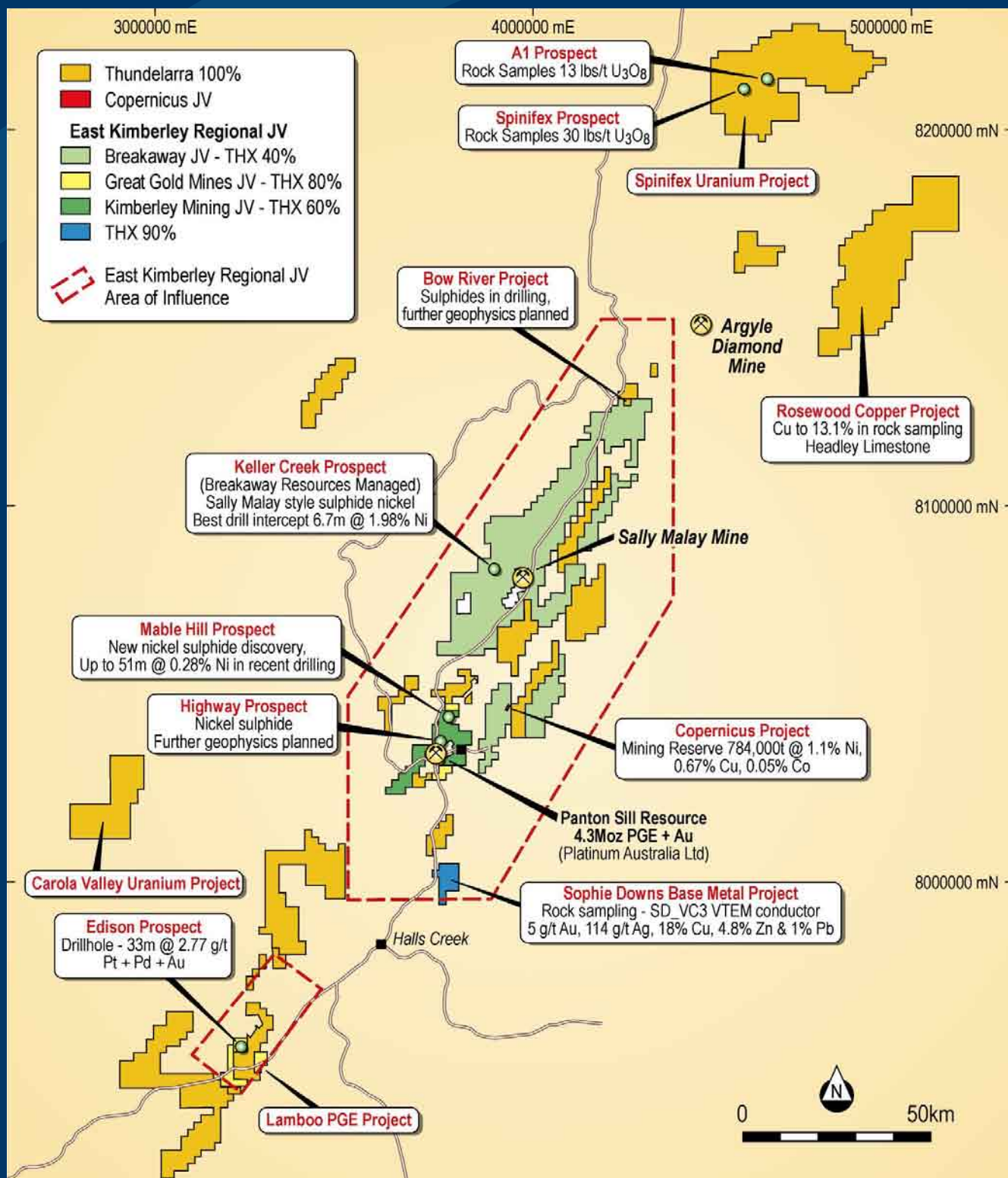
metal (Lamboo project), copper-zinc (Sophie Downs project) and carbonate hosted copper-silver mineralisation (Rosewood project). Tenure is held both solely by Thundelarra and under a variety of joint ventures (see East Kimberley Project Map).

#### Mabel Hill Prospect

The Mabel Hill prospect located 70 kilometres north of Halls Creek forms part of the Panton North Joint Venture (Thundelarra 80%) where Kimberley Mining Pty Ltd holds 20% equity, free carried to a decision to mine.

The Mabel Hill prospect and gossan were first identified in the 1970s with drilling returning up to 3.8 metres @ 1.4% nickel and 0.4% copper. Previous work by Thundelarra has included a moving loop ground transient electro-magnetic (MLTEM) survey and one drillhole, TKB001 to test the ground EM anomaly. The recent 9 hole RC drill programme has been a more comprehensive test of the area with significant results tabulated on page 9 of this report.

East Kimberley Project Map



A single vertical hole, THXRC088, sited to test a magnetic anomaly approximately 200 metres to the north of the original target area identified a previously undiscovered nickel sulphide occurrence. The drillhole intersected disseminated and net textured sulphide mineralisation returning an intercept of 51 metres at 0.28% nickel and 0.14% copper from surface, including 15 metres @ 0.48% nickel and 0.2% copper from 18 metres. The intrusion has little surface expression and mineralisation is effectively blind.

Results indicate the Mabel Hill intrusive is a fertile, nickel sulphide rich system with THXRC088 identifying a higher grade northern portion of the interpreted feeder

conduit. The prospective target zone extends for up to two kilometres to the north.

A recently completed MLTEM survey tested a one kilometre strike length of the intrusive identifying four prospective conductors defining two new prospect areas within this target zone (see Mabel Hill Region Prospects and Anomalies Map).

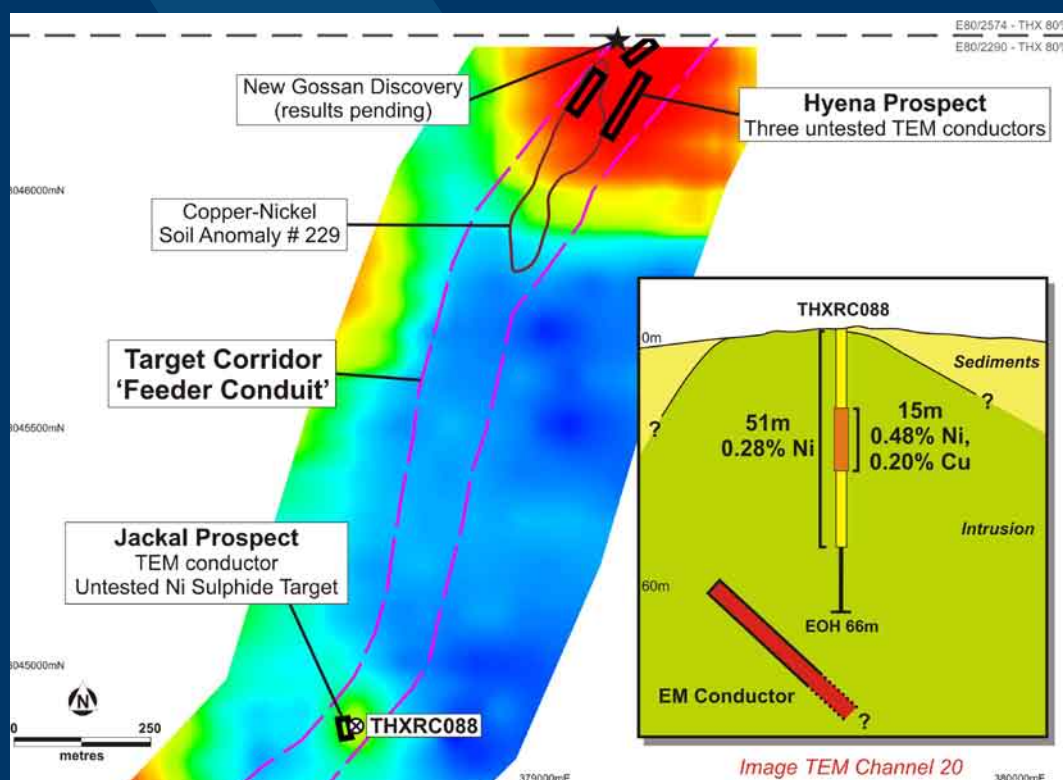
At the Jackal prospect a conductor was identified 20 metres to the south of and beneath THXRC088. Along the northern margin of the survey area some 800 metres north of Jackal, three conductors were outlined, defining a new area of interest designated the Hyena prospect. These conductors range from 70 metres to 150

metres in strike length and appear as discrete anomalies of high conductance.

The Jackal and Hyena prospects are both coincident with low level nickel-copper anomalism identified by earlier surface geochemistry and a newly identified gossan has been located adjacent to Hyena.

The combination of geochemical and geophysical anomalies with identification of a gossan and drill confirmed nickel sulphides elevate the significance of the Mabel Hill prospect. Drill sites have been prepared to enable follow up drilling at the beginning of the 2008 field season.

Mabel Hill Prospect and Anomalies Map



Mabel Hill Prospect - Selected Drill Intercepts

Hole No	North	East	Dip and Azimuth	From -To	Interval	Nickel %	Copper %	Cobalt %	Sulphur %
THXRC081	8044606	378346	-60 / 085	28-41m	13m	0.15	0.07	0.01	1.2
and				69-70m	2m	0.34	0.15	0.01	3.1
THXRC082	8044603	378329	-60 / 076	35-49m	14m	0.18	0.09	0.01	1.4
THXRC083	8044632	378365	-60 / 070	3-27m	24m	0.20	0.09	0.47	0.4
and				33-37m	4m	0.29	0.27	0.01	2.2
THXRC084	8044628	378344	-60 / 090	0-23m	23m	0.18	0.10	0.01	0.3
and				61-76m	15m	0.29	0.12	0.01	2.9
THXRC085	8044630	378323	-60 / 091	12-30m	18m	0.26	0.11	0.01	1.0
and				39-78m	39m	0.34	0.12	0.02	2.5
including				54-60m	6m	0.95	0.26	0.04	5.5
THXRC088	8044870	378605	90 (vert.)	0-51m	51m	0.28	0.14	0.01	2.0
including				13-33m	15m	0.48	0.20	0.02	3.7

Note: co-ordinates in AMG Zone 52 AGD84. Intercepts calculated using a +0.1% nickel lower cut, maximum of 1m (or one sample interval) internal waste interval. THXRC088 reported as 3m composited samples.





### Sophie Downs Project

The Sophie Downs project (E80/3675) located 27 kilometres north of Halls Creek, secures a number of base metal occurrences which are regarded as being stratabound Volcanogenic Hosted Massive Sulphide ("VHMS") in style. The Ilmars trend, along which mineralisation extends for over 1,000 metres and the Little Mt Isa prospect are the most extensive known occurrences.

An 89 line, 367 line kilometre VTEM (helicopter borne time domain electromagnetic survey) was flown during the year. Five priority anomalies have been identified and ground assessed. Several new areas of mineralisation have been identified with strong base metal mineralisation identified at the SD\_VC3 conductor where rock sample TK651061 assayed 5.3 g/t gold, 114 g/t silver, 18.0% copper, 4.8% lead and 1.0% zinc.

The SD\_VC3 conductor covers a discrete portion of the central Ilmars prospect. It lies adjacent to and covers the down dip position of a gossan at surface which displays a polymetallic zinc-silver-copper-gold metal signature.

The Fresh Fish trend, adjacent to the Halls Creek Fault zone prospect is a new zone of base metal occurrence and displays encouraging mineralisation with rock sample TK651026 assaying 715 g/t silver and 9.9% lead.

A ground EM survey was undertaken over the SD\_VC3 and SD\_VC5 VTEM anomalies in late 2007, results were outstanding at the date of this report. Drilling is planned for 2008.

### Rosewood Project

The Rosewood project is located 90 kilometres south east of Kununurra and secures some 750 square kilometres of tenure within Western Australia and the Northern Territory.

The project covers a large area of the Headley Limestone, a Cambrian aged carbonate sequence overlying the Antrim Plateau Volcanics. The general setting may be analogous to the Michigan copper belt in the USA.

The stratigraphy is folded into a shallow dipping east trending syncline. The project covers much of the northern and southern syncline limbs with a total strike extent of approximately

50 kilometres of the Headley limestone secured. Copper mineralisation has been reported along the contact zone of these units from limited exploration work carried out in the 1960s and 1970s. The historical exploration also identified copper mineralisation at Copper Flats within the Hardman syncline, currently being explored by Ord River Resources Ltd.

Initial reconnaissance of the Western Australian tenement area has located disseminated copper oxide mineralisation at the base of the Headley limestone. A number of structurally fractured zones with copper rich veining were also identified in overlying limestone.

Results from selected sampling of vein material returned up to 13.1% copper and 35.5 g/t silver (TK651018).

A geological review of the project, with acquisition and interpretation of geophysical and remote sensing datasets is planned. This work will allow prioritisation of areas for geophysical testing and drilling in 2008.



## Lamboo Project

In August 2006, Thundelarra announced to the Australian Securities Exchange the discovery of significant platinum+palladium+gold (“Pt+Pd+Au”) mineralisation at the Edison prospect. The Edison prospect is within exploration licence E80/2559, one of the 5 Lamboo project tenements located approximately 45 kilometres south-west of Halls Creek.

The tenement is subject to a joint venture with Great Gold Mines NL (“GGM”), where Thundelarra has an 80% interest and GGM the remaining 20% (free carried to completion of bankable feasibility study).

The initial drill testing of a high order and extensive soil anomaly (maximum value 1.3 g/t Pt+Pd+Au) returned a number of significant results including:

- 46 metres @ 1.87 g/t Pt+Pd+Au from surface;
- 33 metres @ 2.77 g/t Pt+Pd+Au from surface; and
- 37 metres @ 2.07 g/t Pt+Pd+Au from 16 metres.

In December 2006 two new areas of Pt+Pd+Au mineralisation were discovered during a follow up drilling program. Each of the areas are new discoveries and lie within an Edison style basal portion of the Lamboo Intrusion.

- THXRC055, located approximately 1 kilometre south of Edison returned a best intercept of 32 metres at 1.21 g/t Pt+Pd+Au.
- THXRC069, located 500 metres west of Edison intercepted 27 metres @ 1.13g/t and 64 metres @ 0.93g/t Pt+Pd+Au (combined intercept of 99 metres @ 0.99 g/t Pt+Pd+Au).

In early 2007, two additional RC holes THXRC078 and THXRC079 totalling 769 metres were sited to follow up the THXRC069 intercept and to further test a 500 metre x 1,000 metre geochemical anomaly along the prospective western limb. Both holes intersected ultramafic rocks of the Lamboo Intrusion with anomalous Pt+Pd+Au results.

The table below details significant drill intercepts returned from the program.

Cumulatively the drilling and surface geochemical results demonstrate that the lower and basal ultramafic portions of the Lamboo Igneous Complex (such as at the Edison prospect) are unusually enriched in platinum group metals (“PGM”) with the broad intercepts indicating potential for large, bulk tonnage styles of Pt+Pd+Au mineralisation.

A 30 kilometre strike length of the Lamboo intrusion is present within Thundelarra tenements and up until recent times has had little PGM exploration with none targeting the lower, most ultramafic portion. The results from THXRC055 and THXRC069 are particularly encouraging, and indicate intrusion wide PGM mineralised horizons (“or reefs”) may be outlined by further drilling.

Significant potential remains at Lamboo and Thundelarra’s extensive database is being remodelled ahead of implementing further work programs during the 2008 field season.

Edison and Regional Prospects, Significant Drill Intercepts Drilling 2006/2007

Hole No	North	East	Dip	From-To m	Interval m	Pt+Pd+Au g/t	Pt g/t	Pd g/t	Au g/t	Ni %
THXRC036	7957749	323657	-60/305	95-118	23	0.92	0.36	0.38	0.18	0.25
THXRC038	7957740	323604	-60/305	20-90	70	0.98	0.38	0.45	0.15	0.27
THXRC039	7957714	323633	-60/305	76-136	60	1.0	0.38	0.47	0.15	0.26
THXRC049	7958125	323922	-60/305	14-16	2	1.46	0.25	0.30	0.92	0.29
THXRC055	7957101	323210	-60/305	4-36	32	1.21	0.46	0.62	0.12	0.34
THXRC063	7958208	322850	-60/131	45-51	6	1.41	0.62	.42	0.09	0.16
THXRC069	7957725	322947	-60/131	0-27	27	1.13	0.46	0.61	0.05	0.36
and				46-110	64	0.93	0.39	0.47	0.07	0.22
THXRC078	7957523	323045	-60/305	244-264m	20	0.37	0.18	0.14	0.04	0.22
THXRC079	7957965	323112	-60/305	0-168m	168	0.66	0.27	0.33	0.06	0.20
and				212-224m	12m	0.46	0.21	0.18	0.06	0.19

Note: co-ordinates in AMG Zone 52 AGD84. Assays based on 4m composites with Intercepts calculated using a +0.25g/t Pt+Pd+Au lower cut, maximum of 1m internal waste









### Breakaway East Kimberley Joint Venture

The East Kimberley Joint Venture between Thundelarra and Breakaway Resources Ltd covers an area of approximately 1,000 square kilometres within the East Kimberley regional base metal project. During the year Breakaway earned a 60% interest in the First Area tenements and exercised its right to acquire at no cost a 10% free carried interest in Thundelarra's Sophie Downs project (see East Kimberley project map on page 8).

