



ABN 74 950 465 654

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 MARCH 2010**

THUNDELARRA EXPLORATION LTD

ABN 74 950 465 654

INTERIM FINANCIAL REPORT – 31 MARCH 2010

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THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CORPORATE DIRECTORY

DIRECTORS

Philip G Crabb	(Chairman)
Brett T Lambert	(Managing Director)
Frank DeMarte	(Executive Director)
Brian D Richardson	(Executive Director)
Malcolm J Randall	(Non Executive Director)

COMPANY SECRETARY

Frank DeMarte

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS**

Suite 2
Level 3, IBM Building
1060 Hay Street
WEST PERTH WA 6005

Telephone: (08) 9321 9680
Facsimile: (08) 9321 9670

Email: perth@thundelarra.com

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

AUDITORS

Stantons International
Level 1, 1 Havelock Street
WEST PERTH WA 6005

SOLICITORS

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").

Home Exchange: Perth, Western Australia

ASX CODES

THX, THXO

WEB

www.thundelarra.com

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

DIRECTORS' REPORT

Your directors present financial statements for the half year ended 31 March 2010.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this report are:

Philip G Crabb	(Chairman)
Brett T Lambert	(Managing Director)
Frank DeMarte	(Executive Director)
Brian D Richardson	(Executive Director)
Malcolm J Randall	(Non-Executive Director)

RESULT

The consolidated entity incurred an after tax operating profit for the half year ended 31 March 2010 of \$14,563,134 (half year ended 31 March 2009 loss: \$7,218,173).

PRINCIPAL ACTIVITY

The principal activities of the consolidated entity during the financial half year were in the exploration for mineral resources in Australia.

REVIEW OF OPERATIONS

During the period, the Company continued its exploration activities in Australia and disposed of its shares held in United Minerals Corporation Limited.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements, that have significantly, or may significantly affect, the state of the affairs or the operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2010 Financial Report:

(1) Exercise of Options

- (a) In April 2010, 2,701 quoted options exercisable at 20 cents each expiring on 29 March 2013 and 1,000,000 unquoted options exercisable at 45 cents each expiring on 30 November 2010 were exercised; and
- (b) In May 2010, 299,251 quoted options exercisable at 20 cents each expiring on 29 March 2013 were exercised.

(2) Acquisition of Tenements

In April 2010, the Company secured the right to acquire a 60% interest in granted mining lease 52/597 at Doolgunna, known as Red Bore

The following key terms apply to the Red Bore agreement:

- * In exchange for payment of a \$150,000 option fee, Thundelarra has been granted a six month option over the right to earn a 60% interest in granted Mining Lease M52/597.
- * Exercise of the option is conditional on certain matters including the Yugunga Nya Native Title Claim Group consenting to Thundelarra earning the interest.

THUNDELARRA EXPLORATION LTD

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EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

- * Upon exercising the option Thundelarra must procure Trilogy to issue 2,000,000 Trilogy shares at \$0.20 cents each to Richmond or issue Thundelarra shares of an equivalent value and promptly commence exploration on the tenement seeking to define a JORC compliant resources within two years in order to earn the 60% interest.
- * After earning the 60% interest Thundelarra will free carry Richmond through to a decision to mine.
- * Each party has rights of pre-emption in relation to the transfer of the other party's interest in the tenement.

(3) Acquisition of Tenements

In April 2010, the Company secured the right to acquire a 80% interest in 6 exploration licence applications at Yerrida, south of Doolgunna.

The following key terms apply to the Yerrida agreement:

- * In exchange for payment of \$100,000 option fee, Thundelarra has been granted a six month option over the right to earn an 80% interest in Exploration License applications E51/1418, E51/1357, E51/1358, E51/1359, E51/1280 and E51/1281.
- * Drill Gold Pty Ltd currently have a 50% interest in E51/1280 and E51/1281 and the option over these two tenements is conditional on obtaining Drill Gold's consent for Thundelarra to farm-in.
- * Upon exercising the option Thundelarra must procure Trilogy to issue 500,000 Trilogy shares at \$0.20 each to Richmond or issue Thundelarra shares of an equivalent nature.
- * Thundelarra must sole fund \$300,000 of exploration expenditure on the tenement in order to earn the 80% interest.
- * If a decision to mine is made, Thundelarra will procure funding for Richmond's 20% share of mine establishment costs to be repaid from Richmond's share of operating revenue.
- * Thundelarra will pay Richmond a 3.5% gross production royalty on Thundelarra's share of revenue from uranium and industrial minerals derived from the Yerrida tenements.
- * Each party has rights of pre-emption in relation to the transfer of the other party's interest in the tenements.

