



**2010 ANNUAL REPORT**

## CORPORATE DIRECTORY

### DIRECTORS

**Philip G Crabb**  
*Non-Executive Chairman*

**Brett Lambert**  
*Managing Director*

**Frank DeMarte**  
*Executive Director and  
Chief Financial Officer*

**Brian D Richardson**  
*Executive Director*

**Malcolm J Randall**  
*Non-Executive Director*

### COMPANY SECRETARY

**Frank DeMarte**

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### ASX LIMITED

Codes: THX  
THXOA

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

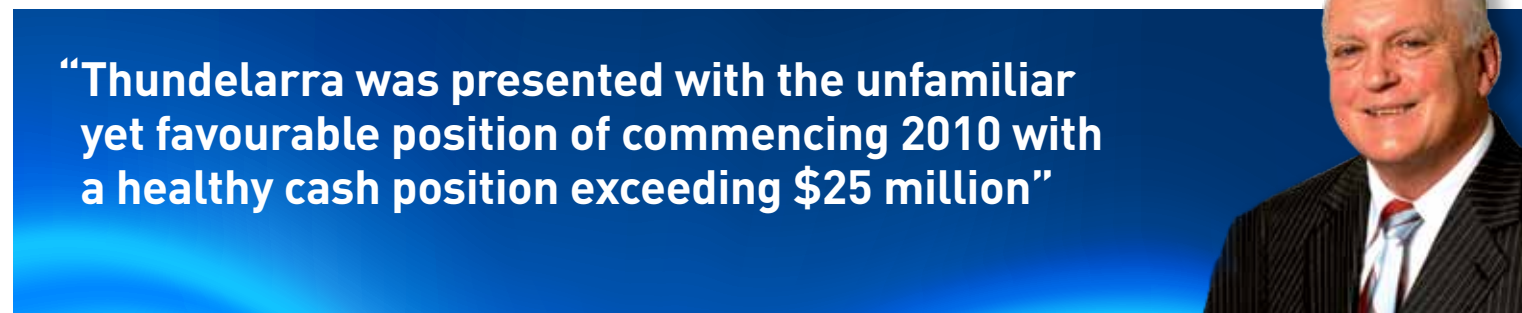
Thundelarra Exploration Ltd is a company limited by shares, incorporated in British Columbia and domiciled in Australia.

**Dear Shareholder**

**Thundelarra Exploration Ltd performed exceptionally well this year and it is my pleasure to present the 2010 Annual Report. I encourage all shareholders to take their time with reviewing our Annual Report, particularly the Review of Operations section to gain a clear understanding of the significant exploration advancements Thundelarra made during the year and the great potential that lies ahead.**

For most listed companies 2010 was a lot more enjoyable than 2009. Financial markets were stabilising and the demand for Australia's rich resources had returned to the great highs seen pre GFC. In respect to our corporate position, it had never been stronger with the liquidation of our shareholding in United Minerals Corporation. Thundelarra was presented with the unfamiliar yet favourable position of commencing 2010 with a healthy cash position exceeding \$25 million.

Eager to direct our strong cash reserves towards exploration activities, Thundelarra was encouraged with the interpretation of an airborne radiometric survey over our Pine Creek tenements. The survey identified fourteen high priority uranium targets. These targets supported our view that Thunderball was not an isolated uranium occurrence and drilling commenced to vindicate this perception. A number of new uranium occurrences were identified some with high grade uranium intercepts. Moving forward it is our aim to wrap a resource around Thunderball and advance exploration at our new uranium discoveries in order to grow these prospects to a size that will justify development of a mining operation.



The Pine Creek is undoubtedly Australia's best location for uranium exploration as mining has been virtually continuous for over half a century presenting a province rich with available infrastructure and services. The Northern Territory Government has also been a great support to Thundelarra's uranium activities. In September, Thundelarra was one of three NT exploration companies invited by the NT Government to visit Tokyo meeting with Japanese uranium utilities and major trading houses. Almost 25% of Japan's electricity production comes from nuclear power and with additional new reactors currently under construction this percentage is set to increase. The trip was a unique and beneficial opportunity for Thundelarra to be introduced to influential uranium participants and we thank the NT Government for this initiative.

In central Australia our first ever drilling program undertaken at the Ngalia Project commenced. Drilling virgin projects presents great difficulties and challenges and I am extremely pleased at the way our staff associated with this project met these challenges. Our expectations were substantially exceeded as drilling confirmed potential for the Ngalia Project to host an economic uranium resource both in the Tertiary and Mt Eclipse sandstone sequences.

It has always been our intention to acquire landholding interests into as much ground as possible in areas we believe are prospective. The East Kimberley, Pine Creek and Ngalia Basin are previous successful examples. Last year Thundelarra secured the Curara Well Project at Doolgunna, our first introduction to this region. With the success by Sandfire Resources NL at their DeGrussa Project (10.7 Mt @ 5.6% Cu & 1.9 g/t Au) Thundelarra investigated opportunities to grow our presence and during the year we were successful with advancing our landholding at Doolgunna from 80 km<sup>2</sup> to just short of 1,500 km<sup>2</sup>.

Our most noted acquisition within the Doolgunna Region was the right to earn a 60% interest in the Red Bore Mining Lease, located 500 metres east of the DeGrussa deposit. Exploration activities at Red Bore commenced on a positive note with our first drilling program intersecting massive copper sulphide mineralisation. An outstanding achievement as Thundelarra is still the only company apart from Sandfire to intersect massive copper sulphides in the Doolgunna Region. Our high grade copper intersections, combined with the significant resource Sandfire are discovering nearby and the strong copper price forecasts are factors why Thundelarra is excited about this discovery and its future prospects.

Thundelarra is growing into a dynamic exploration company. Our large diversified project areas and detailed exploration programs throughout Australia underpin Thundelarra as one of the most active exploration companies in Australia. This requires continual thorough assessment by our management team to stay abreast of our activities. I would like to take this opportunity to acknowledge my fellow directors, geologists and support staff, but in particular our Executive Team consisting of Brett Lambert, Brian Richardson and Frank DeMarte, all who have ensured and overseen an efficient and productive office environment.

Yours Sincerely,

**Philip G Crabb**  
Chairman

### OVERVIEW

**With substantial funding available following the sale of the Company's shareholding in United Minerals Corporation, Thundelarra implemented an aggressive exploration program in 2010. In the year to 30 September 2010, Thundelarra completed 30 kilometres of exploration drilling, thousands of line kilometres of airborne geophysics, substantial ground geophysical programs and many kilometres of footslogging. In 2010 the Company was one of the most active explorers in Australia.**

Importantly, the Company's efforts have been rewarded with significant exploration success on several fronts. Thundelarra's primary focus remained on uranium exploration in the Northern Territory. The Hayes Creek Uranium Project, which hosts the Thunderball Prospect, is the Company's most advanced project in the Territory. Thunderball, a virgin discovery made by Thundelarra in late 2008, has delivered multiple exceptionally high grade intercepts with individual drill metres assaying up to 20%  $U_3O_8$ . Drilling at Thunderball in 2010 has firmed up the definition of two discreet bodies of uranium mineralisation and SRK Consultants

have now been engaged to calculate a JORC compliant resource for the prospect.