Exploration by Breakaway during the year consisted of geological prospecting and mapping, ground and downhole electro-magnetic surveying and soil and rock sampling. No drilling was conducted during the reporting period.

At the Keller Creek prospect, located 7 kilometres west of the Sally Malay mining operation, a downhole transient electro-magnetic program completed late in 2006 located a strong off-hole conductor from holes LEKD0039 and LEKC0040. The conductor appears to lie in a section of the prospective contact zone that has been sparsely drilled. Breakaway were not able to secure a drilling rig during the 2007 field season but anticipate drilling Keller Creek early in 2008. The best drill result to date from Keller Creek is 6.77 metres @ 1.98% nickel and 0.53% copper from 36.8 metres and the prospect has the potential to host a significant nickel-copper sulphide resource within a short trucking distance of an existing mill.

At the Russell's Reward prospect located 10 kilometres east of the Great Northern Highway, geological mapping and geochemical sampling identified a copper stained pyroxenite with one rock sample assaying 9.5% copper, 0.1% nickel, 1 g/t gold and 26 g/t silver. The pyroxenite is 320 metres long and up to 70 metres wide and is similar in appearance to the small but well mineralised Copernicus mafic intrusion. A ground electro-magnetic survey followed by drilling is planned for early 2008.

A fixed loop transient electro-magnetic (FLTEM) survey completed over the Gauss suite of intrusions identified a conductive target. Gauss is a series of Copernicus style pyroxenite intrusions with a nickel gossan occurrence and elevated nickel - copper geochemistry located 1.5 kilometres north-west of the Copernicus resource. Further ground work will be undertaken in the 2008 field season.

### Other Projects

Drill testing of the Robin Soak, Highway and Bow River prospects was also carried out with 8 RC holes drilled for 818 metres. Drilling intersected weak sulphide associated nickel and copper mineralisation. Results are being evaluated.

### Pilbara Regional Projects Pyramid Project

The Pyramid nickel sulphide and volcanogenic massive sulphide ("VMS") project (Thundelarra 100%) comprises three tenements 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 10 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. An extensive package of mafic and felsic volcanics, prospective for Whim Creek and Whundoo style VMS base metal mineralisation also crops out within the project area.

An extensive 143 line 1,120 line kilometre VTEM survey was flown over the project during the year and outlined two discrete anomalies.

The RSE\_VC1 anomaly was selected for follow up and covered by a FLTEM survey. This work defined two discrete anomalies with the larger feature modelled as a 45 metre x 250 metre plate with a moderate westerly plunge.

Localised over the main RSE\_VC1 anomaly area is an ironstone gossan float which is sporadically present over some 150 metres of strike. Sampling this material has returned up to 0.3% copper, 0.27% zinc, 0.11% lead and 11ppb gold (sample TK502625).

Rock results are encouraging evidence that the bedrock conductor may relate to conductive sulphides that could be hosted within a VHMS style environment.

Statutory approvals are being sought so that drill testing of the conductor can proceed in 2008.

### Red Rock Joint Venture

The Red Rock project comprises E45/2611 located 60 kilometres to the south of Port Hedland. During the reporting period De Grey Mining Ltd (De Grey) earned 60% equity in the tenement. Thundelarra's has elected to reduce to a 20% equity free carried to a decision to mine.

The tenement covers a 7.7 kilometre strike length of the Tabba Tabba Greenstone Belt, which hosts De Grey's recent volcanogenic massive sulphide-style (VMS) discoveries at the Orchard Tank, Tabba Tabba, Discovery and Hakea prospects along strike to the south west.

During the year exploration involved geological mapping, geochemical soil and rock sampling, an extensive airborne VTEM survey and the drilling of 87 Rotary Air Blast (RAB) and Air Core drill holes for 1,044 metres. Results from the drilling are awaited.

### Other Projects

During 2007 E77/1204 was granted over the Jilbadji base metal/gold project in the Southern Cross region of the Yilgarn. An application for an exploration license over the Table Top gold project east of Newman is pending.





## URANIUM EXPLORATION

Thundelarra has 18 uranium projects in Australia covering approximately 12,000 square kilometres representing one of the most significant uranium portfolios in Australia. During the year uranium exploration was restricted to the few granted tenements in Western Australia (Spinifex, Carola Valley and Kunderong) and the Northern Territory (Frances Maude) but by early 2008 nearly all tenements are expected to be granted and exploration will be significantly accelerated. The main focus for Thundelarra's ongoing uranium exploration will be in the Northern Territory where the company now has 2 large and highly prospective regional projects, the recently acquired Pine Creek project and the extensive Central Australian Ngalia project.

Activities conducted during the year and planned work programs for 2008 are outlined below:

### Northern Territory

#### GBS Pine Creek Joint Venture Project

During the reporting period Thundelarra executed an agreement with TSX listed GBS Gold International Inc (GBS) to acquire the exclusive right to explore for uranium on that company's Pine Creek tenements for a period of 10 years.

Most of Australia's historic uranium mining operations are located within the Pine Creek Orogen along with the country's largest current producer, ERA's Ranger Mine. GBS has consolidated a dominant land holding in the Pine Creek area where it is actively mining and exploring for gold (see Pine Creek Project

Map on page 15). Historic uranium workings and a number of known uranium occurrences are located within the GBS secured tenure. Thundelarra and GBS will explore the tenements in a joint venture with Thundelarra holding a 70% interest and acting as manager, GBS retains 30% equity free carried to completion of a feasibility study.

#### Project Geology and Uranium Mineralisation

The Pine Creek Orogen is a major mineral province within the Northern Territory, situated between Darwin and Katherine. It contains Archaean and Early Proterozoic rocks surrounded by sub horizontal strata of several sedimentary basins ranging in age from Middle Proterozoic to Mesozoic.

The region is notable as one of the world's largest and richest uranium provinces, containing the Alligator Rivers, Rum Jungle, and South Alligator Valley uranium fields. In 2006 the Orogen accounted for over 10% of the world's uranium production and over 50% of Australia's total production from one operation, the Ranger mine. A significant proportion of the world's uranium resources occur within the Pine Creek Orogen but are now contained within various national parks including Kakadu.

The Pine Creek Uranium Joint Venture tenements are located in the south-western portion of the Pine Creek Orogen between the South Alligator Valley and Rum Jungle uranium fields. The extensive project area contains a sedimentary sequence of siltstones, shales, carbonates and minor volcanics resting

unconformably on Archaean granitic and metamorphic basement. Early Proterozoic granitoids intrude the sedimentary sequence and a number of these have high background uranium content.

The Joint Venture tenements contain a large area of prospective host rocks including carbonaceous shales and carbonates and numerous historical uranium occurrences. These occurrences include the Fleur de Lys mine and the Kelly's prospect. The Fleur de Lys was mined in the 1950's and produced a small tonnage of high grade ore averaging 4.8 lbs/t  $U_3O_8$ . Drilling at Kelly's in 1982 returned a broad zone (20 metres) of 1 lbs/t uranium within a prospective sequence of carbonaceous shales.

#### Exploration Strategy

The 2,500 square kilometre Pine Creek Joint Venture project in addition to Thundelarra's existing tenements gives Thundelarra a large and highly prospective landholding in the Pine Creek Orogen.

Thundelarra has commenced the systematic assessment and capture of all relevant historical exploration information from company reports held by the Northern Territory Geological Survey. The results of this comprehensive study will form the basis for an intensive field exploration program commencing in early 2008. The consolidation of the ground by GBS has allowed planning of a regional appraisal which was not possible during the last uranium exploration boom of 1975 to 1982 when the prospective ground was held by a large number of separate companies and prospectors predominantly exploring for gold.



### Pine Creek Project – Thundelarra Tenements

In the Pine Creek region, Thundelarra has two separate projects in addition to the extensive GBS joint venture tenements, the Frances Maude and Hayes Creek projects.

### Frances Maude Project

The Frances Maude project is located 170 kilometres south east of Darwin and 2 kilometres west and along strike from the Cleo uranium resource. The project comprises two granted tenements, E10043 and 10167 over which Thundelarra has an exclusive right to purchase and the 100% owned E25868.

The main targets are vein type and unconformity related uranium mineralisation within carbonaceous shales and dolomites of the Masson Formation along the margin of the Cullen Batholith.

Previous uranium exploration was carried out over the three tenements by Total Mining Australia Pty Ltd (Total) in the early 1980's. Their work included geological mapping, radiometric surveying and minor shallow percussion and airtrak drilling. This work

identified several prospects within the prospective lithologies. Total discovered the Cleo resource now situated on a tenement adjacent to the Frances Maude project.

In September 2007 Thundelarra drilled 6 RC holes for 358 metres to test a surface radiometric anomaly within the Frances Maude project. Lithologies intersected included dolomites, graphitic shales, hornfels and granitic rocks. Three of the holes encountered elevated downhole radiometrics with a highest assay of 410ppm uranium with associated anomalous zinc (2,520ppm) and lead (2,830ppm) values. The drilling has confirmed the presence of the prospective stratigraphy and indicated the strong association between uranium and base metal mineralisation as seen in the Rum Jungle Uranium Mineral Field. Further detailed exploration is now warranted along the entire prospective contact zone for both uranium and base metals.

A base metal/gold drilling program was also conducted on the Frances Maude project, with 5 holes drilled for 154 metres in July 2007 to test a magnetic anomaly to the south of the uranium target. All 5 holes intersected

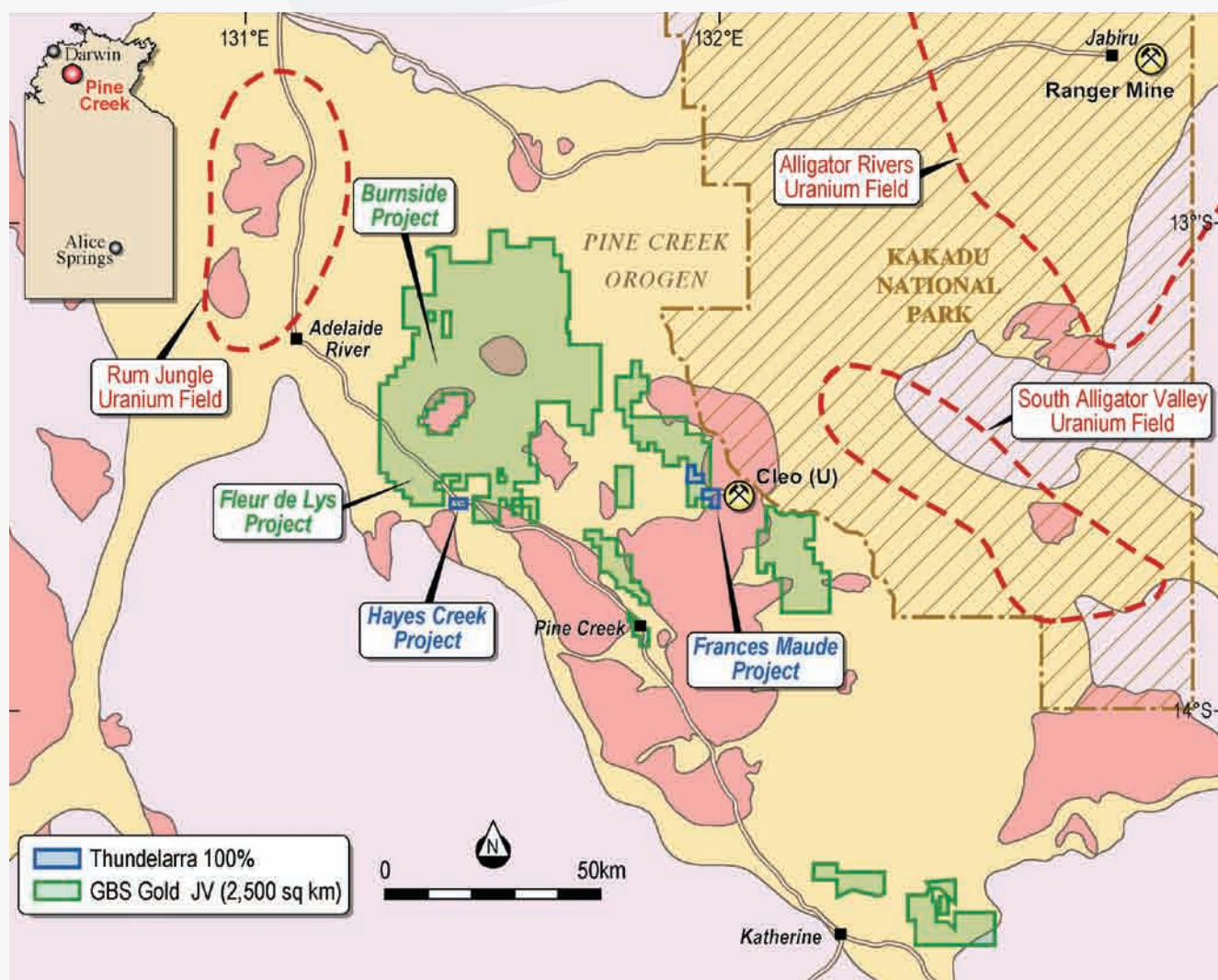
abundant highly magnetic pyrrhotite sulphide mineralisation within fine grained amphibolites and metasediments. No significant base metal or gold assays were returned.

### Hayes Creek Project

The Hayes Creek project consists of the recently granted tenement E25553 located approximately 150 kilometres south of Darwin. The tenement secures a significant airborne uranium channel anomaly that appears to have a strike of over 1 kilometre on or adjacent to the contact between the sediments of the Mt Bonnie and Burrell Creek Formations. Initial reconnaissance conducted during the reporting period identified a high order ground radiometric anomaly associated with gossanous quartz vein, ferruginous siltstones and an obviously extensive shear zone. A detailed ground radiometric survey commenced late in 2007 to determine the extent of the radiometric anomaly and accurate location and nature of the source rocks.

There is no evidence of past uranium exploration over the project area and the Hayes Creek prospect may represent the discovery of a new uranium occurrence within the Pine Creek region.

Pine Creek Project Map



### Ngalia Basin Regional Project

In the Ngalia Basin area, approximately 300 kilometres north west of Alice Springs, Thundelarra has 2 projects consisting of 5 tenements covering 3,400 kilometres of ground. The main Ngalia project consists of tenement applications numbered 24561, 25283, 25334 and 25556 covering 1,835 square kilometres of the highly prospective Mt Eclipse Sandstone (see Ngalia Project Map). This sandstone formation is host to the Bigryli uranium deposit located 25 kilometres to the north-west of the project area. The project is prospective for sandstone hosted and surficial channel hosted uranium mineralisation.

Historical broad spaced drilling over part of the eastern project area returned a number of highly anomalous intercepts including 0.5 metres @ 11.6 lbs/t  $U_3O_8$  from 162 metres in hole YRD66 and 4 metres @ 2.7 lbs/t  $U_3O_8$  in hole YRD206. The tenements are expected to be granted early in 2008 which will permit ground access for the initial exploration programs.

Approximately 60 kilometres to the south east of the Ngalia project, Thundelarra acquired 100% equity in the Dashwood project, E25414, a tenement 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. Exploration is planned to commence in March 2008.