(4) Demerger of Base Metal Assets

In April 2010, the Company proposed to demerge its base metal exploration properties (except for the Company's 40% interest in the Copernicus nickel mine). The base metal assets will be vended into the Company's wholly owned subsidiary, Trilogy Metals Limited ("Trilogy").

The Company will subject to shareholder approval, undergo a capital reduction by distributing in-specie to its shareholders at least 80% of the Trilogy shares the Company received as consideration for its base metal properties. Trilogy will undertake an initial public offering to raise approximately \$10 million and seek official listing on the ASX.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Thundelarra Exploration Ltd is set out on Page 4 and forms part of the Directors' Report for the period ended 31 March 2010.

This statement is signed in accordance with a resolution of the Directors:



Brett T Lambert
Director

Perth, 10 June 2010

10 June 2010

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 the Audit Director for the review of the financial statements of Thundelarra Exploration Limited for the half year ended 31 March 2010, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2010**

		Consolidated	
	Notes	31 March 2010	31 March 2009
		\$	\$
REVENUE FROM CONTINUING OPERATIONS			
Revenue	3(a)	1,091,330	82,350
Other income	3(b)	23,217,396	71,376
		<u>24,308,726</u>	<u>153,726</u>
EXPENDITURE			
Cost of sales		(615,457)	-
Depreciation and amortisation expenses		(89,619)	(66,170)
Employee benefits expenses	3(c)	(1,519,672)	(283,682)
Exploration expenses	3(d)	(557,835)	(3,285,885)
Administration expenses	3(e)	(1,309,522)	(4,348,706)
Profit/(Loss) from continuing operations before income tax expense		20,216,621	(7,830,717)
Income tax expense		(5,653,487)	612,544
Net Profit/(Loss) from continuing operations for the period		<u>14,563,134</u>	<u>(7,218,173)</u>
Other comprehensive income			
Available for sale financial assets reserve net of deferred tax transferred to income		(10,858,359)	(4,998,000)
Total comprehensive income/(loss) for the period		<u>3,704,775</u>	<u>(12,216,173)</u>
Net Profit/(Loss) attributable to:			
Members of the parent entity		<u>14,563,134</u>	<u>(7,218,173)</u>
Comprehensive income/(loss) attributable to:			
Members of the parent entity		<u>3,704,775</u>	<u>(12,216,173)</u>
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) for the half year		10.08	(6.26)
Diluted earnings/(loss) for the half year		9.30	(6.26)

The accompanying condensed notes form part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

		Consolidated	
	Notes	31 March 2010 \$	30 September 2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	24,083,357	936,318
Trade and other receivables		309,000	52,648
Other financial assets		686,580	18,327,433
Inventory		-	305,369
Total Current Assets		<u>25,078,937</u>	<u>19,621,768</u>
Non-Current Assets			
Other receivables		811,582	572,181
Property, plant and equipment		314,938	284,769
Exploration and evaluation expenditure		5,288,002	3,725,107
Mine development		317,241	317,241
Deferred tax asset		248,058	5,380,302
Intangibles		55,235	82,331
Total Non-Current Assets		<u>7,035,056</u>	<u>10,361,931</u>
TOTAL ASSETS		<u>32,113,993</u>	<u>29,983,699</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		900,479	483,388
Provisions		211,541	200,917
Total Current Liabilities		<u>1,112,020</u>	<u>684,305</u>
Non Current Liabilities			
Payables		2,056,601	2,056,601
Provisions		522,605	484,512
Deferred tax liability		1,638,773	5,771,114
Total Non Current Liabilities		<u>4,217,979</u>	<u>8,312,227</u>
TOTAL LIABILITIES		<u>5,329,999</u>	<u>8,996,532</u>
NET ASSETS		<u>26,783,994</u>	<u>20,987,167</u>
EQUITY			
Contributed equity	6	36,120,107	35,547,729
Reserves		4,891,849	14,230,536
Accumulated losses		(14,227,962)	(28,791,098)
TOTAL EQUITY		<u>26,783,994</u>	<u>20,987,167</u>

