

THUNDELARRA EXPLORATION LTD

ACN 085 782 994

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

26 February 2010

Time of Meeting

10.00 am WDT

Place of Meeting

The President's Room
The Celtic Club
48 Ord Street, West Perth
Western Australia

THUNDELARRA EXPLORATION LTD
ACN 085 782 994

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Thundelarra Exploration Ltd ACN 085 782 994 ("**Company**") will be held at the President's Room, The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 26 February 2010 at 10.00 am WDT for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

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

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

AGENDA

BUSINESS

Financial Reports

To receive the Financial Statements of the Company for the year ended 30 September 2009.

Resolution 1 – Remuneration Report

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

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

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

Resolution 2 – Re-election of Mr Frank DeMarte as a Director

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

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

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

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

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Philip G Crabb (or his nominee or nominees) 1,000,000 Incentive Options for no consideration, each with an exercise price being a premium of 45% to the VWAP of the Shares (rounded up to the nearest cent) on ASX on the 5 trading days prior to the date of this Meeting and an expiry date of 25 February 2015, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

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

Resolution 4 - Approval to Grant Incentive Options to a Director – Mr Brett T Lambert

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

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Brett T Lambert (or his nominee or nominees) 2,000,000 Incentive Options for no consideration, each with an exercise price being a premium of 45% to the VWAP of the Shares (rounded up to the nearest cent) on ASX on the 5 trading days prior to the date of this Meeting and an expiry date of 25 February 2015, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

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

Resolution 5 - Approval to Grant Incentive Options to a Director – Mr Frank DeMarte

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

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

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Frank DeMarte (or his nominee or nominees) 1,500,000 Incentive Options for no consideration, each with an exercise price being a premium of 45% to the VWAP (rounded up to the nearest cent) of the Shares on the ASX on the 5 trading days prior to the date of this Meeting and an expiry date of 25 February 2015, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

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

Resolution 6 – Approval to Grant Incentive Options to a Director – Mr Brian D Richardson

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

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Brian D Richardson

(or his nominee or nominees) 1,500,000 Incentive Options for no consideration, each with an exercise price being a premium of 45% to the VWAP of the Shares (rounded up to the nearest cent) on the ASX on the 5 trading days prior to the date of this Meeting and an expiry date of 25 February 2015, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

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

Resolution 7 – Approval to Grant Incentive Options to a Director – Mr Malcolm J Randall

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

"That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Malcolm J Randall (or his nominee or nominees) 750,000 Incentive Options for no consideration, each with an exercise price being a premium of 45% to the VWAP (rounded up to the nearest cent) of the Shares on the ASX on the 5 trading days prior to the date of this Meeting and an expiry date of 25 February 2015, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 7 by Mr Malcolm J Randall and any associate of Mr Malcolm J Randall. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf of Mr Malcolm J Randall or an associate of Mr Malcolm J Randall.

Resolution 8 – Increase in Aggregate Amount of Directors' Fees

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

"That, pursuant to and in accordance with Listing Rule 10.17 and for all other purposes, the maximum aggregate Directors' fees payable to non-executive Directors be increased from \$200,000 per annum to \$400,000 per annum."

The Company will disregard any votes cast on Resolution 8 by a Director of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

By order of the Board



Frank DeMarte
Company Secretary

Dated: 19 January 2010

PROXIES

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

Post to:

Computershare Investor Services Pty Ltd
GPO Box 242
MELBOURNE VIC 3001

Deliver to:

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000

Or by facsimile on:

1800 783 447 (within Australia)

+61 8 9473 2555 (outside Australia)

Entitlement to vote

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that Shareholders holding Shares at 5.00 pm Western Standard Time on 24 February 2010 will be entitled to attend and vote at the Annual General Meeting.

Corporations

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

THUNDELARRA EXPLORATION LTD
ACN 085 782 994

EXPLANATORY MEMORANDUM

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

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

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

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

Financial Report

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 September 2009 at this Annual General Meeting.

RESOLUTION 1 – REMUNERATION REPORT

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

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

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

The Remuneration Report is set out within the Directors' Report in the Company's Annual Financial Report for the year ended 30 September 2009. The report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and each senior executive of the Company ; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

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

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

RESOLUTION 2 - RE-ELECTION OF FRANK DEMARTE AS A DIRECTOR

Resolution 2 seeks approval for the re-election of Mr Frank DeMarte as a Director with effect from the end of the meeting.

Rule 13.2 of the Company's Constitution provides that at each Annual General Meeting one-third of the Directors (other than alternate Directors and the Managing Director) or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office.

Mr Frank DeMarte retires in accordance with this requirement, and offer himself for re-election as a Director.