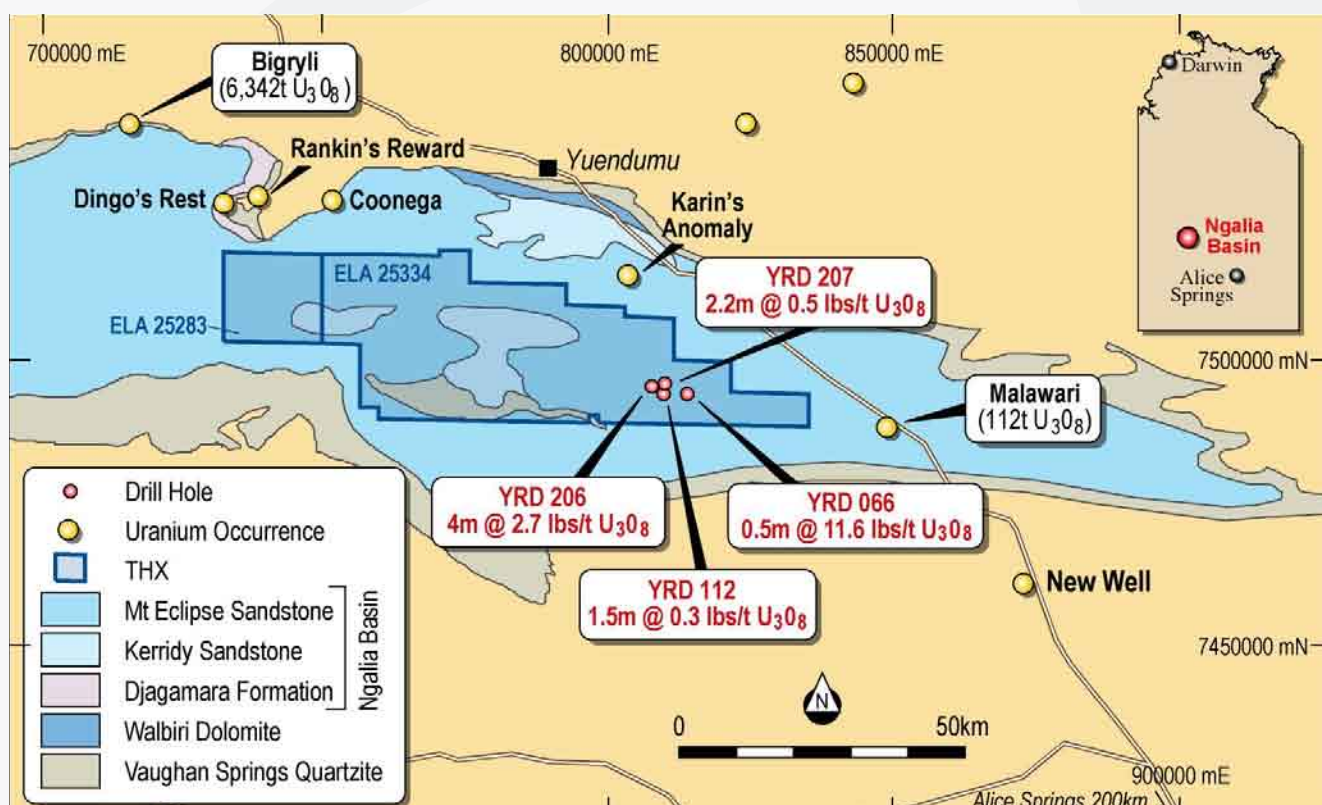
### Illamurta Project

The Illamurta project located 125 kilometres south west of Alice Springs, consists of one granted exploration license, E25637 covering 244 square kilometres. The tenement is located on the southern margin of the Amadeus Basin and secures a number of untested airborne radiometric anomalies. These include a series of uranium channel anomalies extending over a strike length of 10 kilometres within the project area.

The exploration target is sandstone-type uranium deposits similar to the Angela and Pamela deposits located just south of Alice Springs. Initial ground exploration is expected to commence early in 2008.



Ngalia Project Map







## Western Australia

### Spinifex Project-East Kimberley

The Spinifex project consists of two tenements covering 720 square kilometres located approximately 50 kilometres north of the Argyle diamond mine, Western Australia. Uranium mineralisation was first 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 300 lbs/t (13.6%)  $U_3O_8$  in a rock specimen and 36 lbs/t  $U_3O_8$  from a channel sample taken along the floor of a trench. No historical drilling or any other follow-up exploration was conducted over the prospect due in part to the remote location and difficult access. Today well formed station roads are located within a few kilometres of the tenement boundary.

The exploration models for the project area are, high grade vein style mineralisation related to major structures and the Alligator River unconformity style.

A helicopter borne mapping, ground radiometric and sampling program was conducted in 2007 over four areas.

Work focused over the A1 prospect, a high priority radiometric anomaly discovered by Thundelarra in late 2006. Carnotite was observed along cracks and joints of the deeply weathered Hensman Sandstone and associated with fold hinge zones. A rock chip sample of the mineralised zone returned an assay of 13 lbs/t  $U_3O_8$  with anomalous gold.

The A1 prospect has strong similarities in stratigraphic setting and style of uranium mineralisation to the nearby Spinifex prospect. Much of the prospective unconformity separating the prospects is poorly exposed and provides opportunity to make further discoveries.

### Carola Valley-East Kimberley

The Carola Valley project is located 105 kilometres north west of Halls Creek and covers the prospective unconformity between the King Leopold Sandstone and the underlying units of the Speewah Group. Significant uranium mineralisation occurs to the east of the project area at the Mad Gap prospect where historical rock samples have returned assays up to 63 pounds per tonne (4.65%)  $U_3O_8$  within the Brown Sandstone unit. This highly prospective unit crops out within the under-explored Carola Valley tenements.

The entire project area has been covered by a detailed airborne radiometric survey with a number of radiometric anomalies outlined.

Five anomalies were selected for helicopter assisted field investigation but no significant uranium mineralisation was discovered.

### Kunderong Project-Ashburton Region

The Kunderong project is located 110 kilometres south east of Paraburdoo and comprises 5 tenements. Two contiguous tenements, E52/1909 and E52/1940 covering an area of 580 square kilometres are wholly owned by Thundelarra. The other three tenements, E52/1890, E52/1891 and E52/1892 are held in joint venture with Cullen Resources Limited (Thundelarra earning 70% by the expenditure of \$1,500,000). The total project area of 1,180 square kilometres contains the highly prospective unconformable contact between the Middle Proterozoic Bresnahan Group rocks and the Lower Proterozoic Wyloo Group (see Kunderong Project Map). This unconformity and associated areas of faulting are prospective for uranium mineralisation, similar in style to that of the Ranger and Jabiluka deposits in the Alligator Rivers region of the Northern Territory.

The nearby Turee Creek uranium deposit is hosted within the favourable contact area and demonstrates the validity of the exploration model for the region. Numerous uranium occurrences occur within the Kunderong project tenements.

In the March 2007, Thundelarra flew a detailed radiometric survey over the entire project area. Interpretation of the results outlined 32 priority uranium anomalies within

the project. Due to the encouraging results from this regional airborne survey, Thundelarra commissioned a 1,136 line kilometre TEMPEST digital time domain electromagnetic survey. This survey, which commenced in November 2007, covers the Yilbinna Pool E52/1890 portion of the Cullen joint venture (219 square kilometres) and the southern portion of Thundelarra's Kunderong E52/1940 (57 square kilometres) tenement.

The Tempest system was successfully used in the Eastern Alligator Rivers uranium field of the Northern Territory to locate the prospective unconformity and associated alteration zones beneath 300 metres of sandstone cover. It is anticipated that this relatively new technology will define drill targets beneath the extensive areas of sandstone that cover the prospective unconformity within the Kunderong project area. Results from the survey should be available in late December 2007.

### Gascoyne Province Projects

In May 2007, Thundelarra's 3 projects in the Gascoyne province were granted. The Kennedy Range Project (E09/1340) located approximately 200 kilometres east north east of Carnarvon covers an area of 92 square kilometres. The tenement contains several radiometric anomalies up to 3 kilometres in strike. Uranium mineralisation was discovered in the project area in the

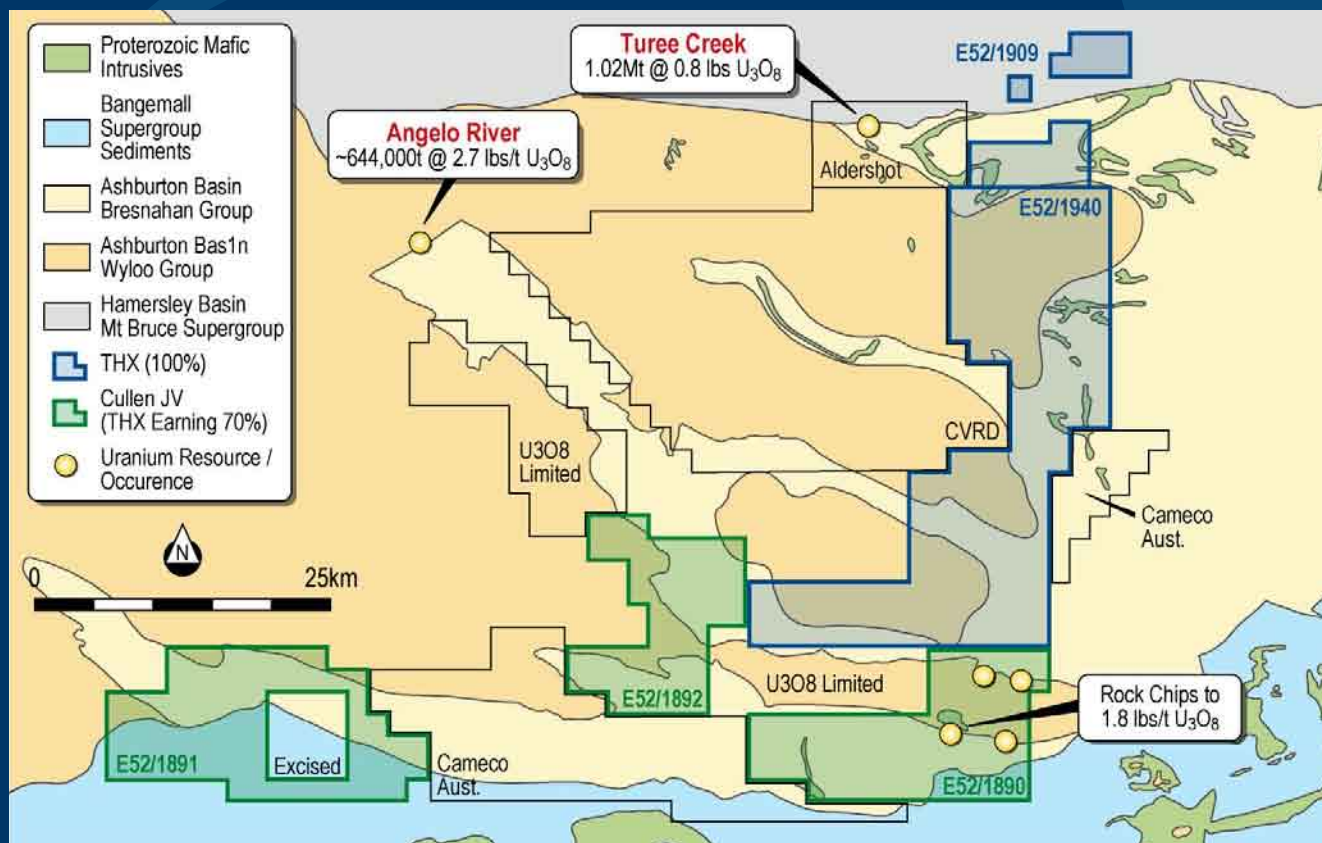
1970s with up to 5.6 lbs/t  $U_3O_8$  recorded in shallow trenching. The radiometric anomalies are more extensive than the area previously explored and may represent roll front sandstone uranium mineralisation similar in style to the Manyingee deposit located near Onslow.

The Mt Phillips Project (E09/1341) is located 100 kilometres east of the Kennedy Range project covers an area of 78 square kilometres. The tenement is prospective for calcrete-type valley fill uranium deposits. Airborne radiometric data outlines a 5 kilometre radiometric anomaly coincident with recent valley fill sediments. Previous limited exploration within the project returned up to 1 lbs/t  $U_3O_8$  from a pit dug into calcrete. Further work is now required to determine the source of the radiometric anomaly.

The Glenburgh Project (E09/1342) is located 50 kilometres south of Mt Phillips and covers an area of 149 square kilometres. The tenement contains several high order and discrete radiometric anomalies and has the potential to host vein-style uranium mineralisation. No previous exploration is recorded over the tenement.

The initial field programs on the Gascoyne projects commenced in late 2007.

Kunderong Project Map







### Other Uranium Projects

In the Kimberley region Thundelarra has the Gibb Central and Springvale projects which consist of tenement applications covering airborne radiometric anomalies and/or prospective host rocks. These tenements are expected to be granted early in 2008

### Queensland Projects

#### Clarke River Project

The Clarke River project is located approximately 200 kilometres south south-west of Townsville and comprises two tenement applications covering an area of approximately 543 square kilometres.

The tenements cover a series of high order uranium channel radiometric anomalies which have not been tested by previous uranium exploration in the area. The anomalies are associated with the Cape River Metamorphics which have the potential to host vein-style

uranium mineralisation. The tenements are expected to be granted early 2008 and initial field exploration will commence once all statutory approvals are granted.

#### Gregory Range Project

The Gregory Range project is located 300 kilometres west of Cairns and comprises one granted tenement covering an area of 184 square kilometres.

The main exploration target is intrusive-related uranium mineralisation associated with an altered granitic intrusion. The uranium channel airborne radiometric data shows a number of distinct anomalies over altered granites. Historical rock chip sampling reported assays of up to 1 lbs/t uranium associated with greisen alteration in the Proterozoic Olsens Granite. The eastern part of the project area is geologically similar to the setting of the Maureen uranium deposit located 70 kilometres north east of the project.

An initial field reconnaissance trip was carried out in early December 2007.

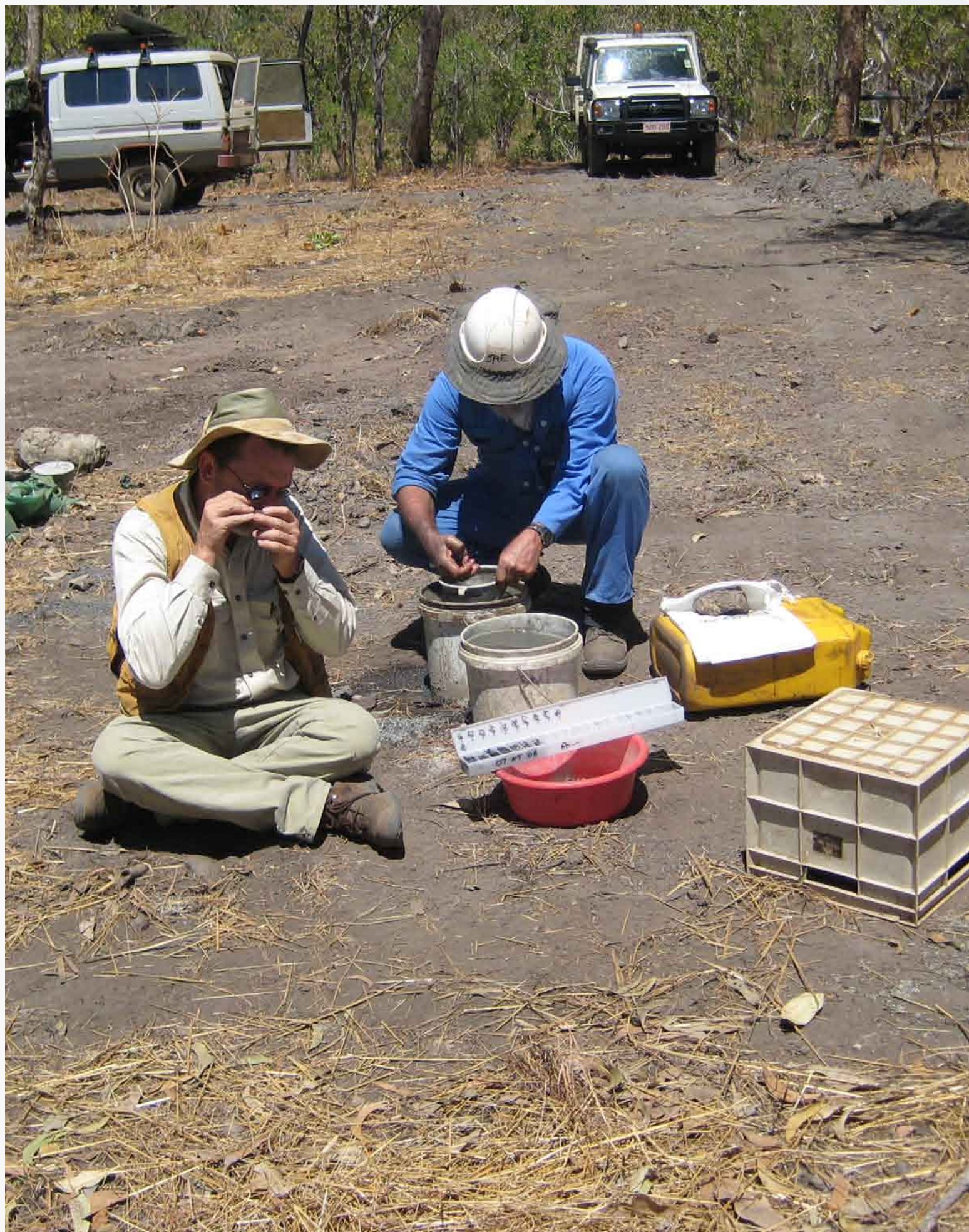
### South Australian Projects

#### William Creek Project

The William Creek project is located approximately 160 kilometres east of Cooper Pedy and consists of one granted tenement covering 755 square kilometres.