The accompanying condensed notes forms part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2010

	Notes	Consolidated	
		31 March 2010	31 March 2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,260,599)	(559,530)
Receipts from customers		618,079	-
Other revenue received		67,162	71,376
Interest received		298,677	82,350
Interest paid		(1,416)	(32,980)
Net cash flows used in operating activities		(278,097)	(438,784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(2,120,730)	(1,779,597)
Placement of security deposits		(239,401)	(419,050)
Payments for intangibles		(10,982)	(34,410)
Payments for plant and equipment		(83,165)	8,100
Payment for investments		(123,008)	-
Payments for mine development		-	(1,252,395)
Proceeds from sale of investments		25,201,044	-
Proceeds from sale of property, plant and equipment		4,000	-
Proceeds from sale of tenements		225,000	-
Net cash flows from/(used in) investing activities		22,852,758	(3,477,352)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		572,378	2,705,491
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Share issue costs		-	(56,431)
Net cash flows from financing activities		572,378	2,649,060
Net increase/(decrease) in cash and cash equivalents		23,147,039	(1,267,076)
Cash and cash equivalents at the beginning of the period		936,318	4,800,613
Cash and cash equivalents at the end of the period	5	24,083,357	3,533,537

The accompanying condensed notes forms part of the financial statements

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2010

CONSOLIDATED	Issued Capital \$	Accumulated Profit / (losses) \$	Other reserves \$	Total Equity \$
Balance at 1 October 2009	35,547,729	(28,791,098)	14,230,536	20,987,167
Total comprehensive income for the period				
Profit/(Loss) for the period	-	14,563,136	-	14,563,136
Reversal of fair value reserve on disposal of investment	-	-	(10,858,359)	(10,858,359)
Total comprehensive income/(loss) for the period	-	14,563,136	(10,858,359)	3,704,777
Transactions with owners recorded directly in equity:				
Contributions of equity, net of transaction costs	572,378	-	-	572,378
Recognised value of share based payments	-	-	1,519,672	1,519,672
Balance at 31 March 2010	36,120,107	(14,227,962)	4,891,849	26,783,994

CONSOLIDATED	Issued Capital \$	Accumulated Profit / (losses) \$	Other reserves \$	Total Equity \$
Balance at 1 October 2008	32,794,405	(24,600,286)	17,247,879	25,441,998
Total comprehensive income for the period				
(Loss) for the period	-	(7,218,173)	-	(7,218,173)
Deferred tax on items recognised directly in equity	-	-	2,142,000	2,142,000
Reversal of fair value reserve	-	-	(7,140,000)	(7,140,000)
Total comprehensive loss for the period	-	(7,218,173)	(4,998,000)	(12,216,173)
Transactions with owners recorded directly in equity:				
Contributions of equity, net of transaction costs	2,467,706	-	-	2,467,706
Recognised value of share based payments	-	-	283,682	283,682
Balance at 31 March 2009	35,262,111	(31,818,459)	12,533,561	15,977,213

The accompanying condensed notes forms part of the financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2010

Basis of preparation

The consolidated half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 September 2009 and considered together with any public announcements made by Thundelarra Exploration Limited and its controlled entities during the period ended 31 March 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial reporting Standard IAS 34 "Interim Financial Reporting".

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy

The Company has adopted all applicable new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial statement on the basis that they represent a significant change in information from that previously made available and are detailed below.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Change in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

Other accounting standards which are effective for this accounting period include AASB 3 – *Business Combinations* and AASB 8 – *Operating segments*.

The group has continued to operate in one business segment (Mining Exploration) and in one geographical region (Australia).