Thunderball is expected to deliver a resource of robust grade, but not of a scale that would support the development of a stand-alone uranium mining and processing operation. However it is hoped that Thunderball may represent the first of several deposits within the area that collectively contain sufficient uranium resources to underwrite a viable development. Exploration results for Hayes Creek in 2010 provide strong encouragement for this, with five of the eight targets drilled returning uranium intercepts of potentially viable grades and widths. This strike rate, at what is still a relatively early stage of exploration, has been very pleasing.

Thundelarra is optimistic that results from Hayes Creek represent the discovery of a new uranium field. Analogies can be drawn with the style of mineralisation at the South Alligator Uranium Field, approximately 100 kilometres to the east, which hosted a number of small but high grade uranium mines and the larger Coronation Hill deposit.

In 2010 Thundelarra also commenced its inaugural drilling program at the Ngalia Basin in Central Australia. The primary target was sandstone hosted uranium mineralisation of a similar style to the neighbouring 30 million pound Bigrlyi deposit. Initially a series of widely spaced holes was planned to investigate the geology beneath the Tertiary cover which completely blankets the sandstone on Thundelarra's tenure. Expectations were exceeded when several of these initial holes intersected uranium mineralisation, including sandstone hosted mineralisation that assayed up to 2,300 ppm  $U_3O_8$ . Of greater significance however was the identification of paleochannel mineralisation at the base of the Tertiary, a first for the Northern Territory. Step-out drilling defined a zone of paleochannel mineralisation assaying up to 1,800 ppm  $U_3O_8$  and which remains open.

Thundelarra's substantial land holdings in both the Pine Creek region and Ngalia Basin were expanded during the year through a number of option deals and successful applications. In addition the Company secured an option over two tenement applications in the Murphy Inlier

which host a 26 kilometre strike length of highly prospective unconformity. Thundelarra now has significant exposure to all three principal uranium provinces in the Northern Territory.

During the year the Company also expanded its base metals tenure in the Doolgunna region of Western Australia where Sandfire Resources has discovered a number of highly significant VMS style copper/gold deposits. Thundelarra now has interests in ten tenements within this area. Early stage exploration commenced at two of these during the year with promising initial results. Most notable was the intersection of massive sulphide copper/gold mineralisation at the Red Bore Prospect, including an intercept of 17 metres grading 11.7% copper and 1.73 g/t gold.

Thundelarra remains in a very strong financial position with \$19.2 million dollars available at the end of the year. This will enable the Company to remain very active in the field during 2011 and beyond. The Company will seek to further develop the exciting uranium and base metal discoveries made in 2010 and apply the geological knowledge it has gained of the regions it is working in to make more greenfields discoveries.





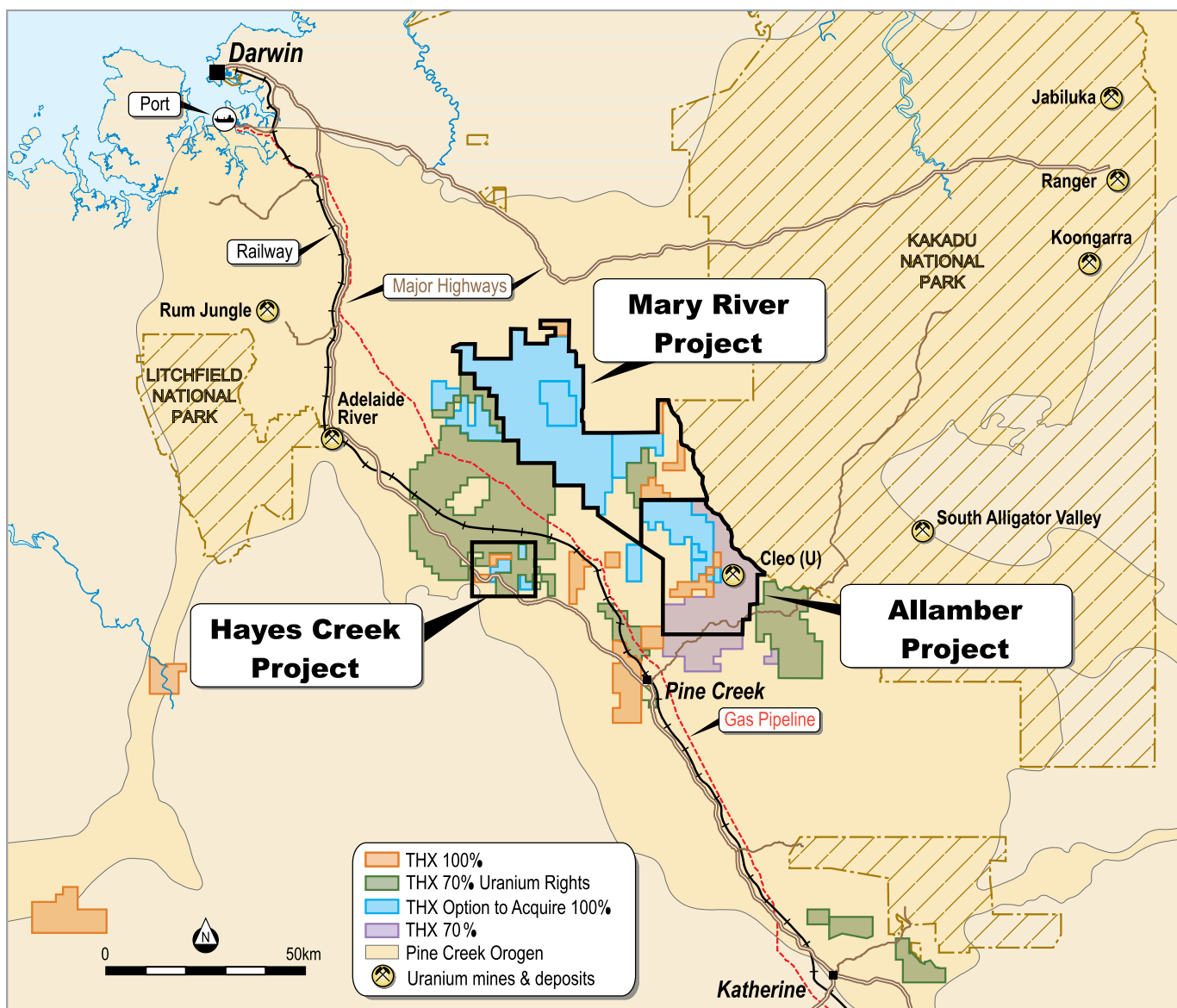
## URANIUM

In 2010 Thundelarra continued its strategy of focussed exploration in the prospective but under explored uranium provinces of the Northern Territory. This year was the Company's most active and successful with significant new uranium discoveries made in the Pine Creek and Ngalia Basin Regional Projects. Furthermore, options were secured over significant additional tenure within the Pine Creek Orogen and two tenement applications in the Murphy Inlier, providing Thundelarra with substantial positions in the Northern Territory's three leading uranium provinces.

### PINE CREEK REGION

Thundelarra's Pine Creek Regional Project covers over 3,500 square kilometres of the prospective central Pine Creek Orogen between the South Alligator Valley and Rum Jungle Uranium Fields. The Company holds, or has the option to acquire, full ownership of approximately half of this area with joint venture interests ranging from 70% of the uranium rights to 80% of full mineral rights in the remaining tenure.