RESOLUTIONS 3 TO 7 – APPROVAL TO GRANT INCENTIVE OPTIONS TO DIRECTORS

The Company proposes to grant a total of 6,750,000 Incentive Options to Messrs Philip G Crabb, Brett T Lambert, Frank DeMarte, Brian D Richardson, and Malcolm J Randall (together “**Participating Directors**”). The Incentive Options will have an exercise price being a premium of 45% to the VWAP of the Shares on ASX (rounded up to the nearest cent) on the 5 trading days prior to the date of this Meeting and an expiry date of 25 February 2015.

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

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

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

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

In the event the Incentive Options are exercised, then assuming an exercise price of \$0.74, which is a 45% premium to the VWAP (being \$0.51) of the Shares on ASX (rounded up to the nearest whole number) on the 5 trading days prior to the date of valuation of the Incentive Options, being 13 January 2010, the following amounts are payable to the Company by the Participating Directors, being the total exercise price in respect of the Incentive Options:-

Participating Director	Amount to be paid
Philip G Crabb	\$740,000
Brett T Lambert	\$1,480,000
Frank DeMarte	\$1,110,000
Brian D Richardson	\$1,110,000
Malcolm J Randall	\$555,000
Total	\$4,995,000

The Company will therefore receive \$4,995,000 from the Participating Directors should all the Incentive Options be exercised (assuming an exercise price of \$0.74).

The actual amount the Company will receive from the Participating Directors on exercise of the Incentive Options will depend on the actual exercise price of the Incentive Options which will be a 45% premium to

the VWAP of the Shares (rounded up to the nearest cent) on the 5 trading days prior to the date of the Meeting.

Shareholders should note that for reasons mentioned above, it is proposed to grant Incentive Options to two non-executive Directors (Messrs Philip G Crabb and Malcolm J Randall) notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* which provides that non-executive Directors should not receive options.

Related Party Transactions Generally

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

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

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

Resolutions 3 to 7 provide for the grant of Incentive Options to the Participating Directors of the Company which is a financial benefit which requires Shareholder approval.

INFORMATION REQUIREMENTS

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

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

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

Participating Director	Number of Options
Philip G Crabb	1,000,000
Brett T Lambert	2,000,000
Frank DeMarte	1,500,000
Brian D Richardson	1,500,000
Malcolm J Randall	750,000
Total	6,750,000

The nature of the financial benefit

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

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

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

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

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

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

Messrs Philip G Crabb, Brett T Lambert, Frank DeMarte and Brian D Richardson (who have no interest in the outcome of Resolution 7) recommend that Shareholders vote in favour of Resolution 7. Mr Malcolm J Randall declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him individually (or his nominee(s)).

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

- (i) Proposed Resolutions 3, 4, 5, 6 and 7 would have the effect of giving power to the Directors to grant a total of 6,750,000 Incentive Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 145,505,563 quoted Shares on issue and the following quoted and unquoted options:

Number of quoted options	Exercise Price	Expiry Date
8,897,945	\$0.20	29 March 2013

Number of unquoted options	Exercise Price	Expiry Date
200,000	\$0.55	28 February 2010
1,500,000	\$0.50	28 February 2010
1,000,000	\$0.50	31 May 2010
1,000,000	\$0.68	31 May 2011
360,000	\$0.52	30 June 2011
3,500,000	\$0.45	30 November 2010
350,000	\$0.47	31 December 2013
4,250,000	\$0.50	28 February 2013
400,000	\$0.39	3 April 2011
440,000	\$0.52	30 June 2012
350,000	\$0.11	31 December 2011
4,250,000	\$0.20	28 February 2014
910,000	\$0.32	30 September 2012

- (ii) If all Incentive Options granted as proposed above are exercised, and assuming the existing quoted and unquoted options on issue are not exercised, the effect would be to dilute the share holding of existing Shareholders by 4.4%. The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are

exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.

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

- (iii) The Participating Directors' base salaries per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of Options the subject of Resolutions 3, 4, 5, 6, and 7 (showing the impact of using a volatility assumption of 104% to calculate the value of the Incentive Options) are as follows:

Director	Base salary/fee p.a. (\$)	Value of Options * (\$)	Total Financial Benefit (\$)
Philip G Crabb	65,400	276,000	341,400
Brett T Lambert	321,509	552,000	873,509
Frank DeMarte	234,022	414,000	648,022
Brian D Richardson	237,837	414,000	651,837
Malcolm J Randall	54,500	207,000	261,500

* utilising a 104.2% volatility factor discussed in further detail below.