New and revised Standards and Interpretations issued but not yet applicable are not expected to have a significant impact on the financial position or performance of the consolidated entity.

Business combinations

Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the Company, include the following:

- Costs incurred that relate to a business combination are expensed instead of comprising part of the goodwill acquired on consolidation;

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

Changes in Accounting Policy (continued)

- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability;
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Thundelarra Exploration Ltd and its subsidiaries as at 31 March 2010 ('the Group').

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparation this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 September 2009.

Principals of Consolidation

The interim consolidated financial statements comprise of Thundelarra Exploration Ltd and its subsidiary (the Group) as at 31 March 2010.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated. Unrealised losses are eliminated unless costs cannot be recovered.

Interests in joint ventures

The Group has interests in joint ventures that are jointly controlled entities.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group recognises its interest in the jointly controlled entities by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled entities.

Changes in Accounting Policy (continued)

Tax consolidation

The company and its wholly owned Australian subsidiaries have formed a tax consolidated group with effect from 1 October 2008. The head entity within the group is Thundelarra Exploration Ltd.

Current income tax expenses/income and deferred tax liabilities and assets are recognized in the separate financial statements of members of the tax consolidated group using the 'separate taxpayer within the group' approach. This approach determines the tax obligations of entities within the tax consolidated group after accounting for any consolidation adjustments.

Any current tax liabilities/(assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognized as amounts payable/(receivable) to/(from) other entities in the tax consolidated group.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

3. REVENUE AND EXPENSES

Revenues and expenses from continuing operations:-

	Consolidated	
	31 March 2010	31 March 2009
	\$	\$
(a) Revenue		
Sale of goods	618,079	-
Bank interest received and receivable	473,251	82,350
	<u>1,091,330</u>	<u>82,350</u>
(b) Other Revenue		
Rental income	67,162	71,376
Other income	2,545	
Net gain on disposal of tenements	225,000	-
Net gain on disposal of investments (note 3(f))	22,779,487	-
Increase in market value of investments	143,202	-
	<u>23,217,396</u>	<u>71,376</u>
Total Revenues	<u>24,308,726</u>	<u>153,726</u>
(c) Employee Benefits Expense		
Share based payments	<u>(1,519,672)</u>	<u>(283,682)</u>
(d) Exploration Expenditure written off		
Exploration costs written off	<u>(557,835)</u>	<u>(3,285,885)</u>
(e) Other expenses		
Finance costs	(1,416)	(32,980)
Decrease in market value of investments	-	(254,462)
Impairment of mine properties and development expenditure	-	(2,937,541)
General and other administrative expenses	(1,306,699)	(1,123,723)
	<u>(1,308,115)</u>	<u>(4,348,706)</u>
(f) Net gain on disposal of investments		
Proceeds on sale of investments	25,201,044	-
Fair value of investments held	(17,933,533)	-
Transfer from revaluation reserve	15,511,976	-
	<u>22,779,487</u>	<u>-</u>

4. EARNINGS / (LOSS) PER SHARE

Basic earnings/(loss) (cents per share)	10.08	(6.26)
Diluted earnings/(loss) (cents per share)	9.30	(6.26)

Weighted average number of ordinary shares on issue during the period used in the calculation of:

• Basic earnings per share	144,537,789	115,323,704
• Diluted earnings per share	156,511,268	115,323,704

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

5. CASH AND CASH EQUIVALENTS

For the purposes of the half year Condensed Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	Consolidated	
	31 March 2010	30 September 2009
	\$	\$
Cash at bank and in hand	82,262	458,896
Short-term deposits	24,001,095	477,422
	<u>24,083,357</u>	<u>936,318</u>

6. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Consolidated	
	31 March 2010	30 September 2009
	\$	\$
Ordinary shares		
Issued and fully paid	36,932,987	36,360,609
Less: transaction costs	(812,880)	(812,880)
	<u>36,120,107</u>	<u>35,547,729</u>