In 2010 Thundelarra's exploration activities focussed on the Hayes Creek Project area and towards the end of the field season, on the Allamber and Mary River Projects.



PINE CREEK TENEMENTS AND PROJECT LOCATIONS

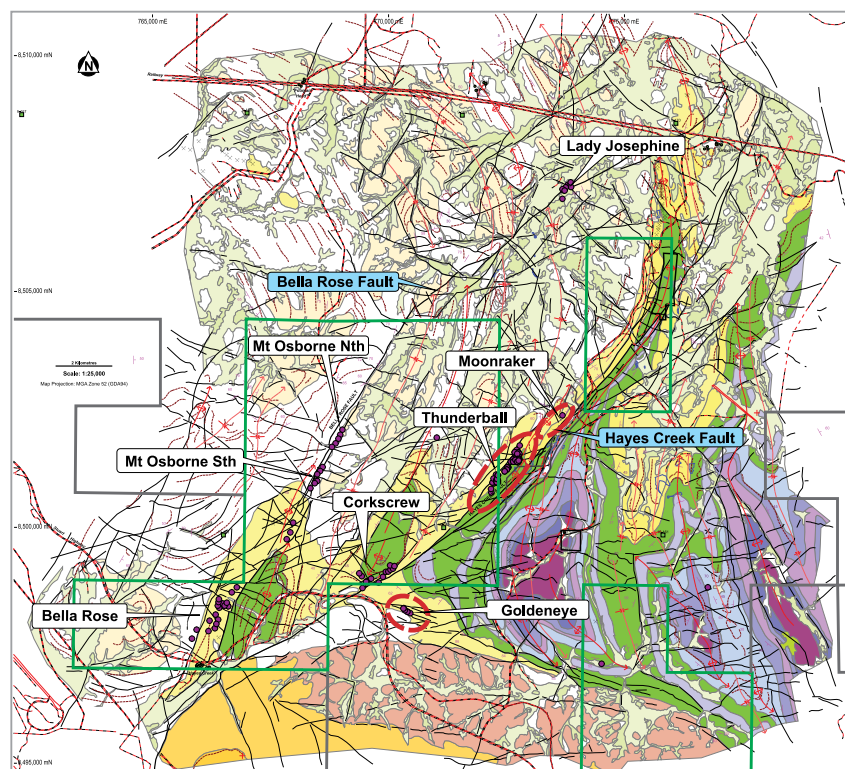
### HAYES CREEK PROJECT

In the Hayes Creek Project area, which covers only a small part of the Pine Creek Regional Project, Thundelarra has discovered significant new unconformity related structurally controlled uranium mineralisation similar in style to other deposits within the Pine Creek Uranium Province. Exploration is at an early stage but these discoveries have greatly enhanced the uranium prospectivity of the whole central Pine Creek Region and in particular the Hayes Creek structural corridor that can be traced for over 50 kilometres within Thundelarra's tenure.

Exploration during 2010 involved resource definition drilling at the Thunderball prospect and limited drill testing at seven of the 14 priority targets along the Bella Rose and Hayes Creek structural corridors. A total of 15,104 metres were drilled for 110 holes including 288 metres of diamond core. Significant uranium intercepts were returned from five of the eight prospects tested with Thunderball delivering a number of intercepts above 1%  $U_3O_8$  over broad widths.

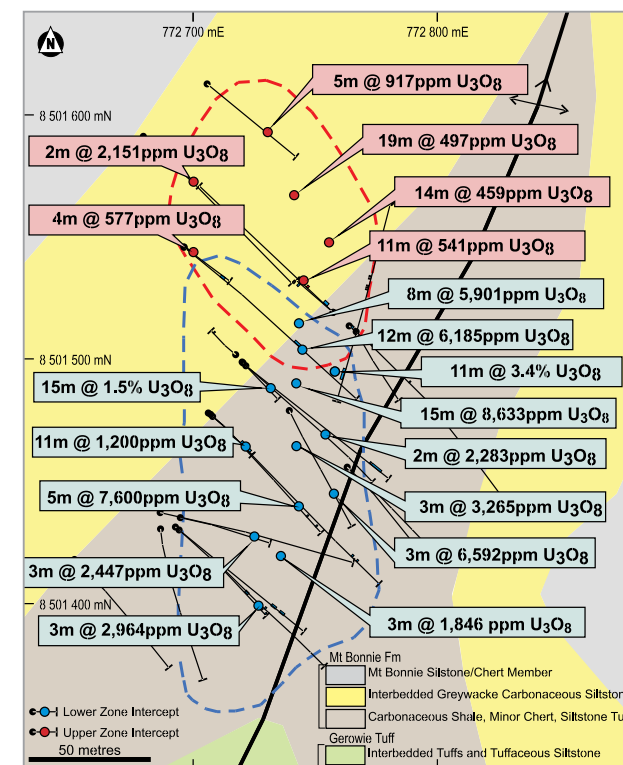
The Thunderball prospect was discovered in September 2008 during initial drill testing of a low order surface radiometric anomaly (two times background). Two of the six holes drilled intersected significant uranium mineralisation, with a best intercept of 3 metres at 2,964ppm  $U_3O_8$  from 86 metres depth in hole 08PCRC020. The high grade uranium mineralisation intersected in the discovery hole occurs in what is now referred to as the Thunderball Lower Zone, a high grade mineralised horizon that does not come to surface.

In 2009 a further 16 RC holes (2,383 metres) and 7 diamond holes (for 561 metres) were drilled at



HAYES CREEK URANIUM PROJECT GEOLOGY MAP

Thunderball with the majority of holes returning significant intercepts including a best of 11 metres at 3.4%  $U_3O_8$  within diamond hole TPCDD026. The mineralisation at Thunderball is located along a northerly trending anticlinal axis and consists of veins and disseminations of uraninite (pitchblende) hosted within a folded brittle ductile shear zone that appears to plunge approximately 40 degrees to the north. The highest grade mineralisation occurs at or near the hinge zone of the interpreted anticlinal structure, but the structural controls on mineralisation are very complex and not fully understood.



THUNDERBALL PROSPECT DRILL HOLE LOCATION MAP

The mineralisation is located in two separate horizons, the high grade Lower Zone within a fine grained tuffaceous sequence of the Gerowie Tuff and a lower grade Upper Zone within the carbonaceous shales and siltstones of the Mt Bonnie Formation.

In 2010 diamond and RC drilling at Thunderball was designed primarily to define the extent of the mineralised envelope and in-fill in preparation for resource estimation. At total of 26 RC and 7 diamond holes were completed returning robust intersections from within the central part

of the prospect, with lesser intercepts around the periphery defining the limits of significant mineralisation. Several holes drilled along strike from Thunderball to test for down plunge extensions of the mineralised zone returned low levels of uranium, but hole TPCRC066 intersected 12 metres grading 4.96 g/t gold, including 4 metres at 10.90 g/t gold from 66 metres downhole. This hole is located on a tenement where Thundelarra only has the uranium rights, the gold rights are held by Crocodile Gold Australia Pty Ltd.