- (iv) Valuation of Options

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

Variable	Input
Share price	52.5 cents (being the market value of a Share as at 12 January 2010)
VWAP share Price	51 cents (being the VWAP of the Shares (rounded up to the nearest whole number) on the 5 trading days prior to the date of valuation, being 13 January 2010.
Exercise price	74 cents (being a 45% premium to the VWAP of the Shares on the 5 trading days prior to the date of valuation, being 13 January 2010.
Risk Free Interest Rate	4.99% (estimated, based on the 5 year Australian treasury bond rate as at 13 January 2010)
Volatility	104.2% (determined utilising the daily closing Share price of the Company over the preceding 12 month period). The effect of the valuation in using volatility factors of 40%, 60% and 80% are set out below.
Expiry date	25 February 2015.

The valuation date is as at 13 January 2010, although the Incentive Options will not be granted until after Shareholders approve the grant of the Incentive Options at this meeting.

The valuations reflected below do not necessarily represent the market value of the Incentive Options or the tax values for taxation purposes to the Option holder. The future value of the Incentive Options may be up or down on the values noted below as it will primarily depend on the future share price of a Share (for the next 5 years), and the time to expiry of the Incentive Options.

A discount factor of 30% has been applied for lack of negotiability of the Incentive Options.

Based on the above assumptions, the Company's advisers have calculated an indicative value of one Incentive Option to be granted to the Participating Directors to be 26 cents (based on a volatility assumption of 104% to calculate the value of the Incentive Options). Accordingly, the total value of the 6,750,000 Incentive Options to be granted to the Participating Directors is \$1,755,000.

Set out below is the valuation of an Incentive Option using volatility factors of 70%, 80% and 90%:

40% Volatility	60% Volatility	80% Volatility
11.8 cents	17.7 cents	22.7 cents

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

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

Director	Associates	Number of Shares	Number of 28/02/10 options (\$0.50)	Number of 31/05/10 options (\$0.50)	Number of 31/05/11 options (\$0.68)	Number of 28/02/14 options (\$0.20)	Number of 28/02/13 options (\$0.50)	Number of 29/03/13 options (\$0.20)
Philip G Crabb (Note 1)	Held personally Darkdale Pty Ltd Ioma Pty Ltd Ragged Range Mining Pty Ltd Crabb Superannuation Fund	- 2,337,125 5,044,763 14,338,393 1,365,018	250,000 - - - -	- - - - -	- - - - -	- - 750,000 - -	- - 1,000,000 - -	- 155,809 262,376 982,560 -
Brett T Lambert (Note 2)	Held personally BT & EM Lambert Family Account	- 713,949 -	- - -	1,000,000 - -	1,000,000 - -	- 1,000,000 -	- 1,000,000 -	- 197,984 -
Frank DeMarte (Note 3)	Held personally The DeMarte Family Trust The DeMarte Super Fund Grandeur Holdings Pty Ltd	175,000 1,337,125 1,236,254 31,063	- 500,000 - -	- - - -	- - - -	- 1,000,000 - -	- 1,000,000 - -	18,334 89,143 220,331 2,589
Brian D Richardson	Held personally	1,145,727	500,000	-	-	1,000,000	1,000,000	86,382
Malcolm J Randall (Note 4)	Renique Holdings Pty Ltd	437,500	250,000	-	-	500,000	500,000	29,167

Notes:

- 1: Philip G Crabb is a sole director of Ragged Range Mining Pty Ltd and holds 48% of the shares in that company. Mr Crabb is a director of Ioma Pty Ltd and Darkdale Pty Ltd and controls these companies. Mr Crabb is a trustee for and a beneficiary of the Crabb Superannuation Fund.
- 2: Brett T Lambert is a trustee for and a beneficiary of the BT & EM Lambert Family Account.
- 3: Frank DeMarte is a director of Grandeur Holdings Pty Ltd and holds 50% of the shares in that company. Mr DeMarte is a trustee for and a beneficiary of the DeMarte Family Trust and the DeMarte Family Superannuation Fund.
- 4: Renique Holdings Pty Ltd hold the Shares and options in the Company as trustee for the Randall Super Fund of which Malcolm J Randall and his wife, Carol Randall are beneficiaries.

- (vi) The following table gives details of the highest, lowest and latest price of the Shares trading on ASX over the past 12 months ending on 12 January 2010:

Security	Highest Price	Date of highest price	Lowest Price	Date of lowest price	Latest Price on 12 January 2009
Ordinary Shares	78 cents	14/10/2009	8.1 cents	9/03/2009	52.5 cents

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 3 to 7.