(b) Movement in ordinary shares on issue

	Number of Shares	Issue Price \$	Total \$
1/10/2009 Opening Balance	143,995,743		35,547,729
21/10/2009 Issue of shares	1,000,000	0.45	450,000
21/10/2009 Issue of shares	509,820	0.20	101,964
29/03/2010 Issue of shares	50,000	0.39	19,500
29/03/2010 Issue of shares	4,568	0.20	914
Less: transaction costs			-
At 31 March 2010	<u>145,560,131</u>		<u>36,120,107</u>

(c) Movement in options on issue

	Number of Options 31 March 2010
(i) Unquoted options exercisable at 55 cents, on or before 28 February 2010	
At 1 October 2009	200,000
Options issued	-
Options exercised	-
Options lapsed	(200,000)
At 31 March 2010	<u>-</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	Number of Options 31 March 2010
<hr/>	
(ii) Unquoted options exercisable at 50 cents, on or before 28 February 2010	
At 1 October 2009	1,500,000
Options issued	-
Options exercised	-
Options lapsed	(1,500,000)
At 31 March 2010	<u>-</u>
(iii) Unquoted options exercisable at 50 cents, on or before 31 May 2010	
At 1 October 2009	1,000,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>1,000,000</u>
(iv) Unquoted options exercisable at 68 cents, on or before 31 May 2011	
At 1 October 2009	1,000,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>1,000,000</u>
(v) Unquoted options exercisable at 52 cents, on or before 30 June 2011	
At 1 October 2009	360,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>360,000</u>
(vi) Unquoted options exercisable at 45 cents, on or before 30 November 2010	
At 1 October 2009	4,500,000
Options issued	-
Options exercised	(1,000,000)
Options lapsed	-
At 31 March 2010	<u>3,500,000</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue (continued)

	Number of Options 31 March 2010
(vii) Unquoted options exercisable at 47 cents, on or before 31 December 2011	
At 1 October 2009	350,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>350,000</u>
(viii) Unquoted options exercisable at 50 cents, on or before 28 February 2013	
At 1 October 2009	4,250,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>4,250,000</u>
(ix) Unquoted options exercisable at 39 cents, on or before 3 April 2011	
At 1 October 2009	400,000
Options issued	-
Options exercised	(50,000)
Options lapsed	-
At 31 March 2010	<u>350,000</u>
(x) Quoted options exercisable at 52 cents, on or before 30 June 2012	
At 1 October 2009	440,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>440,000</u>
(xi) Quoted options exercisable at 11 cents, on or before 31 December 2012	
At 1 October 2009	350,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>350,000</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

6. CONTRIBUTED EQUITY (continued)

(a) Movement in options on issue (continued)

	Number of Options 31 March 2010
(xii) Unquoted options exercisable at 20 cents, on or before 28 February 2014	
	4,250,000
At 1 October 2009	-
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>4,250,000</u>
(xii) Unquoted options exercisable at 32 cents, on or before 30 September 2012	
At 1 October 2009	-
Options issued	910,000
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>910,000</u>
(xiv) Unquoted options exercisable at 64 cents, on or before 25 February 2015	
At 1 October 2009	-
Options issued	6,750,000
Options exercised	-
Options lapsed	-
At 31 March 2010	<u>6,750,000</u>
(xv) Quoted options exercisable at 20 cents, on or before 29 March 2013	
At 1 October 2009	9,406,598
Options issued	-
Options exercised	(514,388)
Options lapsed	-
At 31 March 2010	<u>8,892,210</u>

7. SEGMENT INFORMATION

Thundelarra Exploration Ltd operates within the exploration industry in Australia.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

8. SUBSEQUENT EVENTS

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements, that have significantly, or may significantly affect, the state of the affairs or the operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2010 Financial Report:

(1) Exercise of Options

- (a) In April 2010, 2,701 quoted options exercisable at 20 cents each expiring on 29 March 2013 and 1,000,000 unquoted options exercisable at 45 cents each expiring on 30 November 2010 were exercised; and
- (b) In May 2010, 299,251 quoted options exercisable at 20 cents each expiring on 29 March 2013 were exercised.