### THUNDERBALL PROSPECT SIGNIFICANT 2010 DRILL INTERCEPTS (>1,500 ppm U<sub>3</sub>O<sub>8</sub>)

Hole No.	East	North	Dip/Azi	From-To (m)	Interval (m)	U <sub>3</sub> O <sub>8</sub> (ppm or %)
<b>THUNDERBALL (EL23431 – THX 70%)</b>						
TPCDD028	772696	8501538	-70/131	161-173	<b>12</b>	<b>6,185</b>
including				161-162	<b>1</b>	<b>2.4%</b>
TPCDD029	772721	8501486	-70/132	128-130	2	2,283
TPCDD031	772682	8501590	-68/136	80-82	2	2,151
TPCDD032	772740	8501465	-75/153	115-118	<b>3</b>	<b>6,592</b>
including				116-117	1	1.3%
TPCRD062	772738	8501398	Vertical	94-97.1	3.1	1,846
TPCRD065B	772744	8501447	Vertical	118.75-122	3.25	3,265
including				119.75-120.25	0.5	1.3%
TPCRD069	772749	8501506	Vertical	150.4-158.25	<b>7.85</b>	<b>5,901</b>
including				151.4-152.4	<b>1.0</b>	<b>2.5%</b>
TPCRD093	772745	8501470	Vertical	135-150	<b>15.0</b>	<b>8,633</b>
including				141-150	<b>9.0</b>	<b>1.4%</b>
including				146-147	<b>1.0</b>	<b>11.3%</b>

SRK Consulting has been engaged to prepare the resource estimate, which is expected to be completed around year end.

Drilling at the other prospects along the Hayes Creek and Bella Rose trends generated a number of significant intercepts. Hole TPCRC106 at the Bella Rose Prospect returned an intercept of 6 metres at 1,415 ppm U<sub>3</sub>O<sub>8</sub> including 2 metres at 3,835 ppm U<sub>3</sub>O<sub>8</sub>. The uranium mineralisation is associated with a steeply dipping shear zone within sediments and tuffaceous units of the Gerowie Tuff, Mt Bonnie and Burrell Creek Formations. At this stage continuity along strike and down dip has not been demonstrated, but further drilling focused on areas of interpreted structural complexity is planned.

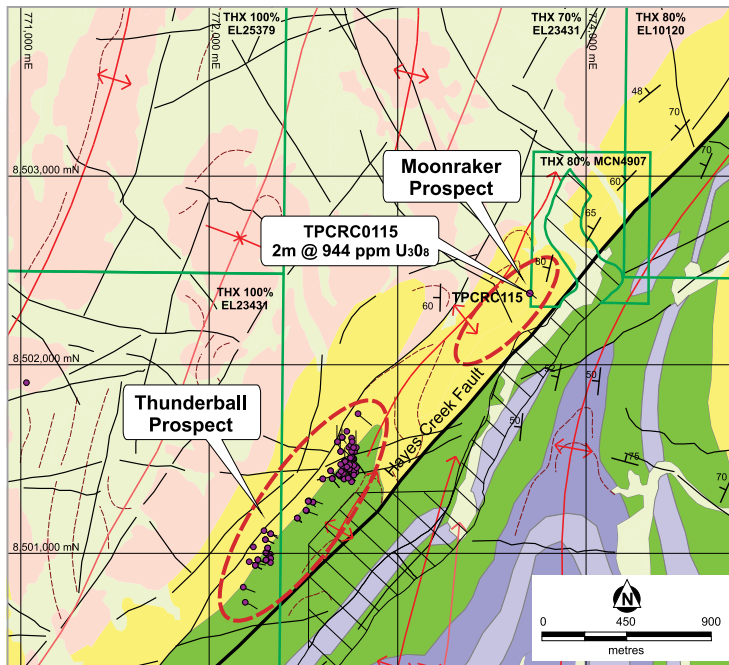
Along the Hayes Creek Fault Zone drill testing of the Moonraker and Goldeneye prospects returned significant results. A single RC hole, TPCRC115, drilled at the Moonraker prospect, intersected **2 metre at 944 ppm U<sub>3</sub>O<sub>8</sub>** from 41 metres within strongly oxidised black shales of the Mt Bonnie Formation.

This prospect covers a low order surface radiometric anomaly located approximately one kilometre north-east and along strike from the Thunderball uranium discovery. The intensely deformed Thunderball anticlinal axis occurs just to the west of the drill intercept and the mineralisation occurs in a rock type similar to the carbonaceous shale unit that hosts the Upper Zone mineralisation at Thunderball. Deeper drilling is now planned to test for possible high grade mineralisation similar to Thunderball beneath the initial Moonraker intercept.

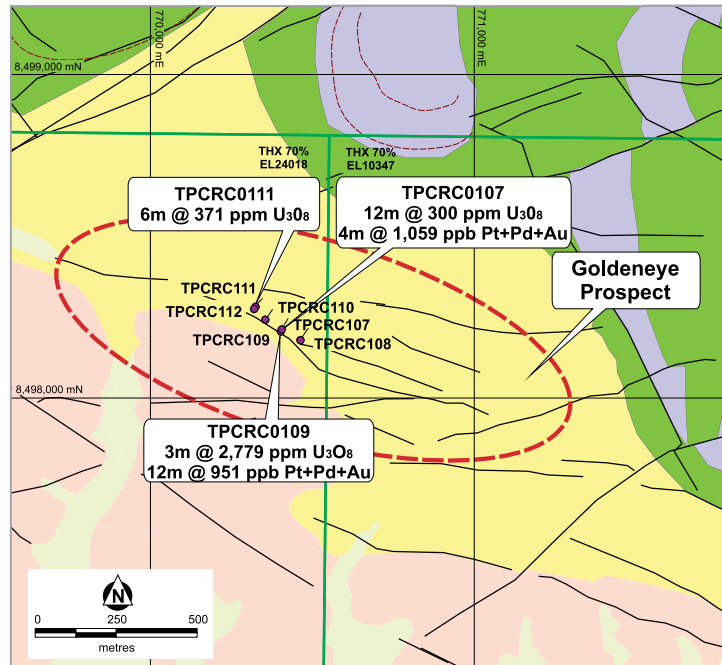
### HAYES CREEK PROJECT SIGNIFICANT 2010 DRILL INTERCEPTS (>100 ppm U<sub>3</sub>O<sub>8</sub>)

Hole No.	East	North	Dip/Azi	From-To (m)	Interval (m)	U <sub>3</sub> O <sub>8</sub> (ppm)	Au+Pt+Pd (ppb)
<b>BELLA ROSE PROSPECT (THX 100%)</b>							
TPCRC105	766786	8498729	-60/124	135-137	2	546	BLD
TPCRC106	766786	8498730	-70/124	80-86	<b>6</b>	<b>1,415</b>	BLD
including				81-83	<b>2</b>	<b>3,835</b>	BLD
and				113-116	3	533	BLD
<b>MT OSBORNE PROSPECT (THX 100%)</b>							
TPCRC089	768473	8500989	-60/296	126-128	<b>2</b>	<b>971</b>	BLD
<b>GOLDEN EYE PROSPECT (THX 70%)</b>							
TPCRC107	770406	8498212	-60/24	16-20	<b>4</b>	33	<b>1,059</b>
and				35-47	12	300	127
including				39-40	<b>1</b>	<b>1,227</b>	89
and				51-52	<b>1</b>	34	<b>915</b>
TPCRC109	770403	7498205	-90/0	34-36	<b>12</b>	42	<b>951</b>
and				40-43	3	28	906
and				44-47	<b>3</b>	<b>2,779</b>	431
including				44-45	<b>1</b>	<b>7,481</b>	<b>1,106</b>
TPCRC111	770325	8498282	-60/31	24-28	4	110	BLD
and				29-35	6	371	BLD
including				33-34	1	970	BLD
TPCRC112	770321	8498275	-90/0	15-19	4	139	BLD
<b>MOONRAKER PROSPECT (THX 70%)</b>							
TPCRC115	770406	8498212	-60/24	41-43	<b>2</b>	<b>944</b>	27
including				41-42	<b>1</b>	<b>1,510</b>	42