The tenement covers two airborne radiometric anomalies associated with recent mound spring deposits. The company is employing the model that mound spring waters carry uranium from distant sources which are then precipitated in the near surface alkaline mound spring deposits. This model is similar to the model for calcrete channel uranium deposits. An initial field reconnaissance program commenced in December 2007.







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## 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 2007.

### INFORMATION 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 unless otherwise stated.

**PHILIP G CRABB** (*Chairman*) Age 67  
*FAusIMM, MAICD*

Mr Philip Crabb is a Fellow of the Australasian Institute of Mining and Metallurgy and a member of the Institute of Company Directors. Mr Crabb has been actively engaged in mineral exploration and mining activities for the past thirty seven (37) 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 has extensive knowledge of the Australian Mining Industry and has experience with management of Australian publicly listed companies. Mr Crabb is presently also the Chairman of United Mineral Corporation NL (since 2004) and of Royal Resources Limited (since 2005).

Mr Crabb was appointed a director on 30 November 1998.

**Special Responsibilities**  
Chairman of the Board.

**BRETT LAMBERT** (*Managing Director*) Age 47  
*BSc (Mining Eng), MAusIMM*

Mr Brett Lambert is a mining engineer with 25 years experience in the resources industry. He commenced his career with Western Mining Corporation Limited and worked at the Kambalda Nickel Operations, Kalgoorlie Gold Operations and Hill 50 Gold Mine, Mt Magnet. In 1989 Mr Lambert joined Herald Resources Limited where he was responsible for the establishment of the Three Mile Hill gold mine and was subsequently appointed Resident Manager of Herald's Coolgardie Operations.

In 1994 Mr Lambert began a career of almost ten years with Western Metals Limited holding the positions of General Manager Development and Executive General Manager Operations. In 1998 and 1999 Mr Lambert was seconded to Thailand as Managing Director of Padaeng Industry PCL, a Thai zinc mining and smelting company. In 2004 Mr Lambert was appointed Chief Executive Officer of NuStar Mining Corporation Limited.

Mr Lambert joined the Company in May 2007 as Chief Executive Officer and was appointed Managing Director in September 2007. Mr Lambert is presently also a director of Intrepid Mines Limited (since 2006).

**Special Responsibilities**  
Managing Director

**FRANK DEMARTE** (*Executive Director, Chief Financial Officer and Company Secretary*) Age 45  
*BBus, FCIS, MAICD*

Mr Frank DeMarte has over twenty two (22) 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 (since 2004) and Aldershot Resources Ltd (since 2005).

Mr DeMarte was appointed a director on 30 April 2001.

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## DIRECTORS' REPORT (continued)

### Special Responsibilities

Executive Director.  
Chief Financial Officer.  
Company Secretary.

**BRIAN D RICHARDSON** (*Executive Director*) Age 54  
*BSc (Hons), MAusIMM*

Mr Richardson is a geologist who has been involved in the Australian exploration and mining industry for over 24 years. He has many years experience in planning, conducting and evaluating gold, base metal, uranium and diamond projects. He has also held senior management positions with a number of listed junior exploration companies. Mr Richardson is presently also a director of Royal Resources Limited (since 2004) and Canadian listed uranium explorer, Aldershot Resources Ltd (since 2004).

### Special Responsibilities

Exploration Director.  
Member of the Audit Committee.

**RICK W CRABB** (*Non-Executive Director*) Age 50  
*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 advised on all legal aspects including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. He has practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. 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 a director of Paladin Resources Ltd (since 1994), Port Bouvard Limited (since 1996), Ashburton Minerals Limited (since 1999), Golden Rim Resources Ltd (since 2001), Royal Resources Limited (since 2004) and Otto Energy Limited (since 2004).

Mr Crabb was appointed a director on 9 October 2001 and resigned on 13 June 2007.

### Former Directorships in last three years

ST Synergy Ltd from 2001 to 2005.  
Thundelarra Exploration Ltd from 2001 to 2007.  
Aldershot Resources Ltd from 2004 to 2005

### Special Responsibilities

Non Executive Director (resigned in June 2007).  
Audit Committee member (resigned in June 2007).

**MALCOLM J R RANDALL** (*Non-Executive Director*) Age 62  
*B.Applied Chem, MAICD*

Mr Randall holds a Bachelor of Applied Chemistry Degree and is a member of the Australian Institute of Company Directors. He has extensive experience in corporate, management and marketing in the resource sector, including more than 20 years with the Rio Tinto group of companies. His experience has covered a diverse range of mineral activities including Iron Ore, Base Metals, Uranium, Minerals sands and Coal.

Mr Randall is presently also the Chairman of Iron Ore Holdings Ltd (since 2003) and Olympia Resources Ltd (since 2006) and a director of United Minerals Corporation NL (since 2004), Summit Resources Limited (since 2007), Royal Resources Limited (since 2006) and Northern Mining Limited (since 2007).



## DIRECTORS' REPORT (continued)

### 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 THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in shares and options of Thundelarra Exploration Ltd were:

Directors	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Philip G Crabb	17,243,514	750,000
Mr Brett T Lambert	-	2,000,000
Mr Frank DeMarte	1,454,726	1,200,000
Mr Brian D Richardson	1,036,581	1,200,000
Mr Malcolm J Randall	237,300	550,000

## COMPANY SECRETARY

### FRANK DEMARTE Age 45

BBus, FCIS, MAICD

The Company Secretary is Mr Frank DeMarte. Mr DeMarte has over twenty two (22) 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.

## 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 profit after tax of \$1,146,384 (2006 - loss \$1,963,157).

## REVIEW OF OPERATIONS

A detailed review of operations for the Consolidated Entity is set out on page 4 to 20 of this report.

## DIVIDENDS

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

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## **DIRECTORS' REPORT (continued)**

### **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 26 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  
Element 92 Pty Ltd

Parent entity  
100% owned controlled entity

### **SHARES UNDER OPTION**

As at the date of this report, there were 26,348,944 unissued ordinary shares of the Company under option as follows:

**DIRECTORS' REPORT (continued)**

<b>Date options granted</b>	<b>Expiry date</b>	<b>Exercise price of options</b>	<b>Number of options</b>
1 April 2003	28 March 2008	\$0.325	1,095,000
27 February 2004	26 February 2009	\$0.675	1,970,000
31 May 2005	31 May 2009	\$0.22	350,000
12 April 2006	12 April 2009	\$0.40	2,500,000
7 July 2006	30 June 2009	\$0.19	11,873,944
15 February 2007	28 February 2010	\$0.055	200,000
1 March 2007	28 February 2010	\$0.50	1,500,000
3 May 2007	31 May 2010	\$0.50	1,000,000
3 May 2007	31 May 2011	\$0.68	1,000,000
1 August 2007	30 June 2011	\$0.52	360,000
30 November 2007	30 November 2010	\$0.45	4,500,000

During the financial year, 1,321,000 options exercisable at \$0.475 expired and 200,000 options exercisable at \$0.20 lapsed. Since the end of the financial year, 11,000,000 options exercisable at \$0.655 expired. 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, 6,481,780 options were exercised to acquire ordinary fully paid shares in the Company. Since the end of the financial year, 229,276 options have been exercised acquire ordinary fully paid shares in the Company.

**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.

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 2007.



**DIRECTORS' REPORT (continued)****Remuneration of Directors and Executives**

Director		Short-Term		Post Employment	Share Based Payment	Long Term	Total	% Remuneration
		Salary & Fees	Consultancy Fees	Superannuation	Equity Options	Other		Consisting of Options for the Year
Philip G Crabb Chairman (1)	2007 2006	95,121 126,000	13,073 -	48,333 34,000	37,800 -	- -	194,327 160,000	19% -
Brett T Lambert (2) Managing Director	2007 2006	115,288 -	- -	10,376 -	486,465 -	- -	612,129 -	79% -
F DeMarte Executive Director	2007 2006	140,516 96,000	- -	56,750 54,000	75,600 -	- -	272,866 150,000	28% -
B D Richardson(3) Executive Director	2007 2006	71,999 65,200	41,660 45,830	78,946 34,800	75,600 -	- -	268,205 145,830	28% -
R W Crabb Non Executive Director	2007 2006	24,092 41,300	- -	9,042 3,700	- -	- -	33,134 45,000	- -
M JR Randall Non Executive Director	2007 2006	1,500 36,696	29,684 -	13,500 5,000	37,800 -	- -	82,484 41,696	46% -
Totals	2007 2006	448,516 365,196	84,417 45,830	216,947 131,500	713,265 -	- -	1,463,145 546,526	49% -

(1) Drilling services totalling \$13,073 (2006 - \$13,692) were paid to Ragged Range Mining Pty Ltd, a company in which Mr P G Crabb is a director and shareholder. These services were provided under normal commercial terms and conditions.

(2) Mr Brett T Lambert was appointed Managing Director on 28 September 2007.

(3) Geological and consulting services totalling \$41,660 (2006 - \$45,830) 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.

During the financial year the directors of the Company and Mr Brett Lambert were the only 5 named executives who received the highest remuneration for the year ended 30 September 2007.

**Contract for services**

Mr Brett Lambert – Managing Director

Term of the agreement – 8 years commencing 1 May 2007.

Base salary, inclusive of superannuation, of \$299,750, reviewed annually.

Payment of a benefit on early termination by the Company, other than gross misconduct, equal to 6 months base salary including superannuation.

**Compensation Options – granted and vested during the year**

During the financial year options were granted as equity compensation benefits to key management personnel. The options were issued at no consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the equity at the exercise price. The contractual life of each option granted is three to four years. No options have been granted since the end of the year to key management personnel. There were no compensation options granted or vested to key personnel during 2006. For further details relating to options, refer to note 22.

**DIRECTORS' REPORT (continued)**

30 September 2007	Vested	Granted	Terms and Conditions for each Grant					
	Number	Number	Grant Date	Fair Value per option (\$) (Note 22)	Exercise Price per option (\$) (Note 22)	Expiry Date	First Exercise Date	Last Exercise Date
P G Crabb	250,000	250,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
B T Lambert	1,000,000	1,000,000	3/05/2007	\$0.238	\$0.50	31/05/2010	3/05/2007	31/05/2010
B T Lambert	1,000,000	1,000,000	3/05/2007	\$0.248	\$0.68	31/05/2011	3/05/2007	31/05/2010
B D Richardson	500,000	500,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
F DeMarte	500,000	500,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
M R Randall	250,000	250,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
Total	3,500,000	3,500,000						

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Total value of options granted, exercised and lapsed during the year
P G Crabb	37,800	(53,625)	-	(15,825)
B T Lambert	486,465	-	-	486,465
B D Richardson	75,600	-	-	75,600
F DeMarte	75,600	-	-	75,600
R W Crabb	-	9,750	-	9,750
M R Randall	37,800	-	-	37,800
Total	713,265	(43,875)	-	669,390

The value of the options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at the close of trading on the date the options were exercised after deducting the price paid to exercise the options.

For details on the valuation of the options, including models and assumptions used, please refer to Note 22. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

**DIRECTORS' MEETINGS**

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

Name	Number Attended	Number eligible to attend
Philip G Crabb	6	6
Brett T Lambert	2	1
Frank DeMarte	6	6
Brian Richardson	6	6
Rick W Crabb	3	4
Malcolm JR Randall	5	6

- (1) Mr Brett T Lambert was appointed Managing Director on 28 September 2007.  
 (2) Mr Rick W Crabb resigned as a director on 13 June 2007.

**RESIGNATION, ELECTION AND CONTINUATION IN OFFICE**

In accordance with the Constitution of the Company, Frank DeMarte and Malcolm J Randall retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

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## **DIRECTORS' REPORT (continued)**

### **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 2007 has been received and can be found on page 77.

### **NON-AUDIT SERVICES**

The directors are satisfied that no non-audit services were performed during the year by the Company's auditors.

Signed in accordance with a resolution of the Directors.



**BRETT T LAMBERT**  
**Managing Director**

Perth, Western Australia  
21 December 2007.



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## 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.

In accordance with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("**ASX Principles and Recommendations**")<sup>1</sup>, Thundelarra Exploration Ltd ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of and reason for the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at [www.thundelarra.com](http://www.thundelarra.com). In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

### EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the Company's 2007 financial year ("**Reporting Period**") the Company has complied with each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

#### Principle 2

**Recommendation 2.1:** A majority of the Board should be independent directors

#### Notification of Departure

Currently the Board is comprised of 5 members, one of whom is independent

#### Explanation for Departure

The Board considers that its current composition is the most appropriate for the Company's circumstances and includes an appropriate mix of skills and expertise relevant to the Company's business.

#### Principle 2

**Recommendation 2.2 and 2.3:** The chairperson should be an independent director and the roles of chairperson and chief executive officer (or equivalent) should not be exercised by the same individual.

#### Notification of Departure

The Chairperson, Mr Philip Crabb, is not an independent director and for a portion of the Reporting Period, he performed the dual role of Chairperson and Managing Director.

#### Explanation for Departure

The Board believes that Mr Phillip Crabb is the most appropriate person for the position of chair because of his industry experience and knowledge. The Board believes Mr Philip Crabb makes decisions that are in the best interests of the Company. Up until the appointment of Mr Brett Lambert on 1 May 2007 as Chief Executive Officer, the Board considered Mr Philip Crabb was the most appropriate person to be appointed Managing Director due to his industry experience and specific knowledge of the Company's operations. The Board also believed Mr Philip Crabb's dual role was in line with investor expectations at that time. As stated in the Company's 2006 Annual Report however, the Board intended to reconsider and restructure the roles if it was considered appropriate in the future. With the appointment of Mr Lambert the roles are now separated in accordance with the recommendation.

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<sup>1</sup> A copy of the ASX Principles and Recommendations is set out on the Company's website under the Section entitled "Corporate Governance".

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## CORPORATE GOVERNANCE STATEMENT

**Principle 2**

**Recommendation 2.4:** The Board should establish a nomination committee.

**Notification of Departure:** A separate nomination committee has not been formed.

**Explanation of Departure:** The full Board carries out the function of the nomination committee. Due to the small size and structure of the Board, the Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Board has adopted, and applies, a Nomination Committee Charter.

**Principle 4**

**Recommendation 4.3:** The Board should structure its audit committee it in accordance with Recommendation 4.3.

**Notification of Departure:** The Audit Committee is not structured in accordance with the compositional recommendation as it is currently comprised of only two members, one of which is not an independent non-executive director.

**Explanation of Departure:** The Board's current composition does to provide for an audit committee to be formed in accordance with the recommendation. The Board believes however that the current Audit Committee members are the most suitable to form the committee. Further, the Board has adopted an Audit Committee Charter which the Audit Committee applies when convening.

**Principle 9**

**Recommendation 9.2:** The Board should establish a remuneration committee.

**Notification of Departure:** A separate remuneration committee has not been formed.

**Explanation for Departure:** The full Board carries out the function of the remuneration committee. Due to the small size and structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter adopted by the Board.

**NOMINATION COMMITTEE**

The full Board, in its capacity as the nomination committee, held one meeting during the Reporting Period. All Board members appointed at the time attended the meeting.

**AUDIT COMMITTEE**

The Audit Committee did not meet separately during the Reporting Period. However, the full Board met to discuss audit related matters on one occasion. All Board members appointed to the Board at the time the meeting was held attended.

The following table identifies those directors who are members of the Audit Committee:

Name
Malcolm Randall (independent, chair)
Rick Crabb (independent, resigned 13 June 2007)
Brian Richardson (appointed to Audit Committee 1 August 2007)

Details of each of the director's qualifications are set out in the Director's Report.