(2) Acquisition of Tenements

In April 2010, the Company secured the right to acquire a 60% interest in granted mining lease 52/597 at Doolgunna, known as Red Bore

The following key terms apply to Red Bore agreement:

- * In exchange for payment of a \$150,000 option fee, Thundelarra has been granted a six month option over the right to earn a 60% interest in granted Mining Lease M52/597.
- * Exercise of the option is conditional on certain matters including the Yugunga Nya Native Title Claim Group consenting to Thundelarra earning the interest.
- * Upon exercising the option Thundelarra must procure Trilogy to issue 2,000,000 Trilogy shares at \$0.20 cents each to Richmond or issue Thundelarra shares of an equivalent value and promptly commence exploration on the tenement seeking to define a JORC compliant resources within two years in order to earn the 60% interest.
- * After earning the 60% interest Thundelarra will free carry Richmond through to a decision to mine.
- * If a decision to mine is made, Thundelarra will procure funding for Richmond's 40% share of mine establishment costs to be repaid from Richmond's share of operating revenue..
- * Each party has rights of pre-emption in relation to the transfer of the other party's interest in the tenement.

(3) Acquisition of Tenements

In April 2010, the Company secured the right to acquire a an 80% interest in 6 exploration licence applications at Yerrida, south of Doolgunna.

The following key terms apply to Yerrida agreement:

- * In exchange for payment of \$100,000 option fee, Thundelarra has been granted a six month option over the right to earn an 80% interest in Exploration License applications E51/1418, E51/1357, E51/1358, E51/1359, E51/1280 and E51/1281.
- * Drill Gold Pty Ltd currently have a 50% interest in E51/1280 and E51/1281 and the option over these two tenements is conditional on obtaining Drill Gold's consent for Thundelarra to farm-in.
- * Upon exercising the option Thundelarra must procure Trilogy to issue 500,000 Trilogy shares at \$0.20 each to Richmond or issue Thundelarra shares of an equivalent nature.
- * Thundelarra must sole fund \$300,000 of exploration expenditure on the tenement in order to earn the 80% interest.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

8. SUBSEQUENT EVENTS (continued)

- * After earning the 60% interest Thundelarra will free carry Richmond through to a decision to mine.
- * If a decision to mine is made, Thundelarra will procure funding for Richmond's 20% share of mine establishment costs to be repaid from Richmond's share of operating revenue.
- * Thundelarra will pay Richmond a 3.5% gross production royalty on Thundelarra's share of revenue from uranium and industrial minerals derived from the Yerrida tenements.
- * Each party has rights of pre-emption in relation to the transfer of the other party's interest in the tenements.

(4) Demerger of Base Metal Assets

In April 2010, the Company proposed to demerge its base metal exploration properties (except for the Company's 40% interest in the Copernicus nickel mine). The base metal assets will be vendor into the Company's wholly owned subsidiary, Trilogy Metals Limited ("Trilogy").

The Company will subject to shareholder approval will undergo a capital reduction by distributing in-specie to its shareholders at least 80% of the Trilogy shares the Company received as consideration for its base metal properties. Trilogy will undertake an initial public offering to raise approximately \$10 million and seek official listing on the ASX.

9. CONTINGENT LIABILITIES

In the opinion of the Directors, there are no contingent liabilities as at 31 March 2010, and none have arisen as at the date of this financial report.

10. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

The expense recognised for services received during the period is shown in the table below:

	Consolidated	
	2010	2009
	\$	\$
Expense arising from options issued to Directors, employees and contractors	1,519,672	283,682

(b) Issue of Directors Options

The Company has an Employee Share Option Plan in place which was approved by shareholders on 27 February 2009. During the 6 months ended 31 March 2010, 6,750,000 unquoted options exercisable at 64 cents each were issued to Directors.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

10. SHARE BASED PAYMENTS (continued)

(c) Directors, Employee and Vendor Options

The following table illustrates the number and weighted average exercise price of and the movements in share options issued during the period:

	Consolidated Number of Options	WAEP \$
Outstanding at beginning of the period	19,510,000	0.42
Granted during the period	6,750,000	0.64
Exercised during the period	(1,050,000)	0.37
Lapsed during the period	(1,700,000)	0.51
Outstanding at end of the period	23,510,000	0.47
Exercisable at the end of the period	22,250,000	0.48