MOONRAKER URANIUM PROSPECT GEOLOGY MAP



GOLDENEYE URANIUM PROSPECT GEOLOGY MAP

At the Goldeneye Prospect, located four kilometres south-west of Thunderball, four of six RC holes drilled produced robust intersections. This prospect covers a 500 metre long north-westerly trending low order radiometric anomaly within structurally deformed sediments of the Mt Bonnie Formation. Significant intercepts include:

- TPCRC107 – 12 metres at 300 ppm  $U_3O_8$  including 1 metre at 1,227 ppm  $U_3O_8$
- TPCRC109 – 3 metres at 2,779 ppm  $U_3O_8$  including 1 metre at 7,481 ppm  $U_3O_8$
- TPCRC111 – 6 metres at 371 ppm  $U_3O_8$  including 1 metre at 970 ppm  $U_3O_8$

Importantly, for the first time within the Hayes Creek Project area, Thundelarra has discovered anomalous gold, platinum and palladium associated with the uranium mineralisation. The most significant intercepts include:

- TPCRC107 – 4 metres at 1,059 ppb Pt+Pd+Au
- TPCRC109 – 12 metres at 951 ppb Pt+Pd+Au including 4 metres at 1,604 ppb Pt+Pd+Au

At the Corkscrew Prospect, located 3 kilometres south-west of Thunderball, surface prospecting returned encouraging results with well defined high order surface radiometric anomalies outlined and mineralised boulders assaying up to 17.6%  $U_3O_8$ .

The drilling of 11 RC holes however failed to intersect any significant mineralisation. Only a small portion of the Corkscrew prospect was drill tested and further drilling is planned.

Thundelarra has now intersected significant uranium mineralisation at five prospects within the Hayes Creek Project area and a number of similarities with the high grade uranium deposits of the South Alligator Uranium Field (SAUF) have become evident. This field located some 100 kilometres east of Hayes Creek and now within the Kakadu National Park, is a narrow northwest trending belt in the headwaters of the South Alligator River. A total of 13 mines produced

146,000 tonnes of ore averaging 1,200 ppm – 2.5%  $U_3O_8$  between 1955 and 1964. Some gold was also produced. The mineral field contains the undeveloped Coronation Hill uranium-gold deposit (344,170 tonnes averaging 5,370 ppm  $U_3O_8$  and 9.95 g/t gold) and the associated gold-platinum-palladium resource (3.9 million tonnes grading 5.12 g/t gold, 0.21 g/t platinum and 0.56 g/t palladium).

The unconformity related uranium deposits of the SAUF lie within a northwest-trending structural belt of Palaeoproterozoic metasedimentary and metavolcanic rocks similar to the geological formations of the Hayes Creek Project area. All the major deposits are within a well defined fault system and were formed in dilational zones at fault bends or intersections. The uranium discoveries made by Thundelarra at Hayes Creek all occur on or adjacent to the extensive north-east trending Hayes Creek and Bella Rose structural corridors and the uranium mineralisation occurs within brittle-ductile shear zones and breccia zones with the highest grade mineralisation probably located within dilational jogs.

In 2011 drilling will be directed towards following up the significant intercepts returned during 2010, together with evaluation of as yet untested sections of the prospective Hayes Creek corridor which strikes for over 50 kilometres on Thundelarra's greater Pine Creek tenure.



### ALLAMBER PROJECT

In October Thundelarra completed an 18 hole RC program (1,670 metres) to evaluate a number of priority targets within the Allamber Uranium Joint Venture area. The program was designed to follow-up a number of significant drill intercepts returned from an RC program completed in 2009 and to test new targets generated by Thundelarra's field work during the year. No assay results are available at the time of writing this report but a number of holes intersected anomalous uranium and copper mineralisation. The RC drilling program will recommence at the beginning of the 2011 field season.

Thundelarra through its wholly owned subsidiary Element 92 Pty Ltd holds a 70% interest in the four Allamber Joint Venture tenements with Excelsior Gold Limited (previously Atom Energy Limited) retaining a 30% contributing interest. The tenements, covering some 260 square kilometres contain the Cleo's deposit which hosts a near surface JORC compliant inferred resource totalling 1.4Mt at 304ppm U3O8 (at 100ppm cut-off) containing 960,000lbs U3O8.



### MARY RIVER PROJECT

The Mary River Project is an extensive area that contains Thundelarra's managed tenements on the eastern side of the Pine Creek Regional Project. In September 2010, an 18,000 line kilometre detailed airborne radiometric and magnetic survey was flown over the area and the adjacent Allamber Project. The survey was flown at 70 metre line spacing and 30 metre height using the Thompson Airtractor and was designed to locate uranium mineralisation along the prospective contact between the intrusive Cullen Granite and the Proterozoic metasediments (Cleo style of mineralisation) and to provide a structural framework for targeting future exploration particularly in areas of cover. Approximately 15 kilometres strike of the north-eastern extension of the Hayes Creek Fault Zone was also covered by the survey, and this corridor will be one of the main targets for exploration in 2011. It is important to note that the Mary River Project area, where Thundelarra has the right to all commodities, is not only prospective for uranium but also for gold and base metals.

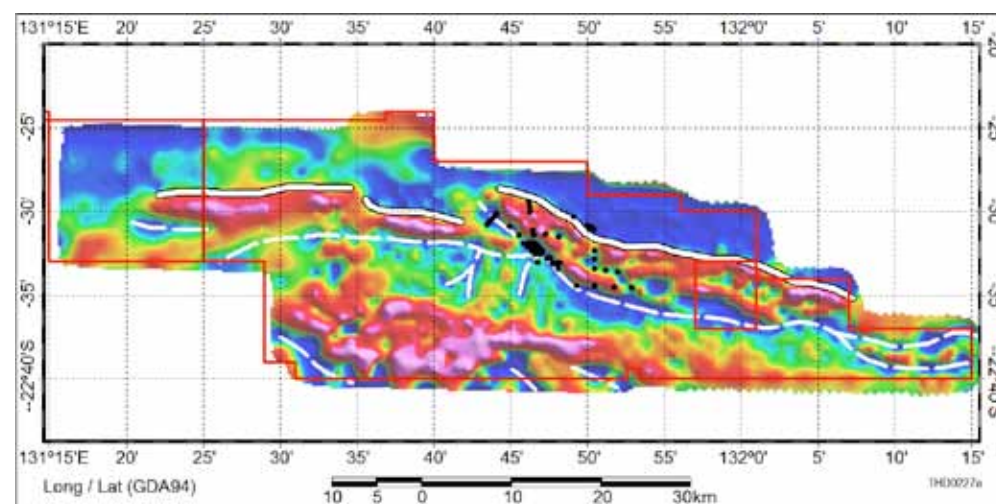
### NGALIA BASIN PROJECT

Thundelarra's first drilling campaign at the Ngalia Basin Project was completed during the year. A total of 58 holes were drilled for 6,969 metres using a combination of Mud Rotary, Diamond Coring and Air Core techniques.

