

ASX ANNOUNCEMENT

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THUNDELARRA EXPLORATION

COPERNICUS NICKEL PROJECT FINANCIAL ANALYSIS

Thundelarra has updated its financial model for the Copernicus Nickel Project incorporating the rates from recently awarded mining and construction contracts. Thundelarra's share of cash flow from mining of the initial reserve, net of all establishment and operating costs, has been estimated at \$28.1 million dollars over four years.

Last month contracts were awarded for open pit mining, ore haulage and construction of the haul road at Copernicus. These contracts cover 41% of estimated expenditure for the open pit phase of the project. Thundelarra has updated the Company's financial model by replacing feasibility study estimates with contract rates and schedules. The contract rates are marginally below feasibility study estimates. However it should be noted that other costs in the model are based on April 2007 feasibility study assumptions which have not been assessed for potential escalation.

Metal price and foreign exchange forecasts have been taken from the Commodity Price Review published by Merrill Lynch on 7 March 2008. Financial results are summarised in the table below. Details of key assumptions are provided over page.

Copernicus Financial Analysis – THX 40% Share			
	Open Pit	Underground	Open Pit & Underground
Base Case			
Cash Cost	US\$5.54/lb	US\$6.84/lb	US\$6.16/lb
Total Cost	US\$6.67/lb	US\$7.88/lb	US\$7.25/lb
Cash Flow	A\$18.7 M	A\$9.4 M	A\$28.1 M
NPV @ 8%	A\$16.0 M	A\$6.6 M	A\$22.6 M

An alternative scenario has been modelled to examine the potential impact of improved processing performance. If metallurgical performance matched that achieved on Sally Malay ore, net cash flow and NPV would increase to \$41.5 and \$34.4 million respectively. However, whilst every effort will be made to optimise plant performance, there is no certainty that any improvement over feasibility study assumptions will be achieved.

The Copernicus Nickel Project is a joint venture between Thundelarra (40%) and Sally Malay Mining Limited (60%) with Copernicus Nickel Mines Pty Ltd as operator. Open pit mining is scheduled to start in June 2008 subject to receipt of final statutory approvals.

Copernicus Financial Analysis – Key Assumptions

Mining Reserves

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
Total	784,000	1.1	0.67	0.05	8,520	5,260	360

The Joint Venture has not yet committed to the underground phase of the project. A decision on underground development will be considered during the fourth quarter of 2008.

Process Parameters

Copernicus ore will be processed at the existing Sally Malay mill. Alternate batches of Copernicus and Sally Malay ore will be treated. The feasibility study assumed that on average 25% of mill operating time would be allocated to treatment of Copernicus ore.

In the Base Case mill throughput of 100 tonnes of Copernicus ore per hour (tph) was assumed. Metallurgical recoveries were derived from laboratory test work carried out on drill core and in the Base Case averaged 76.5% for nickel, 90% for copper and 73.8% for cobalt.

The alternative model adopted a throughput rate for Copernicus ore of 120 tph (approximately one million tonnes per annum) with recoveries of 89%, 96% and 93% for nickel, copper and cobalt respectively, in line with reported recoveries for Sally Malay ore.

It should be noted that whilst Sally Malay feasibility study recoveries were similar to Copernicus feasibility study recoveries, it cannot be implied that Copernicus ore will perform in a similar fashion during full scale processing as there are a range of factors that affect metallurgical performance. Metallurgical performance of any ore at full scale production can vary positively or negatively relative to parameters derived from laboratory scale test work.

Metal Price and Exchange Rate Assumptions

Metal price and foreign exchange forecasts have been taken from the Commodity Price Review published by Merrill Lynch on 7 March 2008.

In the Base Case the nickel price averaged US\$13.00/lb, the copper price US\$3.26/lb with US\$37.17/lb for cobalt. The average exchange rate was 0.8032 US\$/A\$. For the enhanced processing alternative, nickel, copper and cobalt prices averaged US\$13.31, US\$3.35 and US\$43.04/lb respectively with an average exchange rate of 0.8085 US\$/A\$.

Cost Calculation

Cash and total costs are expressed as US\$ per pound of nickel payable by the smelter after crediting copper and cobalt revenue. The existing open pit and underground mining reserve has been estimated to yield 9.7 million pounds of payable nickel in the Base Case.

The details contained in this report that pertain to ore and mineralisation are based upon information compiled by Mr Brian Richardson, a full-time employee of the Company. Mr Richardson is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Richardson consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.