The terms and conditions of the options issued during the period are as follows:

- (i) 6,750,000 unquoted options issued to Directors, at an exercise price of 64 cents each and a expiry date of 25 February 2015. The fair value of the options at the grant date 26 February 2010 was 20.5 cents per option. The fair value of the options has been calculated using the Black-Scholes Option Pricing Model applying the following inputs:

Exercise price (cents)	64 cents
Life of the options (years)	5 years
Share price at grant date (cents)	42 cents
Expected share price volatility (%)	96.7%
Risk free interest rate (%)	5.10%

11. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half year ended 31 March 2010 and 2009:

Related party		Fees charged by related parties \$	Amounts owed to related parties \$	Amounts received from related parties \$
Key management personnel of the Company:				
Ragged Range Mining Pty Ltd	2010	181,609	-	-
	2009	-	-	2,286
Royal Resources Limited	2010	1,120	-	10,725
	2009	-	-	122,223
Aldershot Resources Ltd	2010	-	-	9,809
	2009	-	-	11,138

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

11. RELATED PARTY DISCLOSURES (continued)

Mr Philip G Crabb is a director and shareholder of Ragged Range Mining Pty Ltd which has provided drilling and exploration services to the Company on normal terms and conditions.

Mr Brian D Richardson is a director and shareholder of REM Pty Ltd which has provided geological services to the Company on normal terms and conditions.

Fees received in the normal course of business in 2009 for office rental, administrative and employee services totalling \$135,647 were received by companies of which P G Crabb, B Richardson, F DeMarte and Malcolm Randall are directors and shareholders.

12. INTEREST IN JOINT VENTURES

Copernicus Joint Venture

The Copernicus Joint Venture is involved with the exploration, evaluation, development and production of mineral deposits in the Kimberley region of Western Australia. The unincorporated joint venture is between Panoramic Resources Ltd 60% and Thundelarra Exploration Ltd 40% (2009 – 40%), with Panoramic as manager and operator.

Breakaway Joint Venture

The Breakaway Joint Venture is involved with the exploration and evaluation of mineral deposits in the East Kimberley region of Western Australia. The unincorporated joint venture is between Breakaway Resources Ltd 60% (2009 - 60%) and Thundelarra Exploration Ltd 40% (2009 - 40%)

Great Gold Mines Joint Venture

The Great Gold Mines Joint Venture is involved with the exploration and evaluation of mineral deposits in the East Kimberley region of Western Australia. The unincorporated joint venture is between Thundelarra Exploration Ltd 80% (2009 – 80%) and Hawthorn Resources Ltd, with Thundelarra as manager and operator.

De Grey Mining Joint Venture

The De Grey Mining Joint Venture is involved with the exploration and evaluation of mineral deposits in the East Kimberley region of Western Australia. The unincorporated joint venture is between De Grey Mining Limited 80% and Thundelarra Exploration Ltd 20% (2009 – 20%), with De Grey Mining as manager and operator. Thundelarra has a free carried joint venture interest until De Grey Mining completes a feasibility study.

Lewis Joint Venture

The Lewis Joint Venture is involved with the exploration and evaluation of mineral deposits in the East Kimberley region of Western Australia. The unincorporated joint venture is between Thundelarra Exploration Ltd 80% (2009 – 80%) and Kimberley Mining Pty Ltd 20% (2009 – 20%), with Thundelarra as manager and operator.

Vormans Joint Venture

The Vormans Joint Venture is involved with the exploration and evaluation of mineral deposits in the East Kimberley region of Western Australia. The unincorporated joint venture is between Thundelarra Exploration Ltd 80% (2009 – 80%), B Wasse, AM Australian Minerals Pty Ltd and Voermans Geological Services Pty Ltd 20% (2009 – 20%), with Thundelarra as manager and operator.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

GBS Joint Venture

12. INTEREST IN JOINT VENTURES (continued)

The GBS Joint Venture is involved with the exploration and evaluation of mineral deposits in the Northern Territory of Australia. The unincorporated joint venture is between Element 92 Pty Ltd 70% (2009 – 70%) and GBS Gold International Inc 30% (2009 – 30%), with Thundelarra as manager and operator.