The drilling program successfully demonstrated that potentially economic grades and thicknesses of uranium mineralisation occur in both the Tertiary and Mt Eclipse sandstone sequences. Paleochannel-style uranium mineralisation in the Tertiary sequence has been intersected in 15 holes over a strike length of 12 kilometres. The paleochannel systems that host the uranium mineralisation are expected to continue over a strike length exceeding 40 kilometres along a regionally extensive gravity trough on

Thundelarra's 100% owned tenure. The high grade drill intercepts confirm that the gravity anomaly also represents a structure along which Bigbly-style uranium mineralisation can be found. Thick sequences of coarse and reduced Mt Eclipse sandstone have been intersected in drilling on both sides of the gravity anomaly, with the advantage of only minor Tertiary cover along the northern margin (TNG002MD). This older mineralisation is considered likely to be the source of uranium now found in the Lower Tertiary.

The image below displays residual gravity for the eastern half of the Ngalia Basin project showing the primary target horizon for mineralisation in the Mt Eclipse Sandstone (solid line) and interpreted paleochannel locations (dashed line).



EASTERN NGALIA BASIN PROJECT RESIDUAL GRAVITY WITH PRIMARY TARGET HORIZONS

# REVIEW OF OPERATIONS

## 2010 ANNUAL REPORT

A significant zone of mineralisation has been discovered at the Afghan Swan prospect, where nine holes have outlined a 0.6 sq km zone with maximum grades to 1,798 ppm  $U_3O_8$ , and thicknesses up-to 4.35 metres. This zone is open to the northwest.

Within the Afghan Swan anomaly, significant results include:

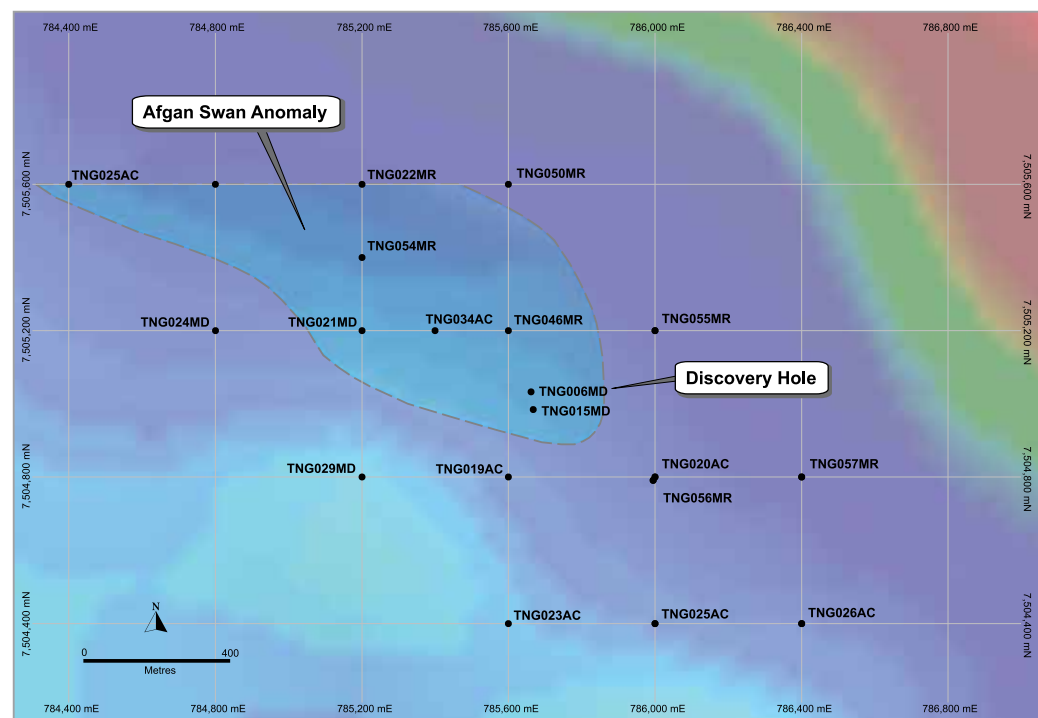
- **TNG034AC** - 3.0m at 670 ppm  $U_3O_8$  including 1.0m at 1,798 ppm  $U_3O_8$
- **TNG045MD** - 1.05m at 708 ppm  $eU_3O_8$  including 0.55m at 1150 ppm  $eU_3O_8$

- **TNG021MD** - 4.35m at 317 ppm  $eU_3O_8$  including 0.55m at 922 ppm  $eU_3O_8$
- **TNG035MD** - 4.35m at 209 ppm  $eU_3O_8$  including 0.25m at 749 ppm  $eU_3O_8$
- **TNG006MD** - 1.8m at 276 ppm  $eU_3O_8$  including 0.32m at 1547 ppm  $U_3O_8$
- **TNG032MR** - 0.8m at 322 ppm  $eU_3O_8$  including 0.2m at 656 ppm  $eU_3O_8$

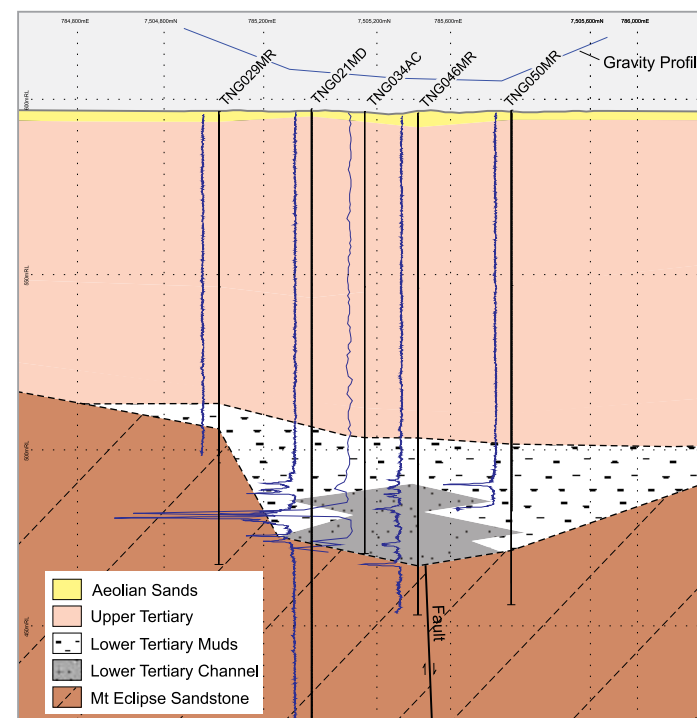
Interpretation of the drilling data indicates that uranium mineralisation occurs along a package of grey, unconsolidated channel sands (up-to 15m thick) lying at the base of the Tertiary.