While none of the Audit Committee members are financial experts, all members consider themselves to be financially literate and have significant industry experience. Further, Mr Frank DeMarte, the Chief Financial Officer

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## CORPORATE GOVERNANCE STATEMENT

and Company Secretary, is available to attend Audit Committee meetings by invitation and to answer any questions the Audit Committee may have.

### REMUNERATION COMMITTEE

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the remuneration committee, held three meetings during the Reporting Period. All directors attended the meetings with the exception of Brett Lambert who was not appointed at the time the meetings were held.

### OTHER

#### Skills, Experience, Expertise and term of office of each Director

A profile of each director containing the skills, experience, expertise and term of office of each director is set out in the Directors' Report.

#### Identification of Independent Directors

In considering the independence of directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("**Independence Criteria**"). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Applying the Independence Criteria, the independent director of the Company is Mr Malcolm Randall.

#### 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.

#### Confirmation whether performance Evaluation of the Board and its members have taken place and how conducted

During the Reporting Period, no formal evaluation of the Board or its members occurred. However, numerous informal discussions in relation to the overall structure of the Board were held around the time of Mr Rick Crabb's resignation and Mr Brett Lambert's appointment. The Board considers that a more formal procedure is not warranted at present given the Company's size and circumstances.

#### Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no termination or retirement benefits for non-executive directors.



**INCOME STATEMENT****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	Note	<b>Consolidated</b>		<b>Parent Entity</b>	
		<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>	4	913,282	155,211	913,181	155,211
<b>Expenses</b>					
Administrative costs		(6,513)	(4,182)	(5,900)	(4,182)
Depreciation	4	(79,895)	(101,849)	(79,895)	(101,849)
Office and miscellaneous		(215,591)	(169,625)	(215,586)	(169,625)
Professional fees		(168,215)	(570,208)	(162,112)	(570,208)
Regulatory and trust company fees		(96,197)	(85,693)	(95,715)	(85,693)
Shareholder and investor relations		(146,100)	(38,561)	(146,100)	(38,561)
Share based payments expense	4	(747,115)	(215,320)	(747,115)	(215,320)
Travelling expenses		(16,515)	(31,154)	(16,515)	(31,154)
Employee benefits expense		(679,001)	(557,728)	(679,001)	(557,728)
Exploration expenditure written off	4	(918,589)	(23,578)	(918,589)	(23,578)
Loss on disposal of fixed assets		-	(6,869)	-	(6,869)
Diminution in investments	4	-	-	(168,450)	-
Non-Recovery of intercompany loan	4	-	-	(194,907)	-
Change in fair value of investments		(166,022)	(293,453)	(166,022)	(293,453)
Other operating expenses		(36,471)	(20,148)	(36,471)	(20,148)
<b>Loss before income tax expense</b>		(2,362,942)	(1,963,157)	(2,719,197)	(1,963,157)
Income tax benefit	5	3,509,326	-	3,565,652	-
<b>Net profit/(loss) attributable to members of Thundelarra Exploration Ltd</b>		1,146,384	(1,963,157)	846,455	(1,963,157)
Profit/(Loss) per share attributable to ordinary equity holders:					
Basic earnings/(loss) (cents per share)	7	1.10	(2.39)		
Diluted earnings/(loss) (cents per share)		1.03	(2.39)		

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

**BALANCE SHEET****AS AT 30 SEPTEMBER 2007**

	Note	Consolidated 2007 \$	2006 \$	Parent Entity 2007 \$	2006 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6(b)	2,814,510	2,751,544	2,807,807	2,751,494
Trade and other receivables	8	140,276	42,058	223,926	42,058
Other financial assets	9	752,500	750,500	752,500	750,500
<b>TOTAL CURRENT ASSETS</b>		<b>3,707,286</b>	<b>3,544,102</b>	<b>3,784,233</b>	<b>3,544,052</b>
<b>NON-CURRENT ASSETS</b>					
Other receivables	8	127,581	81,271	127,581	81,271
Other financial assets	9	27,820,589	4,415,698	27,820,589	4,589,056
Property, plant and equipment	11	258,770	216,676	258,770	216,676
Exploration expenditure	12	7,550,037	5,946,362	7,098,132	5,773,054
Deferred tax asset	13	5,718,206	-	5,695,092	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>41,475,183</b>	<b>10,660,007</b>	<b>41,000,164</b>	<b>10,660,057</b>
<b>TOTAL ASSETS</b>		<b>45,182,469</b>	<b>14,204,109</b>	<b>44,784,397</b>	<b>14,204,109</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	14	161,401	289,634	142,698	289,634
Provisions	15	89,282	96,465	89,282	96,465
<b>TOTAL CURRENT LIABILITIES</b>		<b>250,683</b>	<b>386,099</b>	<b>231,980</b>	<b>386,099</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	15	22,197	22,197	22,197	22,197
Deferred tax liability	16	9,718,606	-	9,639,166	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,740,803</b>	<b>22,197</b>	<b>9,661,363</b>	<b>22,197</b>
<b>TOTAL LIABILITIES</b>		<b>9,991,486</b>	<b>408,296</b>	<b>9,893,343</b>	<b>408,296</b>
<b>NET ASSETS</b>		<b>35,190,983</b>	<b>13,795,813</b>	<b>34,891,054</b>	<b>13,795,813</b>
<b>EQUITY</b>					
Contributed equity	17(a)	30,408,499	26,695,050	30,408,499	26,695,050
Reserves	17(d)	19,437,209	2,901,872	19,437,209	2,901,872
Accumulated losses	18	(14,654,725)	(15,801,109)	(14,954,654)	(15,801,109)
<b>TOTAL EQUITY</b>		<b>35,190,983</b>	<b>13,795,813</b>	<b>34,891,054</b>	<b>13,795,813</b>

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

**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

<b>CONSOLIDATED</b>	<b>Notes</b>	<b>Contributed Equity \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>At 1 October 2005</b>		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	17(d)	-	2,543,617	-	2,543,617
Cost of share based payments	17(d)	-	354,051	-	354,051
Shares issued during the year	17(b)	3,483,600	-	-	3,483,600
Transaction costs	17(b)	(231,765)	-	-	(231,765)
		3,251,835	2,897,668	315,334	6,464,837
<b>At 30 September 2006</b>		26,695,050	2,901,872	(15,801,109)	13,795,813

**CONSOLIDATED**

<b>At 1 October 2006</b>		26,695,050	2,901,872	(15,801,109)	13,795,813
Profit for the year		-	-	1,146,384	1,146,384
		26,695,050	2,901,872	(14,654,725)	14,942,194
Net unrealised gains on available for sale financial assets	17(d)	-	23,584,717	-	23,584,717
Deferred tax on items recognised directly in equity	17(d)	-	(7,509,726)	-	(7,509,726)
Transfer of fair value reserve to income	17(d)	-	(286,769)	-	(286,769)
Cost of share based payments	17(d)	-	747,115	-	747,115
Shares issued during the year	17(b)	3,900,213	-	-	3,900,213
Transaction costs	17(b)	(186,764)	-	-	(186,764)
		3,713,449	16,535,337	-	20,248,786
<b>At 30 September 2007</b>		30,408,499	19,437,209	(14,654,725)	35,190,983

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 2007**

<b>PARENT</b>	<b>Notes</b>	<b>Contributed Equity \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>At 1 October 2005</b>		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	17(d)	-	2,543,617	-	2,543,617
Cost of share based payments	17(d)		354,051	-	354,051
Shares issued during the year	17(b)	3,483,600	-	-	3,483,600
Transaction costs	17(b)	(231,765)	-	-	(231,765)
		3,251,835	2,897,668	315,334	6,464,837
<b>At 30 September 2006</b>		26,695,050	2,901,872	(15,801,109)	13,795,813
<b>PARENT</b>					
<b>At 1 October 2006</b>		26,695,050	2,901,872	(15,801,109)	13,795,813
Profit for the year		-	-	846,455	846,455
		26,695,050	2,901,872	(14,954,654)	14,642,268
Net unrealised gains on available for sale financial assets	17(d)	-	23,584,717	-	23,584,717
Deferred tax on items recognised directly in equity	17(d)	-	(7,509,726)	-	(7,509,726)
Transfer of fair value reserve to income	17(d)	-	(286,769)	-	(286,769)
Cost of share based payments	17(d)	-	747,115	-	747,115
Shares issued during the year	17(b)	3,900,213	-	-	3,900,213
Transaction costs	17(b)	(186,764)	-	-	(186,764)
		3,713,449	16,535,337	-	20,248,786
<b>At 30 September 2007</b>		30,408,499	19,437,209	(14,954,654)	34,891,054

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 2007

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Other revenue received	4	762	60,249	762	60,249
Payment to suppliers		(1,598,237)	(1,734,876)	(1,693,386)	(1,734,876)
Interest received	4	197,589	94,962	197,488	94,962
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	6(a)	<b>(1,399,886)</b>	<b>(1,579,665)</b>	<b>(1,495,136)</b>	<b>(1,579,665)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for investments		(344,446)	(142,333)	(344,446)	(142,333)
Payment of subsidiary, net of cash		-	(49,950)	-	(50,000)
Payments for purchase of plant, equipment and vehicles		(123,690)	(16,074)	(123,690)	(16,074)
Proceeds from sale of investments	4	784,163	-	784,163	-
Proceeds from sale of plant, equipment and vehicles		1,950	105,136	1,950	105,136
Placement of security deposits	4	(99,396)	-	(99,396)	-
Loan to controlled entity		-	-	(190,000)	(4,908)
Redemption of security deposits		53,086	10,000	53,086	10,000
Exploration and evaluation expenditure	12	(2,522,264)	(1,421,816)	(2,243,667)	(1,416,908)
Net cash outflow from investing activities		<b>(2,250,597)</b>	<b>(1,515,037)</b>	<b>(2,162,000)</b>	<b>(1,515,087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net proceeds from issue of shares and options	17(b)	3,900,213	3,503,599	3,900,213	3,503,599
Share issue costs	17(b)	(186,764)	(231,765)	(186,764)	(231,765)
Net payments made in financing director-related entities and directors		-	2,369	-	2,369
Loans repaid by director-related entities		-	457,879	-	457,879
Net cash inflow from financing activities		<b>3,713,449</b>	<b>3,732,082</b>	<b>3,713,449</b>	<b>3,732,082</b>
Net increase/(decrease) in cash and cash equivalents held		62,966	637,380	56,313	637,330
Cash and cash equivalents at the beginning of the financial year		2,751,544	2,114,164	2,751,494	2,114,164
Cash and cash equivalents at the end of the financial year	6(b)	<b>2,814,510</b>	<b>2,751,544</b>	<b>2,807,807</b>	<b>2,751,494</b>

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 2007

#### 1. CORPORATE INFORMATION

The financial report of Thundelarra Exploration Ltd (the Company) for the year ended 30 September 2007 was authorised for issue in accordance with a resolution of the directors on 20 December 2007. Thundelarra Exploration Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd.

The nature of the operations and principal activities of the Group are described on pages 4 to 20.

#### 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 and Interpretations. The financial report has also been prepared on the accruals basis and historical cost basis except for available-for-sale investments and investments held for trading 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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 September 2007 and are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 <i>Financial Instruments Disclosures</i>	1-Jan-07	AASB 7 is disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Company's financial report.	1 January 2007
AASB 7	<i>Financial Instruments Disclosures</i>	New standard replacing disclosure requirements of AASB 132	1-Jan-07	As above	1 January 2007

\* designates the beginning of the applicable annual reporting period

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The Consolidated financial report also complies with International Financial Reporting Standards (IFRS). The financial report of the Company does not comply with IFRS as the Company has elected to apply the relief provided to parent entities by AASB 132 *Financial Instruments: Presentation and Disclosure* in respect of certain disclosure requirements.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (c) Basis of consolidation

The Consolidated financial statements comprise the financial statements of Thundelarra Exploration Ltd and its subsidiary as at 30 September 2007.

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.

##### (d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

###### *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 22.

###### *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. The ultimate recoupment of the costs carried forward is dependant upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

###### *Recoverability of potential deferred income tax assets*

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact future financial results.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (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.

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 nor 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.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2007**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(h) Income tax (continued)**

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.

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.



## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2007**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(j) Plant and equipment (continued)**

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

(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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (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.

##### (o) Employee leave benefits (continue)

###### (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. 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.

##### (p) 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.

##### (q) 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.

##### (r) Borrowing costs

Borrowing costs are recognised as an expense when incurred. Alternatively, borrowing costs can be capitalised for qualifying assets.

##### (s) 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(s) Leases (continued)**

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.

**(t) 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.

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 exists, 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.

**(u) 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (v) 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.

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

##### (w) 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 22.

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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(w) Share-based payment transactions (continued)**

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.

If the terms of an equity-settled award 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 22). 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.

**(x) Comparatives**

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

**(y) 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.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2007**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(y) Goodwill (continued)**

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.

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 2007**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>4. REVENUE</b>				
Operating activities				
Interest income from non related parties	197,589	94,962	197,488	94,962
Recovery of exploration costs	156	50,822	156	50,822
Other	606	9,427	606	9,427
	198,351	155,211	198,250	155,211
Non-operating activities				
Profit on disposal of investments	427,913	-	427,913	-
Profit on disposal of plant, equipment and vehicles	249	-	249	-
Transfer from fair value reserve to income	286,769	-	286,769	-
Total revenues	913,282	155,211	913,181	155,211
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>				
<b>Net Profit/(Loss) on disposal</b>				
<b>Profit on disposal of investments</b>				
Proceeds from disposal of investments	784,163	-	784,163	-
Carrying amounts of investments sold	(356,250)	-	(356,250)	-
Net Profit/(Loss)	427,913	-	427,913	-
<b>Loss on disposal of plant, equipment and vehicles</b>				
Proceeds from disposal of plant, equipment and vehicles	1,950	105,136	1,950	105,136
Carrying amounts of plant, equipment and vehicles sold	(1,701)	(112,005)	(1,701)	(112,005)
Net Profit/(Loss)	249	(6,869)	249	(6,869)
Exploration expenditure written-off or provided for	918,589	23,578	918,589	23,578
Diminution in value of investments	-	-	168,450	-
Depreciation of plant, equipment and vehicles	79,895	101,849	79,895	101,849
Share based payment expense	747,115	215,320	747,115	215,320
Change in market value of held for trading investments	166,022	293,453	166,022	293,453
Non recovery of intercompany loans	-	-	194,907	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>5. INCOME TAX</b>					
<b>(a) Numerical reconciliation of income tax expense to prima facie tax payable</b>					
Loss from ordinary activities before income tax expense		(2,362,942)	(1,963,157)	(2,719,197)	(1,963,157)
Prima facie tax benefit on loss from ordinary activities at 30% (2006 – 30%)		(708,883)	(588,947)	(815,759)	(588,947)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:4					
Entertainment		3,720	1,610	3,720	1,610
		(705,163)	(587,337)	(812,039)	(587,337)
Movement in current year temporary differences		(285,656)	(228,766)	(97,722)	(228,766)
Tax effect of current year tax losses for which no deferred tax asset has been recognised		-	816,103	-	816,103
Tax effect of current year tax losses and initial recognition of deferred tax assets and liabilities		4,500,145	-	4,475,413	-
Income tax benefit		3,509,326	-	3,565,652	-
<b>(b) Recognised temporary differences</b>					
<b>Deferred Tax Asset (30%)</b>					
Formation costs		514	-	-	-
Depreciation		20,746	-	20,746	-
Prepayments		4,944	-	4,944	-
Capital raising costs		89,546	-	89,546	-
Provision for expenses		36,830	-	36,830	-
Provision for loans		-	-	58,472	-
Carry forward tax losses		5,565,624	-	5,484,553	-
		5,718,206	-	5,695,092	-
<b>Deferred Tax Liabilities (30%)</b>					
Capitalised tenement acquisition costs		2,208,880	-	2,129,440	-
Investments		7,509,726	-	7,509,726	-
		9,718,606	-	9,639,166	-
Net Deferred Tax Liability		(4,000,400)	-	(3,944,074)	-



**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>5. INCOME TAX (continued)</b>					
<b>(c) Unrecognised temporary differences</b>					
<b>Deferred Tax Assets (30%)</b>					
Prepayments		-	5,316	-	5,316
Website expenses		-	153	-	153
Capital raising costs		-	69,805	-	69,805
Provisions		-	33,576	-	33,576
Carry forward tax losses		-	4,591,055	-	4,559,583
		-	4,699,904	-	4,698,432
<b>Deferred Tax Liabilities (30%)</b>					
Capitalised tenement acquisition costs		-	1,733,389	-	1,731,917
Investments		-	608,411	-	608,411
		-	2,341,800	-	2,340,327

The potential future income tax benefit arising from tax losses have been recognised in 2007 as an asset because recovery of tax losses is probable in view of the increase in fair values of investments available for sale.