Cullen Joint Venture

The Cullen Joint Venture is involved with the exploration and evaluation of mineral deposits in Western Australia. The unincorporated joint venture is between Element 92 Pty Ltd 70% (2009 – 0%) and Cullen Exploration Pty Limited 30% (2009 – 100%), with Thundelarra as manager and operator.

Alara Joint Venture

The Alara Joint Venture is involved with the exploration and evaluation of uranium tenements in the Northern Territory of Australia. The unincorporated joint venture is between Alara Resources Limited 100% (2009 – 100%) and Thundelarra Exploration Ltd 0% (2009 – 0%), with Thundelarra as manager and operator.

East Kimberley Joint Venture

The East Kimberley Joint Venture is involved with the exploration and evaluation of base metal tenements in the Western Australia. The unincorporated joint venture is between Thundelarra Exploration Ltd 100% (2009 – 100%) and Panoramic Resources Limited 0% (2009 – 0%), with Panoramic as manager and operator.

Allamber Joint Venture

The Allamber Joint Venture is involved with the exploration and evaluation of uranium tenements in the Northern Territory of Australia. The unincorporated joint venture is between Atom Energy Limited 100% (2009 – 100%) and Thundelarra Exploration Ltd 0% (2009 – 0%), with Thundelarra as manager and operator.

13. COMMITMENTS

In the opinion of the directors, there are no outstanding commitments or contingencies at 31 March 2010 and none were incurred in the interval between the period end and the date of this interim financial report other than:

(a) Mineral tenement expenditure commitments

	31 March 2010	Consolidated 30 September 2009
	\$	\$
Within one year	1,959,452	2,274,661
After one year but not more than five years	3,743,524	5,596,643
More than five years	631,573	367,082
	<u>6,334,549</u>	<u>8,238,386</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2010

13. COMMITMENTS (continued)

The Company has expenditure obligations with respect to mineral tenements and minimum expenditure requirements on mineral tenements that have not been recognised as a liability or payable in the financial statements.

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Western Australian Mines Department attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

These are necessary in order to maintain the tenements in which the Company and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Western Australia.

(b) Operating Lease Commitments

	31 March 2010	Consolidated 30 September 2009
	\$	\$
Within one year	242,294	231,299
After one year but not more than five years	566,518	662,884
More than five years	-	-
	<u>808,812</u>	<u>894,183</u>

The Company has a commercial sub-lease on its corporate office premises. This is a non-cancellable lease expiring 30 June 2013 that has not been recognised as liability or payable in the financial statements.

(c) Bank Guarantee

As at the 31 March 2010, the Company has outstanding \$175,031 (2009: \$175,031) as a current guarantee provided by the Company's bank for corporate office lease.

(d) Bonds

As at the 31 March 2009, the Company has outstanding \$636,551 (2009: \$397,150) as current bonds provided by the Company's bank for mineral tenements in Australia.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Thundelarra Exploration Ltd (the Company), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 March 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" 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.

On behalf of the Board

Dated at Perth this 10 June 2010.



Brett T Lambert
Director

Perth, Western Australia

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Thundelarra Exploration Limited, which comprises the condensed statement of financial position as at 31 March 2010, and the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration for Thundelarra Exploration Limited ("the consolidated entity"). The consolidated entity comprises both Thundelarra Exploration Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Thundelarra Exploration Limited ("the company") are responsible for the preparation and fair presentation of the half-year 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 controls relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim Financial and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Thundelarra Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management

Independence

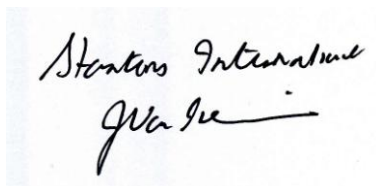
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Thundelarra Exploration Limited on 10 June 2010.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Thundelarra Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

A handwritten signature in black ink, appearing to read 'John Van Dieren', is written over a light blue rectangular background.

John Van Dieren - FCA
Director

West Perth, Western Australia
10 June 2010