A sequence of dark, carbonaceous mud and clay overlies this paleochannel. The highest grades of uranium mineralisation appear to occur at the contacts of these two units, which are together grouped as the "Lower Tertiary" (see cross section below). Significant water flows have occurred from this Lower Tertiary paleochannel indicating that the mineralisation is hosted by an aquifer. Field tests and laboratory analyses of groundwater lifted by the air core rig indicate this is a low salinity aquifer which is therefore particularly amenable to *in situ* recovery (ISR) techniques.

A regional airborne electro-magnetic (EM) survey is scheduled to commence in November across 3,300 square kilometres of the Company's tenure within the Basin. This data will be used to interpret the precise location of Tertiary paleovalleys and shallow Mt Eclipse Sandstone for further drill testing. The Northern Territory Government is contributing \$100,000, approximately 50%, of the cost of the EM survey through its successful Bringing Forward Discovery program.



AFGHAN SWAN PROSPECT DRILL HOLE LOCATIONS ON RESIDUAL GRAVITY



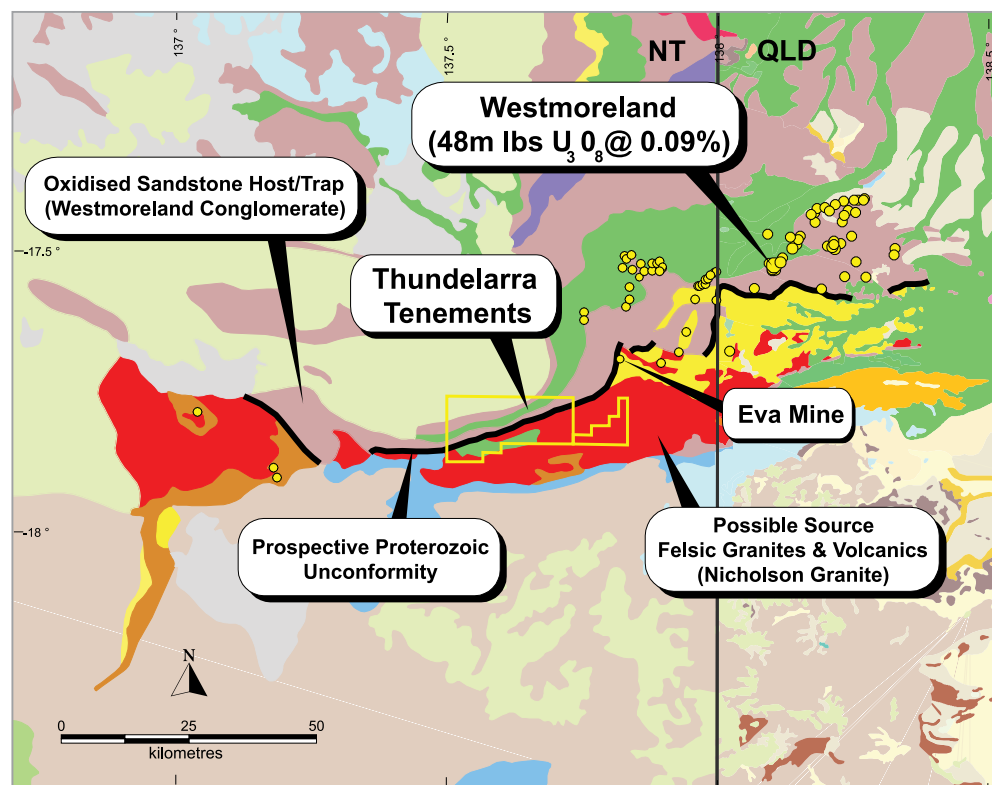
CROSS SECTION THROUGH THE AFGHAN SWAN PALEOCHANNEL ANOMALY WITH GAMMA PROBE PROFILES

## MURPHY PROJECT

Thundelarra entered into an Option Agreement to acquire 100% equity in six tenements covering two separate project areas in the Northern Territory. Two tenements, ELA5859 and 5784 (300 square kilometres) cover a prospective part of the Murphy Inlier, a uranium province that straddles the Queensland-Northern Territory border. The other four tenements, EL23414 and ELAs 24667, 26224 and 26230 (1,512 square kilometres) occur near Kintore on the Western Australian border and are prospective for gold and uranium.

The Murphy Inlier is a very well mineralised but under explored region containing significant undeveloped uranium resources including nearly 22,000t of  $U_3O_8$  within the Queensland Westmoreland deposits. The new Murphy Uranium Project tenements cover approximately 26 kilometres strike length of prospective Proterozoic unconformity along a prominent escarpment.

During the year the Northern Land Council and the traditional owners conducted a site clearance survey over the tenement area. Only a small area was excluded from exploration. Negotiations have now commenced with traditional owners and the Northern Land Council and it is expected that a Deed for Exploration and Mining will be finalised early in 2011. Once all statutory approvals are in place and the tenement is granted a detailed radiometric and magnetic survey will be flown over the entire project area.



MURPHY INLIER PROJECT MAP



## QUEENSLAND

### GREGORY RANGE PROJECT

The Gregory Range Project covers an area of approximately 240 square kilometres and is located 70 kilometres west south-west of Georgetown. Previous but limited field work by Thundelarra discovered significant uranium (11.2%  $U_3O_8$ ) and silver values (2,289 ppm Ag) during a selected rock sampling program. Exploration involving geological mapping and geochemical sampling, a ground Induced Polarisation survey and RC drilling is currently underway. Results from this work will be available early in 2011. Thundelarra anticipates mounting a significant base metal focussed exploration program on this project in 2011.

## WESTERN AUSTRALIA

Thundelarra holds three prospective uranium projects in Western Australia at Spinifex, Kennedy Range and Kunderong. The Company is currently negotiating to sell or joint venture out the three projects so that it can focus its exploration activities in the Northern Territory.

### BASE METALS

#### DOOLGUNNA REGION

Base metals exploration for 2010 has been focused within the Doolgunna region of Western Australia, where a considerable portfolio of tenements has been acquired and exploration success achieved at the Red Bore project.