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>6. RECONCILIATION OF CASH</b>				
<b>(a) Reconciliation of net cash provided by operating activities to operating profit/(loss) after income tax</b>				
Operating profit/(loss) after income tax	1,146,384	(1,963,157)	846,455	(1,963,157)
<b>Non cash flows in operating loss</b>				
Exploration costs written-off or provided	918,589	23,578	918,589	23,578
Income tax benefit	(3,509,326)	-	(3,565,652)	-
Depreciation	79,895	101,849	79,895	101,849
Share based payments	747,115	215,320	747,115	215,320
Net decrease in fair value of investments	166,022	293,453	166,022	293,453
(Profit)/Loss on sale of plant, equipment and vehicles	(249)	6,869	(249)	6,869
(Profit) on sale of investments	(427,913)	-	(427,913)	-
Transfer fair value reserve to income	(286,769)	-	(286,769)	-
Diminution in value of investment	-	-	168,450	-
Non recovery of intercompany loan	-	-	194,908	-
<b>Change in assets and liabilities</b>				
(Decrease)/increase in trade creditors and accruals	(128,233)	(283,696)	(146,936)	(283,696)
(Increase)/Decrease in receivables	(98,218)	17,473	(181,868)	17,473
(Decrease)/Increase in Provisions	(7,183)	8,646	(7,183)	8,646
Net cash outflow from operating activities	(1,399,886)	(1,579,665)	(1,495,136)	(1,579,665)
<b>(b) Cash and cash equivalents represents:</b>				
Cash on hand	-	2	-	2
Cash in bank and on hand	104,934	116,562	98,230	116,512
Deposits at call	2,709,576	2,634,982	2,709,577	2,634,982
	2,814,510	2,751,544	2,807,807	2,751,494

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****7. EARNINGS PER SHARE**

	<b>2007</b>	<b>2006</b>
a) Basic earnings/(loss) per share (cents per share)	1.10	(2.39)
b) Diluted earnings/(loss) per share (cents per share)	1.03	(2.39)
c) Net profit/(loss) attributable to ordinary equity of the Company	\$1,146,384	(\$1,963,157)
d) Weighted average number of ordinary shares outstanding during the year used in the calculation:		
- basic earnings per share	103,284,691	82,008,932
- diluted earnings per share	111,295,399	82,008,932

**8. TRADE AND OTHER RECEIVABLES (CURRENT)**

	<b>Consolidated 2007 \$</b>	<b>2006 \$</b>	<b>Parent Entity 2007 \$</b>	<b>2006 \$</b>
Other receivables	68,189	40,311	61,374	40,311
Amounts receivable from wholly owned subsidiary	-	-	90,465	-
Amounts receivable from directors and director related entities	72,087	1,747	72,087	1,747
	<u>140,276</u>	<u>42,058</u>	<u>223,926</u>	<u>42,058</u>

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

**TRADE AND OTHER RECEIVABLES (NON CURRENT)**

Security deposits/bonds	127,581	81,271	127,581	81,271
	<u>127,581</u>	<u>81,271</u>	<u>127,581</u>	<u>81,271</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>9. OTHER FINANCIAL ASSETS (CURRENT)</b>				
<i>Listed shares at fair value</i>				
Aldershot Resources Limited (a Canadian incorporated entity)	752,500	750,500	752,500	750,500
	752,500	750,500	752,500	750,000
<b>OTHER FINANCIAL ASSETS (NON-CURRENT)</b>				
<i>Listed shares and options at fair value</i>				
Royal Resources Limited	344,672	168,248	344,672	168,248
United Minerals Corporation NL	19,176,000	3,629,500	19,176,000	3,629,500
United Minerals Corporation NL - Options	8,299,917	617,950	8,299,917	617,950
<i>Other</i>				
Investment in Element 92 Pty Ltd	-	-	-	168,450
Advance to Element 92 Pty Ltd	-	-	-	4,908
	27,820,589	4,415,698	27,820,589	4,589,056

At 30 September 2007 the Company holds the following quoted securities:

- (i) 20,400,000 fully paid ordinary shares in United Minerals Corporation NL (formerly United Kimberley Diamonds NL), representing 19.5% of the ordinary shares on issue;
- (ii) 12,116,667 listed options in United Minerals Corporation NL, representing 28.4% of the listed options; and
- (iii) 3,500,000 fully paid ordinary shares in Aldershot Resources Ltd, representing 5.4% of the ordinary shares on issue. Aldershot Resources Ltd is a Canadian company listed on the TSX Venture Exchange.
- (iv) 984,778 fully paid ordinary shares in Royal Resources Limited.



**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****10. CONTROLLED ENTITY**

Name	Country of Incorporation	Percentage Interest Held		Carrying amount of Parent Entity's Investment	
		2007 %	2006 %	2007 \$	2006 \$
Element 92 Pty Ltd	Australia	100	100	-	168,450

**11. PROPERTY, PLANT AND EQUIPMENT**

	Consolidated 2007 \$	2006 \$	Parent Entity 2007 \$	2006 \$
Leasehold Improvements, at cost	127,055	127,055	127,055	127,055
Less: accumulated depreciation	(88,320)	(65,081)	(88,320)	(65,081)
	38,735	61,974	38,735	61,974
Plant and equipment, at cost	74,709	34,789	74,709	34,789
Less: accumulated depreciation	(28,325)	(22,127)	(28,325)	(22,127)
	46,384	12,662	46,384	12,662
Office equipment, at cost	247,948	151,732	247,948	151,732
Less: accumulated depreciation	(163,132)	(83,951)	(163,132)	(83,951)
	84,816	67,781	84,816	67,781
Motor vehicles, at cost	199,920	214,316	199,920	214,316
Less: accumulated depreciation	(111,085)	(140,057)	(111,085)	(140,057)
	88,835	74,259	88,835	74,259
Total property, plant and equipment	258,770	216,676	258,770	216,676

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>11. PROPERTY, PLANT AND EQUIPMENT (continued)</b>				
<b>Reconciliations</b>				
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:				
<b>Leasehold Improvements</b>				
Carrying amount at 1 October 2006	61,974	99,159	61,974	99,159
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(23,239)	(37,185)	(23,239)	(37,185)
Carrying amount at 30 September 2007	38,735	61,974	38,735	61,974
<b>Plant and equipment</b>				
Carrying amount at 1 October 2006	12,662	35,646	12,662	35,646
Additions	39,920	-	39,920	-
Disposals	-	(15,264)	-	(15,264)
Depreciation	(6,198)	(7,720)	(6,198)	(7,720)
Carrying amount at 30 September 2007	46,384	12,662	46,384	12,662
<b>Office equipment</b>				
Carrying amount at 1 October 2006	67,781	66,977	67,781	66,977
Additions	50,387	24,362	50,387	24,362
Disposals	(1,950)	(1,163)	(1,950)	(1,163)
Depreciation	(27,383)	(22,395)	(27,383)	(22,395)
Carrying amount at 30 September 2007	88,835	67,781	88,835	67,781
<b>Motor Vehicles</b>				
Carrying amount at 1 October 2006	74,259	109,325	74,259	109,325
Additions	33,632	-	33,632	-
Disposals	-	(5,526)	-	(5,526)
Depreciation	(23,075)	(29,540)	(23,075)	(29,540)
Carrying amount at 30 September 2007	84,816	74,259	84,816	74,259
<b>Panton Camp</b>				
Carrying amount at 1 October 2006	-	95,061	-	95,061
Additions	-	-	-	-
Disposals	-	(90,052)	-	(90,052)
Depreciation	-	(5,009)	-	(5,009)
Carrying amount at 30 September 2007	-	-	-	-
Total carrying amount	258,770	216,676	258,770	216,676

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>12. EXPLORATION AND EVALUATION EXPENDITURE (NON-CURRENT)</b>				
Exploration and evaluation expenditure in respect of areas of interest still in the exploration and/or evaluation phase (refer to Note 24)				
At 1 October 2006	5,946,362	4,379,724	5,773,054	4,379,724
Expenditure incurred during the year	2,522,264	1,421,816	2,243,667	1,416,908
Fair value of tenements arising on consolidation	-	168,400	-	-
Expenditure provided or written off during the year	(918,589)	(23,578)	(918,589)	(23,578)
At 30 September 2007	<u>7,550,037</u>	<u>5,946,362</u>	<u>7,098,132</u>	<u>5,773,054</u>

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.

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>13. DEFERRED TAX ASSET (NON - CURRENT)</b>				
Deferred tax asset	5,718,206	-	5,695,062	-
<b>14. TRADE AND OTHER PAYABLES (CURRENT)</b>				
Trade creditors and accruals	151,651	287,742	132,948	287,742
Amounts owing to director related entities	-	1,892	9,750	1,892
	<u>161,401</u>	<u>289,634</u>	<u>142,698</u>	<u>289,634</u>

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

<b>15. PROVISIONS</b>				
Employee entitlements (current)	89,282	96,465	89,282	96,465
Employee entitlements (non-current)	22,197	22,197	22,197	22,197
	<u>111,479</u>	<u>118,662</u>	<u>111,479</u>	<u>118,662</u>
Number of employees at year end	12	12	12	12

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****15. 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 22.

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>16. DEFERRED TAX LIABILITY (NON - CURRENT)</b>				
Deferred tax liability	9,718,606	-	9,639,166	-
	<b>Consolidated/</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>17. CONTRIBUTED EQUITY AND RESERVES</b>				
<b>(a) Issued and paid up capital</b>				
Ordinary shares	108,042,150	95,060,370	30,408,499	26,695,050

**(b) Movement in Ordinary shares on issue**

	<b>Number of Shares</b>	<b>Issue Price \$</b>	<b>Total \$</b>
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)
<b>Balance at 30 September 2006</b>	<b>95,060,370</b>		<b>26,695,050</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****17. CONTRIBUTED EQUITY AND RESERVES (continued)****(b) Movement in ordinary shares on issue (continued)**

		<b>Number of Shares</b>	<b>Issue Price \$</b>	<b>Total \$</b>
1/10/2006	Opening Balance	95,060,370		26,695,050
15/12/2006	Private placement of shares	6,500,000	0.37	2,405,000
27/12/2006	Issue on exercise of options	103,000	0.19	19,570
11/01/2007	Issue on exercise of options	150,000	0.325	48,750
11/01/2007	Issue on exercise of options	720,000	0.19	136,800
12/01/2007	Issue on exercise of options	825,000	0.475	391,875
12/01/2007	Issue on exercise of options	20,000	0.19	3,800
23/02/2007	Issue on exercise of options	347,598	0.19	66,044
6/03/2007	Issue on exercise of options	110,893	0.19	21,070
5/04/2007	Issue on exercise of options	738,442	0.19	140,304
27/04/2007	Issue on exercise of options	444,537	0.19	84,462
30/04/2007	Issue on exercise of options	295,788	0.19	56,200
3/05/2007	Issue on exercise of options	224,242	0.19	42,606
8/05/2007	Issue on exercise of options	200,000	0.20	40,000
10/05/2007	Issue on exercise of options	215,645	0.19	40,973
16/05/2007	Issue on exercise of options	53,088	0.19	10,087
18/05/2007	Issue on exercise of options	81,987	0.19	15,578
30/05/2007	Issue on exercise of options	399,445	0.19	75,895
5/06/2007	Issue on exercise of options	110,000	0.22	24,200
13/06/2007	Issue on exercise of options	300,000	0.20	60,000
13/06/2007	Issue on exercise of options	63,000	0.19	11,970
21/06/2007	Issue on exercise of options	45,220	0.19	8,592
26/06/2007	Issue on exercise of options	48,000	0.19	9,120
2/07/2007	Issue on exercise of options	13,000	0.19	2,470
9/07/2007	Issue on exercise of options	42,006	0.19	7,981
16/07/2007	Issue on exercise of options	36,500	0.19	6,935
18/07/2007	Issue on exercise of options	93,000	0.19	17,670
23/07/2007	Issue on exercise of options	127,000	0.19	24,130
27/07/2007	Issue on exercise of options	674,389	0.19	128,134
	Share issue costs			(186,764)
		<u>12,981,780</u>		<u>3,713,449</u>
	<b>Balance at 30 September 2007</b>	<u><b>108,042,150</b></u>		<u><b>30,408,499</b></u>

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****17. CONTRIBUTED EQUITY AND RESERVES (continued)****(c) Movement in options on issue**

	<b>Number 2007</b>	<b>Number 2006</b>
<b>Exercisable at 47.5 cents on or before 28 February 2007</b>		
Balance at the beginning of year	1,771,000	1,771,000
Issued during the year	-	-
Exercised during the year	(450,000)	-
Options lapsed during the year	(1,321,000)	-
Balance as at end of year	<u>-</u>	<u>1,771,000</u>
In January 2007, 450,000 options above were exercised raising \$213,750 in contributed equity.		
<b>Exercisable at 20.5 cents on or before 30 April 2005</b>		
Balance as at beginning of year	-	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	<u>-</u>	<u>-</u>
<b>Exercisable at 32.5 cents on or before 28 March 2008</b>		
Balance as at beginning of year	1,245,000	1,245,000
Issued during the year	-	-
Exercised during the year	(150,000)	-
Options lapsed during the year	-	-
Balance as at end of year	<u>1,095,000</u>	<u>1,245,000</u>
In January 2007, 150,000 options above were exercised raising \$48,750 in contributed equity.		
<b>Exercisable at 65.5 cents on or before 20 November 2007</b>		
Balance as at beginning of year	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	<u>11,000,000</u>	<u>11,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****17. CONTRIBUTED EQUITY AND RESERVES (continued)****(c) Movement in options on issue (continued)**

	<b>Number 2007</b>	<b>Number 2006</b>
<b>Exercisable at 67.5 cents on or before 26 February 2009</b>		
Balance as at beginning of year	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	<u>1,970,000</u>	<u>1,970,000</u>
<b>Exercisable at 47.5 cents on or before 20 April 2009</b>		
Balance as at beginning of year	375,000	375,000
Issued during the year	-	-
Exercised during the year	(375,000)	-
Options lapsed during the year	-	-
Balance as at end of year	<u>-</u>	<u>375,000</u>
In January 2007, 375,000 options above were exercised raising \$178,125 in contributed equity.		
<b>Exercisable at 22 cents on or before 31 May 2009</b>		
Balance as at beginning of year	460,000	390,000
Issued during the year	-	550,000
Exercised during the year	(110,000)	(380,000)
Options lapsed during the year	-	(100,000)
Balance as at end of year	<u>350,000</u>	<u>460,000</u>
In June 2007, 110,000 options above were exercised raising \$24,200 in contributed equity.		
<b>Exercisable at 40 cents on or before 12 April 2009</b>		
Balance as at beginning of year	2,500,000	-
Issued during the year	-	2,500,000
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	<u>2,500,000</u>	<u>2,500,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****17. CONTRIBUTED EQUITY AND RESERVES (continued)****(c) Movement in options on issue (continued)**

	<b>Number 2007</b>	<b>Number 2006</b>
<b>Exercisable at 20 cents on or before 31 August 2009</b>		
Balance as at beginning of year	500,000	-
Issued during the year	-	500,000
Exercised during the year	(500,000)	-
Options lapsed during the year	-	-
Balance as at end of year	-	500,000
In May 2007, 200,000 options above were exercised raising \$40,000 in contributed equity.		
In June 2007, 300,000 options above were exercised raising \$60,000 in contributed equity.		
<b>Exercisable at 55 cents on or before 28 February 2010</b>		
Balance as at beginning of year	-	-
Issued during the year	400,000	-
Exercised during the year	-	-
Options lapsed during the year	(200,000)	-
Balance as at end of year	200,000	-
<b>Exercisable at 50 cents on or before 28 February 2010</b>		
Balance as at beginning of year	-	-
Issued during the year	1,500,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,500,000	-
<b>Exercisable at 50 cents on or before 31 May 2010</b>		
Balance as at beginning of year	-	-
Issued during the year	1,000,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,000,000	-
<b>Exercisable at 68 cents on or before 31 May 2010</b>		
Balance as at beginning of year	-	-
Issued during the year	1,000,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,000,000	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****17. CONTRIBUTED EQUITY AND RESERVES (continued)****(c) Movement in options on issue (continued)**

	<b>Number 2007</b>	<b>Number 2006</b>
<b>Exercisable at 52 cents on or before 30 June 2011</b>		
Balance as at beginning	-	-
Issued during the year	360,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	<u>360,000</u>	<u>-</u>
<b>Exercisable at 19 cents on or before 30 June 2009</b>		
Balance as at beginning	17,000,000	-
Issued during the year	-	17,000,000
Exercised during the year	(4,896,780)	-
Options lapsed during the year	-	-
Balance as at end of year	<u>12,103,220</u>	<u>17,000,000</u>

In December 2006, 103,000 options above were exercised raising \$19,570 in contributed equity.