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

Listing Rule 10.11

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

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

- (a) the Options will be granted to Messrs Philip G Crabb, Brett T Lambert, Frank DeMarte, Brian D Richardson and Malcolm J Randall, who are all Directors, or their respective nominees;
- (b) the maximum number of Incentive Options to be granted to the Participating Directors, or their respective nominees, is 6,750,000 (the table below sets out the number of Incentive Options to be granted to each of the Participating Directors or his nominee(s));

Participating Director	Number of Options
Philip G Crabb	1,000,000
Brett T Lambert	2,000,000
Frank DeMarte	1,500,000
Brian D Richardson	1,500,000

Malcolm J Randall	750,000
Total	6,750,000

- (c) the Incentive Options will be granted on a date which will be no later than 1 month after the date of this Annual General Meeting or on such other date as approved by ASX;
- (d) the Incentive Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Incentive Options; and
- (f) the terms and conditions of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

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

RESOLUTION 8 – INCREASE IN DIRECTORS' FEES

Resolution 8 seeks shareholder approval for the purposes of Listing Rule 10.17 and for all other purposes, for the Company to be authorised to increase the aggregate amount of fees paid to Directors by \$200,000 from \$200,000 per annum to an aggregate amount of \$400,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) expected growth of the Company;
- (b) non-executive Directors fees may need to be increased to retain Directors;
- (c) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company; and
- (d) to remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

The maximum aggregate fees payable to Directors have not been increased since 15 February 2002 and the number of non-executive Directors has not increased. It is not intended to fully utilise the increased aggregate fees in the immediate future.

The remuneration of each Director for the year ended 30 September 2009 is detailed in the Company's 2009 Annual Report.

THUNDELARRA EXPLORATION LTD
ACN 085 782 994

GLOSSARY

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

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

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

"**Business Day**" means any day that ASX declares is a business day;

"**Company**" means Thundelarra Exploration Ltd ACN 085 782 994;

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

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

"**Explanatory Memorandum**" means this Explanatory Memorandum accompanying the Notice;

"**Incentive Option**" means an option to acquire a Share, the terms and conditions of which are set out in Annexure A to the Explanatory Memorandum;

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

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

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

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

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

"**Shareholder**" means a holder of Shares; and

"**VWAP**" means volume weighted average price; and

"**WST**" means Australian Western Standard Time.

THUNDELARRA EXPLORATION LTD
ACN 085 782 994

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS TO BE GRANTED TO THE DIRECTORS

The terms and conditions of the Options are:

1. Each Option will be issued for no consideration.
2. Each Option has an exercise price being a premium of 45% to the volume weighted average price (rounded up to the nearest cent) of a fully paid ordinary share ("**Share**") in the capital of Thundelarra Exploration Ltd ("**THX**") on the Australian Securities Exchange ("**ASX**") on the 5 days trading prior to 26 February 2010.
3. Each Option entitles the option holder ("**Option holder**") to subscribe for and be allotted one ("**Share**") in the capital of THX at the exercise price for the Option.
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 25 February 2015 ("**Expiry Date**") by completing a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by him and delivering it to the registered office of THX accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
5. The Options are not assignable or transferable without the prior written consent of the directors of THX and will not be quoted on the ASX.
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with THX's then issued Shares. THX will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
7. There are no participating rights or entitlements inherent in the Options and the Option holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. However, THX must ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced and the Option holder will be notified of the proposed issue at least 9 business days before the record date. This will give the Option holder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of THX prior to the Expiry Date, the rights of the Option

holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

9. If there is a pro rata issue (except a bonus issue) to THX shareholders, the exercise price of an Option will be reduced according to the following formula:

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

Where:

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

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

S = the subscription price for new Shares issued under the pro rata issue;

D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. If there is a bonus issue to THX shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Exercise Form and the exercise price in respect of the Option.

000001 000 THX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 10.00am (WDT) Wednesday 24 February 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

View the annual report:

www.thundelarra.com

Update your securityholding 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is: SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Thundelarra Exploration Ltd hereby appoint

☐ the Chairman of the Meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Thundelarra Exploration Ltd to be held at the President's Room, The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 26 February 2010 at 10.00am (WDT) and at any adjournment of that meeting.

Important for Resolution 3: If the Chairman of the Meeting is your nominated proxy or may be appointed by default, and you have not directed him/her how to vote on Resolution 3 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 3 and your votes will not be counted in computing the required majority if a poll is called on Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of Resolution 3 and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business

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

	For	Against	Abstain
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Frank DeMarte as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to Grant Incentive Options to a Director - Mr Philip G Crabb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval to Grant Incentive Options to a Director - Mr Brett T Lambert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval to Grant Incentive Options to a Director - Mr Frank DeMarte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval to Grant Incentive Options to a Director - Mr Brian D Richardson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval to Grant Incentive Options to a Director - Mr Malcolm J Randall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Increase in Aggregate Amount of Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date