In January 2007, 740,000 options above were exercised raising \$140,600 in contributed equity.

In February 2007, 347,598 options above were exercised raising \$66,040 in contributed equity.

In March 2007, 110,893 options above were exercised raising \$21,070 in contributed equity.

In April 2007, 1,478,767 options above were exercised raising \$280,966 in contributed equity.

In May 2007, 974,407 options above were exercised raising \$185,139 in contributed equity.

In June 2007, 156,220 options above were exercised raising \$29,682 in contributed equity.

In July 2007, 985,895 options above were exercised raising \$187,320 in contributed equity.



**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****17. CONTRIBUTED EQUITY AND RESERVES (continued)**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(d) Reserves</b>				
General reserve	18,331,839	2,543,617	18,331,839	2,543,617
Share-based payments reserve	1,105,370	358,255	1,105,370	358,255
	<u>19,437,209</u>	<u>2,901,872</u>	<u>19,437,209</u>	<u>2,901,872</u>
<b>General reserve</b>				
Balance at beginning of year	2,543,617	-	2,543,617	-
Fair value adjustments	23,584,717	2,543,617	23,584,717	2,543,617
Deferred tax on items recognised directly in equity	(7,509,726)	-	(7,509,726)	-
Transfer of reserve to income	(286,769)	-	(286,769)	-
Balance at end of year	<u>18,331,839</u>	<u>2,543,617</u>	<u>18,331,839</u>	<u>2,543,617</u>
<b>Share based payments reserve</b>				
Balance at beginning of year	358,255	4,204	358,255	4,204
Share based payments	747,115	354,051	747,115	354,051
Balance at end of year	<u>1,105,370</u>	<u>358,255</u>	<u>1,105,370</u>	<u>358,255</u>

**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.

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>18. ACCUMULATED LOSSES</b>				
Balance at the beginning of the year	(15,801,109)	(14,149,082)	(15,801,109)	(14,153,286)
Application of AASB 132 and AASB 139	-	315,334	-	315,334
Net profit/(loss) attributable to members of Thundelarra Exploration Ltd	1,146,384	(1,963,157)	846,455	(1,963,157)
Balance at the end of the financial year	<u>(14,654,725)</u>	<u>(15,801,109)</u>	<u>(14,954,654)</u>	<u>(15,801,109)</u>

**19. COMMITMENTS AND CONTINGENCIES****(i) Exploration commitments**

Within one year	2,148,780	1,657,381	1,797,780	1,657,381
Later than one year but not later than five years	8,595,120	6,629,524	7,191,120	6,629,524
Later than five years	2,148,780	1,657,381	1,797,780	1,657,381
	<u>12,892,680</u>	<u>9,944,286</u>	<u>10,786,680</u>	<u>9,944,286</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****19. COMMITMENTS AND CONTINGENCIES****(i) Exploration commitments (continued)**

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.

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(ii) Operating lease commitments</b>				
Operating lease commitments are as follows:-				
Office rental				
Within one year	185,331	127,294	185,331	127,294
Later than one year but not later than five years	741,324	148,509	741,324	148,509
Later than five years	185,331	-	185,331	-
	<u>1,111,986</u>	<u>275,803</u>	<u>1,111,986</u>	<u>275,803</u>

The Group has entered into a commercial property lease on its corporate office premises. The non-cancellable lease expires 1 July 2013. The lease includes a clause to enable an upward revision of rental charge on an annual basis of either a fixed percentage increase or market review according to prevailing market conditions.

**(iii) Bank Guarantees**

At 30 September 2007 the Group has outstanding \$97,396 (2006: \$31,000) as a current guarantee provided by the bank for corporate office lease.

**(iv) 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 2007

### 20. 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 – non executive	
Brett T Lambert	Managing Director	(appointed September 2007)
Brian D Richardson	Executive director	
Frank DeMarte	Executive director	
Rick W Crabb	Non Executive director	(resigned June 2007)
Malcolm J Randall	Non Executive director	

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 interests 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 2007****20. DIRECTORS AND EXECUTIVES DISCLOSURE (continued)****(c) Compensation of Key Management Personnel**

Director		Short-Term		Post Employment	Share Based Payment	Long Term	Total	% Remuneration
		Salary & Fees	Consultancy Fees	Superannuation	Equity Options	Other		Consisting of Options for the Year
Philip G Crabb	2007	95,121	13,073	48,333	37,800	-	194,327	19%
Chairman (1)	2006	126,000	-	34,000	-	-	160,000	-
Brett T Lambert	2007	115,288	-	10,376	486,465	-	612,129	79%
(2)	2006	-	-	-	-	-	-	-
Managing Director								
F DeMarte	2007	140,516	-	56,750	75,600	-	272,866	28%
Executive	2006	96,000	-	54,000	-	-	150,000	-
Director								
B D Richardson(3)	2007	71,999	41,660	78,946	75,600	-	268,205	28%
Executive	2006	65,200	45,830	34,800	-	-	145,830	-
Director								
R W Crabb	2007	24,092	-	9,042	-	-	33,134	-
Non Executive	2006	41,300	-	3,700	-	-	45,000	-
Director								
M JR Randall	2007	1,500	29,684	13,500	37,800	-	82,484	46%
Non Executive	2006	36,696	-	5,000	-	-	41,696	-
Director								
Totals	2007	448,516	84,417	216,947	713,265	-	1,463,145	49%
	2006	365,196	45,830	131,500	-	-	542,526	-

(1) Drilling services totalling \$13,073 (2006 - \$13,692) were paid to Ragged Range Mining Pty Ltd, a company in which Mr P G Crabb is a director and shareholder. These services were provided under normal commercial terms and conditions.

(2) Mr Brett T Lambert was appointed Managing Director on 28 September 2007.

(3) Geological and consulting services totalling \$41,660 (2006 - \$45,830) 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	
	2007	2006
	\$	\$
Short Term	532,933	411,026
Post Employment	216,947	131,500
Share Based Payments	713,265	-
Long Term	-	-
	1,463,145	542,526

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****20. 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 2007	Balance 1 October 2006	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 September 2007
P G Crabb	17,718,514	-	825,000	(1,300,000)	17,243,514
Brett T Lambert (1)	-	-	-	-	-
B D Richardson	1,036,581	-	-	-	1,036,581
F DeMarte	1,454,726	-	-	-	1,454,726
R W Crabb (2)	2,128,330	-	150,000	(1,250,000)	1,028,330
M J Randall	237,300	-	-	-	237,300
Total	22,575,451	-	975,000	(2,550,000)	21,000,451

(1) Mr Brett T Lambert was appointed Managing Director in September 2007.

(2) Mr Rick W Crabb resigned in June 2007.

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

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)**

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

30 September 2007	Balance at beginning of period 1 October 2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 September 2007	Vested at 30 September 2007		
						Total	Exercisable	Not Exercisable
P G Crabb	1,325,000	250,000	(825,000)	-	750,000	750,000	750,000	-
B T Lambert (1)	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
B D Richardson	850,000	500,000	-	(150,000)	1,200,000	1,200,000	1,200,000	-
F DeMarte	1,250,000	500,000	-	(550,000)	1,200,000	1,200,000	1,200,000	-
R W Crabb (2)	400,000	-	(150,000)	(100,000)	150,000	150,000	150,000	-
M R Randall	400,000	250,000	-	(100,000)	550,000	550,000	550,000	-
Total	4,225,000	3,500,000	(975,000)	(900,000)	5,850,000	5,850,000	5,850,000	-

(1) Mr Brett T Lambert was appointed Managing Director in September 2007.

(2) Mr Rick W Crabb resigned in June 2007.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****20. DIRECTORS AND EXECUTIVES DISCLOSURE (continued)****(f) Optionholdings of Key Management Personnel (Consolidated and Parent Entity) (continued)**

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	Vested at 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	-

**(g) Compensation Options Granted and Vested During the Year**

During the financial year options were options granted as equity compensation benefits to key management personnel. The options were issued at no consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the equity at the exercise price. There were no compensation options granted or vested to key personnel during 2006.

30 September 2007	Vested	Granted	Terms and Conditions for each Grant					
	Number	Number	Grant Date	Fair Value per option (\$) (Note 22)	Exercise Price per option (\$) (Note 22)	Expiry Date	First Exercise Date	Last Exercise Date
P G Crabb	250,000	250,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
B T Lambert	1,000,000	1,000,000	3/05/2007	\$0.238	\$0.50	31/05/2010	3/05/2007	31/05/2010
B T Lambert	1,000,000	1,000,000	3/05/2007	\$0.248	\$0.68	31/05/2011	3/05/2007	31/05/2010
B D Richardson	500,000	500,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
F DeMarte	500,000	500,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
M R Randall	250,000	250,000	1/03/2007	\$0.151	\$0.50	28/02/2010	1/03/2007	28/02/2010
Total	3,500,000	3,500,000						

Consolidated		Parent Entity	
2007	2006	2007	2006
\$	\$	\$	\$

**21. 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	39,200	23,890	39,200	23,890
• Other services in relation to the consolidated entity	-	920	-	920



**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****22. SHARE BASED PAYMENTS****(a) Type of share based payment plan***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 or 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.

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

**(b) Summary of options granted**

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

	<b>Number 2007</b>	<b>WAEP 2007 \$</b>	<b>Number 2006</b>	<b>WAEP 2006 \$</b>
Outstanding at the beginning of the year	36,821,000	0.39	16,751,000	0.60
Granted during the year	4,260,000	0.55	20,550,000	0.22
Lapsed during the year	(1,521,000)	0.44	(100,000)	0.22
Exercised during the year	(6,481,780)	0.23	(380,000)	0.22
Outstanding at the end of the year	33,078,220	0.44	36,821,000	0.39
Exercisable at the end of the year	32,518,220	0.44	36,821,000	0.39

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****22. SHARE BASED PAYMENTS (continued)**

The outstanding balance as at 30 September 2007 is represented by:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Exercise price of options</b>	<b>Number of options</b>
3 December 2003	20 November 2007	\$0.655	11,000,000
1 April 2003	28 March 2008	\$0.325	1,095,000
27 February 2004	26 February 2009	\$0.675	1,970,000
31 May 2005	31 May 2009	\$0.22	350,000
12 April 2006	12 April 2009	\$0.40	2,500,000
7 July 2006	30 June 2009	\$0.19	12,103,220
15 February 2007	28 February 2010	\$0.55	200,000
1 March 2007	28 February 2010	\$0.50	1,500,000
3 May 2007	31 May 2010	\$0.50	1,000,000
3 May 2007	31 May 2011	\$0.68	1,000,000
1 August 2007	30 June 2011	\$0.52	360,000
<b>Total</b>			<b>33,078,220</b>

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

**(c) Weighted average remaining contractual life**

The weighted average remaining contractual life for the share options outstanding as at 30 September 2007 is 1.26 years (2006 – 2.11 years).

**(d) Range of exercise price**

The range of exercise prices for options outstanding at the end of the year was \$0.19 to \$0.68 (2006 - \$0.19 to \$0.68).

**(e) Weighted average fair value**

The weighted average fair value of options granted during the year was \$0.20 (2006 - \$0.06)

**(f) Options pricing model**

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 years ended 30 September 2007 and 30 September 2006.

	<b>2007 (52 cent options)</b>	<b>2007 (55 cent options)</b>	<b>2007 (50 cent options)</b>	<b>2007 (50 cent options)</b>	<b>2007 (68 cent options)</b>
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	82.0	85.9	83.5	81.05	81.05
Risk-free interest rate (%)	6.27	6.07	6	6.11	5.99
Expected life of the option (years)	4	3	3	3	4
Option exercise price (\$)	0.52	0.55	0.50	0.50	0.68
Weighted average share price at grant date (\$)	0.49	0.45	0.41	0.585	0.585

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007**

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

**23. RELATED PARTY DISCLOSURES****(a) Directors**

Fees paid in the normal course of business in 2007 for drilling services, camp maintenance and other services totalling \$13,073 (2006 - \$13,692) were paid/payable (balance outstanding at 30 September 2007) and included in trade creditors \$Nil (2006 - \$290) to a company of which Mr Philip Crabb is a director and shareholder.

Fees paid in the normal course of business in 2007 for geological and consulting services totalling \$41,660 (2006 - \$45,830) were paid/payable (balance outstanding at 30 September 2007) and included in trade creditors \$Nil (2006 - \$4,166) to a company of which Mr Brian Richardson is a director and shareholder.

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

There were no loans to key management personnel and their related entities during the year.

**(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 2007 consists of loans advanced by the Company totalling \$285,373. The loan provided above is unsecured, interest free and has no fixed term of repayment. There were no repayments made during the year.

**24. INTEREST IN JOINT VENTURES**

The Company has interests in several joint ventures as follows:

Joint Venture	Principal Activities	Percentage Interest		Expenditure capitalised at 30 September 2007	Expenditure capitalised at 30 September 2006
		2007	2006	\$	\$
Unincorporated					
East Kimberley JV	Nickel/Copper	40%	Diluting to 40%	1,095,179	1,157,314
Copernicus/Salk ML JV	Nickel/Copper	40%	40%	1,108,106	1,085,927
Lamboo JV	Nickel/Copper	80%	Earning to 80%	191,556	128,072
				2,394,841	2,343,241

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2007****25. FINANCIAL INSTRUMENTS**

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

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, except for other financial assets which have been sold for working capital purposes. 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:

2007	Fixed Interest Rate Maturing				
	Floating Interest Rate \$	1 year or less \$	Over 1-5 years \$	Non interest bearing \$	Total \$
<b>Consolidated</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	104,934	2,709,576	-	-	2,814,510
Trade and other receivables	-	127,581	-	140,276	267,857
Other financial assets	-	-	-	28,573,089	28,573,089
Total Financial Assets	104,934	2,837,157	-	28,713,365	31,655,456
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	(161,401)	(161,401)
Total Financial Liabilities	-	-	-	(161,401)	(161,401)
Net Financial Assets/(Liabilities)	104,934	2,837,157	-	28,551,964	31,494,055
Weighted Average Interest Rate	4.40%	6.88%			

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 SEPTEMBER 2007

**25. FINANCIAL INSTRUMENTS (continued)**

2006	Fixed Interest Rate Maturing				
	Floating Interest Rate \$	1 year or less \$	Over 1-5 years \$	Non interest bearing \$	Total \$
<b>Consolidated</b>					
<b>Financial Assets</b>					
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	-	-	-	5,339,556	5,339,556
Total Financial Assets	116,510	2,716,253	-	5,381,666	8,214,429
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	(289,634)	(289,634)
Total Financial Liabilities	-	-	-	(289,634)	(289,634)
Net Financial Assets/(Liabilities)	116,510	2,716,253	-	5,092,032	7,924,795
Weighted Average Interest Rate	4.30%	5.50%			

Reconciliation of net financial assets/ (liabilities) to net assets	Consolidated	
	2007 \$	2006 \$
Net Financial Assets/(Liabilities) as above	31,494,055	7,924,795
Plant, Equipment and Vehicles	258,770	216,676
Exploration & Evaluation Expenditure	7,550,037	5,773,054
Provisions	(111,479)	(118,662)
Deferred tax assets	5,718,206	-
Deferred tax liability	(9,718,606)	-
Net Assets per Balance Sheet	35,190,983	13,795,813

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

*(a) 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.

*(b) 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 2007

### 26. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year, 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 2007 Financial report:

#### *Copernicus Co-Existence Agreement*

On 14 November 2007 the Company and joint venture partner Sally Malay Mining Limited signed a Co-Existence Agreement with the Malarngowem people, Traditional Owners of the Copernicus Project area. The Copernicus Co-Existence Agreement paves the way for granting of a Mining Lease and the establishment of mining operations, whilst ensuring the values of the Traditional Owners are recognised and respected. Subject to the receipt of statutory approvals, open pit mining is scheduled to commence at Copernicus in mid 2008. Nickel ore will be trucked to the nearby Sally Malay plant for processing.

#### *Acquisition of Tenement*

On 13 November 2007 the Company issued 106,383 ordinary fully paid shares at an issue price of 47 cents per share in the capital of the Company to acquire a tenement (EL25414) located in the Northern Territory in accordance with an Option Agreement dated 18 October 2007 between the Company, Element 92 Pty Ltd and Imperial Granite and Minerals Pty Ltd.

#### *Acquisition of Uranium Rights*

On 30 November 2007 the Company issued 4.5 million ordinary fully paid shares in the capital of Thundelarra together with 4.5 million options exercisable at 45 cents each to GBS Gold Holdings Pty Ltd to acquire a 70% joint venture interest and secure the exclusive right to explore for uranium on over 2,500 square kilometres within the highly prospective Pine Creek Orogen in the Northern Territory of Australia pursuant to the Pine Creek Tenements Uranium Exploration Agreement dated 17 September 2007.

### 27. CONTINGENT LIABILITIES

The consolidated entity is not aware of any contingent liabilities which existed as at the end of the financial year or have arisen as at the date of this report.



## DIRECTOR'S 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 2007 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 2007.

On behalf of the Board



**BRETT T LAMBERT**  
**Managing Director**

21 December 2007  
Perth, Western Australia

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THUNDELARRA EXPLORATION LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Thundelarra Exploration Limited, which comprises the balance sheet as at 30 September 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2 (b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards, but that the financial report of the Company does not comply.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

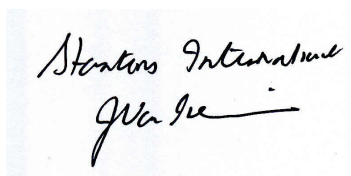
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Auditor's Opinion*

In our opinion:

- (a) the financial report of Thundelarra Exploration Limited is 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 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 2 (b).

#### **STANTONS INTERNATIONAL (An Authorised Audit Company)**



**J P Van Dieren**  
Director

West Perth, Western Australia  
21 December 2007

21 December 2007

Board of Directors  
Thundelarra Exploration Limited  
Level 3, IBM Building  
1060 Hay Street  
WEST PERTH WA 6005

Dear Directors

**RE: THUNDELARRA EXPLORATION LIMITED**

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 Limited.

As Audit Director for the audit of the financial statements of Thundelarra Exploration Limited for the year ended 30 September 2007, 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 18 December 2007 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 Quoted Options
1 – 1,000	180	2
1,001 – 5,000	573	21
5,001 – 10,000	444	24
10,001 – 100,000	888	90
100,001 and over	135	22
Total	2,220	159

There were 283 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	16,880,289	14.95
Norilsk Nickel Australia Pty Ltd	7,800,000	6.91
Fortis Clearing Nominees P/L Settlement A/C	6,269,018	5.55
National Nominees Limited	5,559,540	4.93
GBS Gold Holdings Pty Ltd	4,500,000	3.99
ANZ Nominees Limited Cash Income A/C	2,526,940	2.24
Sally Malay Mining Limited	2,500,000	2.21
Mr Clive Anthony Rutherford Mrs Pamela Anne Rutherford	2,100,000	1.86
Mr Frank DeMarte	1,454,726	1.29
Mr Brian Richardson	1,036,581	0.92
Mr Rick Crabb	1,000,000	0.89
Dahele Pty Ltd	950,000	0.84
Mr Trevor George Brookes	784,000	0.69
Jatig Investments Pty Ltd Jatig S/F A/C	750,000	0.66
Gurravembi Investments Pty Ltd	640,992	0.57
Berne No 132 Nominees Pty Ltd 224266 A/C	600,000	0.53
Merrill Lynch (Australia) Nominees Pty Limited	535,527	0.47
Arkman Pty Limited S & L Turner S/F A/C	525,000	0.47
Mr Robert Gray Mrs Dawn Thais Gray The Gray Super Fund A/C	500,000	0.44
Mr Jeffrey Arthur Liddell Mrs Terri Anne Liddell	500,000	0.44
Total	57,412,613	50.85

**ASX ADDITIONAL INFORMATION (continued)**

(b) Options expiring 30 June 2009

<b>Name</b>	<b>Number of Options Held</b>	<b>%</b>
Fortis Clearing Nominees P/L Settlement A/C	3,515,608	29.61
Gurravembi Investments Pty Ltd Super Fund A/C	1,000,000	8.42
Merrill Lynch (Australia) Nominees Pty Limited	543,175	4.57
PM-Tec Pty Ltd	250,000	2.11
Mr Peter Rockey	200,000	1.68
David Wellacott	200,000	1.68
David Wellacott	200,000	1.68
Mr Martin Leigh Jones	160,000	1.35
Mr Robert Francis Reinkowsky Mrs Shahn Lee Reinkowsky	160,000	1.35
Calibrate Australia Pty Ltd Calibrate Staff S/F A/C	151,700	1.28
Mr Daniel Chris Pernechele	151,500	1.28
Mrs Jane Helena Evelyn Pilgrim	150,000	1.26
West Coast Projects Pty Ltd	140,000	1.18
Custodial Services Limited	135,400	1.14
Mr Marek Kozlowski	130,000	1.09
Forbar Custodians Limited Forsyth Barr Ltd-Nominee A/C	128,000	1.08
Koobee Pty Ltd I D Bieske Family A/C	120,000	1.01
Mr Peter Ernst-Russell	120,000	1.01
Berne No 132 Nominees Pty Ltd 224266 A/C	115,000	0.97
Mr Paul Gallash	110,000	0.93
<b>Total</b>	<b>7,680,383</b>	<b>64.68</b>

**3. SUBSTANTIAL SHAREHOLDERS**

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

<b>Name</b>	<b>Number of Shares Held</b>	<b>%</b>
Ragged Range Mining Pty Ltd & Associates	16,880,289	14.95
Norilsk Nickel Australia Pty Ltd	7,800,000	6.91

**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**

<b>Tenement Number and Type</b>	<b>Tenement Name</b>	<b>Holder/ Applicant</b>	<b>Interest (%)</b>	<b>Status</b>
<b>EAST KIMBERLEY</b>				
E80/2572	Billymac Yard	THX	100	Granted 23/07/02
E80/3705	Black Hills	THX/BRW	40/60	Granted 08/08/07
E80/3233	Bow River	THX	100	Granted 16/08/04
E80/2827	Bow River West	THX/BRW	40/60	Granted 07/10/02
E80/3571	Carola Valley	THX	100	Granted 07/06/06
E80/3525	Cattle Creek East	THX	100	Granted 22/08/06
ELA80/3854	Central Gibb	THX	100	Pending (applied 12/01/07)
MLA80/540	Copernicus	THX/SMY	40/60	Pending (applied 16/06/03)
E80/2635	Corkwood North	THX/BRW	40/60	Granted 23/05/02
ELA80/3874	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
ELA80/3875	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
ELA80/3876	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
ELA80/3877	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1621	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1622	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1623	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1624	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1625	Corkwood North	THX/BRW	40/60	Pending (applied 08/02/07)
MLA80/604	Corkwood North	THX/BRW	40/60	Pending (applied 08/09/05)
MLA80/605	Corkwood North	THX/BRW	40/60	Pending (applied 08/09/05)
MLA80/606	Corkwood North	THX/BRW	40/60	Pending (applied 08/09/05)
MLA80/607	Corkwood North	THX/BRW	40/60	Pending (applied 08/09/05)
MLA80/608	Corkwood North	THX/BRW	40/60	Pending (applied 08/09/05)
E80/2607	Corkwood South	THX/BRW	40/60	Granted 23/05/02
ELA80/3873	Corkwood South	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1618	Corkwood South	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1619	Corkwood South	THX/BRW	40/60	Pending (applied 08/02/07)
PLA80/1620	Corkwood South	THX/BRW	40/60	Pending (applied 08/02/07)
MLA80/601	Corkwood South	THX/BRW	40/60	Pending (applied 08/09/05)
MLA80/602	Corkwood South	THX/BRW	40/60	Pending (applied 08/09/05)
MLA80/603	Corkwood South	THX/BRW	40/60	Pending (applied 08/09/05)
E80/3625	Corkwood West	THX	100	Granted 03/01/07
E80/2748	Dave Hill	THX/BRW	40/60	Granted 15/01/03



**ASX ADDITIONAL INFORMATION (continued)****TENEMENTS HELD (continued)**

<b>Tenement Number and Type</b>	<b>Tenement Name</b>	<b>Holder/ Applicant</b>	<b>Interest (%)</b>	<b>Status</b>
<b>EAST KIMBERLEY (continued)</b>				
E80/3503	Dougall Bore	THX	100	Granted 24/07/06
E80/3499	Edle West	THX	100	Granted 24/07/06
ELA80/3878	Eileen Bore	THX/BRW	40/60	Pending (applied 08/02/07)
E80/2716	Eileen Bore	THX/BRW	40/60	Granted 08/02/02
P80/1563	Eileen Bore	THX/BRW	40/60	Granted 16/02/07
MLA80/580	Eileen Bore	THX/BRW	40/60	Pending (applied 26/05/05)
MLA80/581	Eileen Bore	THX/BRW	40/60	Pending (applied 26/05/05)
MLA80/582	Eileen Bore	THX/BRW	40/60	Pending (applied 26/05/05)
MLA80/583	Eileen Bore	THX/BRW	40/60	Pending (applied 26/05/05)
MLA80/584	Eileen Bore	THX/BRW	40/60	Pending (applied 26/05/05)
E80/2865	Fletcher Creek	THX/BRW	40/60	Granted 07/10/02
E80/2878	Frank Hill	THX	100	Granted 13/12/04
ELA80/4065	Frank Hill East	THX	100	Pending (applied 11/10/07)
E80/2836	Frog Hollow	THX/BRW	40/60	Granted 04/07/03
E80/3573	Galway Valley	THX	100	Granted 07/06/06
ELA80/3671	Hensman	THX	100	Pending (applied 26/04/06)
E80/3323	Keller West	THX/BRW	40/60	Granted 25/07/05
E80/2867	Killarney	THX/BRW	40/60	Granted 04/03/03
E80/3704	Koondooloo	THX/BRW	40/60	Granted 08/08/07
E80/2601	Lamboo	THX	100	Granted 29/07/02
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)
ELA80/3861	Lamboo	THX	100	Pending (applied 22/01/07)
PLA80/1614	Lamboo	THX	100	Pending (applied 22/01/07)
E80/3364	Lamboo Sth	THX	100	Granted 16/05/05
E80/2559	Lamboo West	THX/GGM	80/20	Granted 06/03/03
P80/1549	Lodestone	THX	100	Granted 25/09/06
E80/2567	Lodestone South	THX/GGM	80/20	Granted 12/01/04
E80/2817	Mable Downs	THX/BRW	40/60	Granted 04/03/03
E80/2824	Mable West	THX/BRW	40/60	Granted 03/09/02
E80/2835	McKenzie Spring	THX/BRW	40/60	Granted 07/10/02
E80/3400	Mt Lush	THX	100	Granted 04/01/07
E80/2746	Nortons	THX/BRW	40/60	Granted 18/06/02
E80/3356	Ord East	THX	100	Granted 16/05/05
E80/2109	Ord River	THX	100	Granted 25/03/96
MLA80/522	Ord River	THX	100	Pending (applied 08/10/01)

**ASX ADDITIONAL INFORMATION (continued)****TENEMENTS HELD (continued)**

<b>Tenement Number and Type</b>	<b>Tenement Name</b>	<b>Holder/ Applicant</b>	<b>Interest (%)</b>	<b>Status</b>
<b>EAST KIMBERLEY (continued)</b>				
MLA80/523	Ord River	THX	100	Pending (applied 08/10/01)
ELA80/3858	Ord River	THX	100	Pending (applied 22/01/07)
PLA80/1613	Ord River	THX	100	Pending (applied 22/01/07)
E80/3355	Ord West	THX	100	Granted 16/05/05
E80/2290	Panton North	THX/KMN	80/20	Granted 24/06/98
ELA80/3800	Rosewood	THX	100	Pending (applied 21/11/06)
ELA80/3975	Rosewood East	THX	100	Pending (applied 18/06/07)
E80/2749	Sally Downs Well	THX/BRW	40/60	Granted 15/08/03
E80/3673	Sophie Downs	THX/BRW	90/10	Granted 05/02/07
E80/3572	Spinifex	THX	100	Granted 28/08/06
E80/3719	Springvale 1	THX	100	Granted 10/12/07
E80/3725	Springvale 6	THX	100	Granted 30/05/07
E80/3723	Springvale 8	THX	100	Granted 10/12/07
E80/4023	Springvale	THX	100	Granted 05/09/07
E80/3498	Togo 2	THX	100	Granted 24/07/06
E80/2574	Togo Nth	THX/GGM	80/20	Granted 27/10/03
E80/2866	Warmun	THX/BRW	60/40	Granted 16/05/03
P80/1583	White Rock Well	THX	100	Granted 25/05/07
<b>PILBARA</b>				
E47/1304	Pyramid	THX	100	Granted 23/01/06
E47/1305	Pyramid	THX	100	Granted 21/02/06
E47/1467	Pyramid	THX	100	Granted 23/01/06
E45/2611	Red Rock	THX/DEG	20/80	Granted 08/11/05
ELA45/2695	Runton	THX	100	Pending (applied 03/12/04)
<b>YILGARN</b>				
E77/1204	Jilbadji	THX	100	Granted 02/03/07
<b>PEAK HILL</b>				
ELA52/1940	Kunderong	THX	100	Pending (applied 20/03/06)
E52/1909	Paradise	THX	100	Granted 04/08/06
ELA52/1890	Tunnel Creek	CULLEN	100 <sup>1</sup>	Pending (applied 26/07/05)
ELA52/1891	Tunnel Creek	CULLEN	100 <sup>1</sup>	Pending (applied 26/07/05)
ELA52/1892	Tunnel Creek	CULLEN	100 <sup>1</sup>	Pending (applied 26/07/05)
<b>GASCOYNE</b>				
E09/1342	Glenburgh	THX	100	Granted 18/05/07
E09/1341	Mt Phillips	THX	100	Granted 04/05/07
E09/1340	Kennedy Range	THX	100	Granted 18/05/07

**ASX ADDITIONAL INFORMATION (continued)****TENEMENTS HELD (continued)**

<b>Tenement Number and Type</b>	<b>Tenement Name</b>	<b>Holder/ Applicant</b>	<b>Interest (%)</b>	<b>Status</b>
<b>QUEENSLAND</b>				
EPM15852	Clarke River East	THX	100	Pending (applied 24/08/06)
EPM15853	Clarke River West	THX	100	Pending (applied 24/08/06)
EPM15849	Gregory Range	THX	100	Granted 24/08/06
<b>SOUTH AUSTRALIA</b>				
EL3778	William Creek	THX	100	Granted 17/05/07
<b>NORTHERN TERRITORY</b>				
EL10043	Brumby Gap	EARTHROWL, WHITE, DOUGLAS	100 <sup>2</sup>	Granted 05/09/02
EL10167	Frances Creek	EARTHROWL, WHITE, DOUGLAS	100 <sup>2</sup>	Granted 05/09/02
EL25553	Hayes Creek	THX	100	Granted 24/07/07
EL24561	Mt Wedge	ALZ	100 <sup>3</sup>	Pending (applied 25/01/05)
EL25734	Rosewood NT	THX	100	Granted 27/09/07
EL26024	McKinlay River	THX	100	Pending (applied 10/04/07)
EL25778	Angela	THX/ALZ	50/50	Pending (applied 7/12/06)
<b>ELEMENT 92 PTY LTD</b>				
EL25414	Dashwood	Element 92	100	Granted 26/06/07
EL25637	Illamurta	Element 92	100	Granted 16/07/07
EL25334	Jabangardi Hill	Element 92	100	Pending (applied 27/04/06)
EL25868	Mary River	Element 92	100	Granted 27/09/07
EL25283	Walbiri Range	Element 92	100	Pending (applied 24/04/06)
EL25556	Waite Bore	Element 92	100	Granted 23/08/07

1. THX earning 70%.
2. THX option to acquire 100%
3. THX acquiring 100%

**Key to Tenement Type:**

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

## ASX ADDITIONAL INFORMATION (continued)

### Key to Parties:

BRW	=	Breakaway Resources Pty Ltd
GGM	=	Great Gold Mines NL
THX	=	Thundelarra Exploration Ltd
KMN	=	Kimberley Mining NL
CULLEN	=	Cullen Exploration Pty Ltd
ELEMENT 92	=	Element 92 Pty Ltd
ALZ	=	Aldershot Resources Ltd
SMY	=	Sally Malay Mining Ltd
DEG	=	De Grey Mining Ltd



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