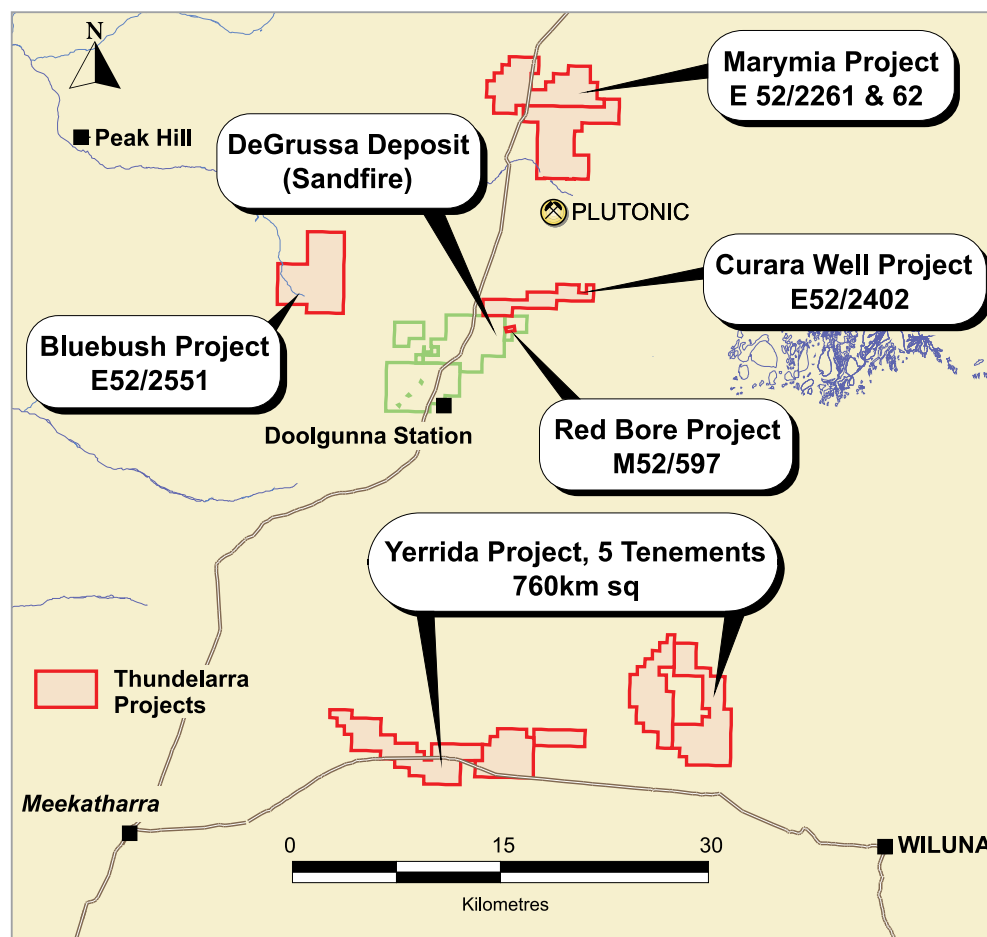
Thundelarra's interest in the region has been sparked by the May 2009 discovery of the DeGrussa deposit by Sandfire Resources Ltd, where resources currently total 10.67 Mt at 5.6% copper and 1.9g/t gold.

Thundelarra pegged an initial tenement in 2009 and has subsequently built up its interests in the region so that it now has 5 project areas, with tenements covering over 1,400 square kilometres.

The Doolgunna project straddles the Archaean aged Marymia Dome in the north and a complex suite of Palaeoproterozoic basins to the south.

Mineralisation within the region includes fault related copper production at Thaduna and vein hosted gold mineralisation at Peak Hill. The Horseshoe Lights volcanogenic massive sulphide (VMS) copper-gold mine produced some 300,000 oz gold and 50,000t copper.

Sandfire's DeGrussa deposit is widely described as being of volcanogenic massive sulphide (VMS) origin, and is hosted within the Narracoota Volcanics, a package of mafic dominated volcanic and volcanoclastic rocks.



DOOLGUNNA REGIONAL PROJECTS AND TENEMENTS MAP

The DeGrussa massive sulphide mineralisation displays unusually high copper and gold tenor, with only minor associated lead and zinc, which are normal components to VMS mineralising systems worldwide. Thundelarra considers the DeGrussa mineralisation to be analogous to Besshi style VMS occurrences. These are typically developed within mafic rocks in oceanic rift environments such as at Besshi, Japan, the Matchless belt, Namibia and the currently active Salton Sea, Gulf of California. In each of these areas heat from mafic volcanism drives hydrothermal fluid systems which then deposit sulphide and metals at the sea floor when they exit and are chilled by seawater. At Salton Sea exhalative fluids deposit their metal content in pipes and chimneys and into the seawater as 'black smokers' with sulphide sediment collecting in the immediate proximity. If fossilised these accumulations can form ore deposits.

If the hot mafic rocks are rapidly covered by sediment, fluids migrate along suitable structures, and can form deposits of structurally hosted, replacement or sedimentary exhalative (Sedex) style mineralisation.

Thundelarra's exploration strategy in the Doolgunna region is to target:

- VMS occurrences close to, and in the same geological setting as the DeGrussa discovery (for example at Red Bore, Curara Well and Bluebush);
- Structurally hosted or replacement style sulphide and Sedex occurrences along major structures and within marginal or overlying sediments (for example at Yerrida, Marymia).



### RED BORE PROJECT

The Red Bore project comprises granted Mining Lease M52/597 in which the Company has the right to earn 60% equity. The tenement covers two square kilometres and has variable outcrop of mafic Narracoota Formation rocks, with the southern spine of the tenement consisting of shales and sandstones of the underlying Karalundi Formation.

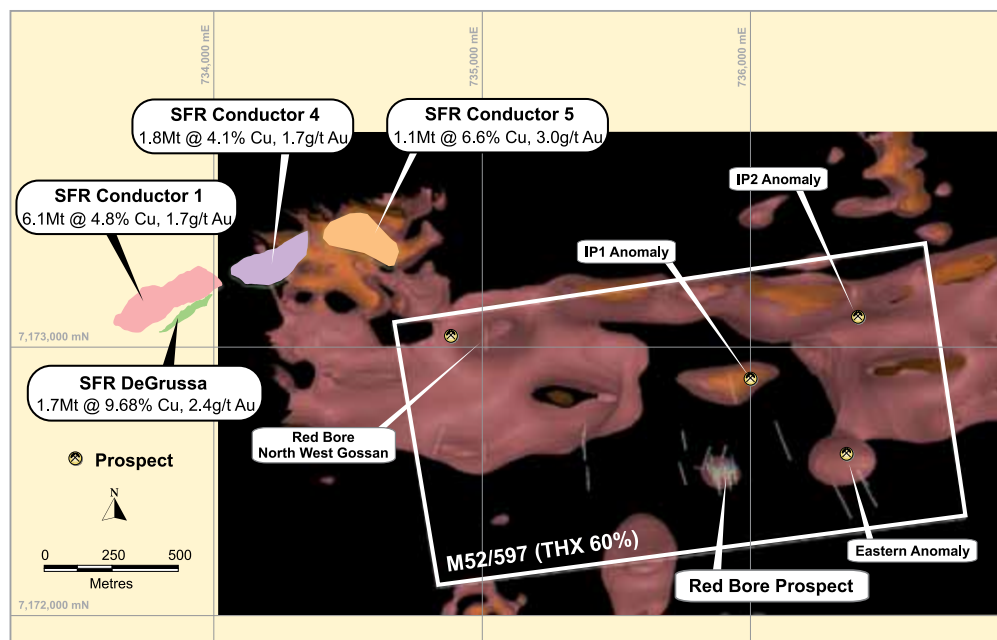
The licence is situated 500 metres east of Sandfire Resources NL's DeGrussa deposit which has a resource of 10.67 Mt at 5.6% copper and 1.9 g/t gold (600,000 t copper metal and 660,000 oz contained gold), hosted within a similar package of Narracoota Volcanics to those at Red Bore.

The Red Bore lease secures a base metal gossan first identified in the 1960's by Doolgunna station owner R. Davies. Follow up exploration in the 1970s and 1980s was limited and the gossan remained the principle base metal occurrence in the area, with shallow historic drilling indicating copper and gold mineralisation was present within the weathered near surface rock.

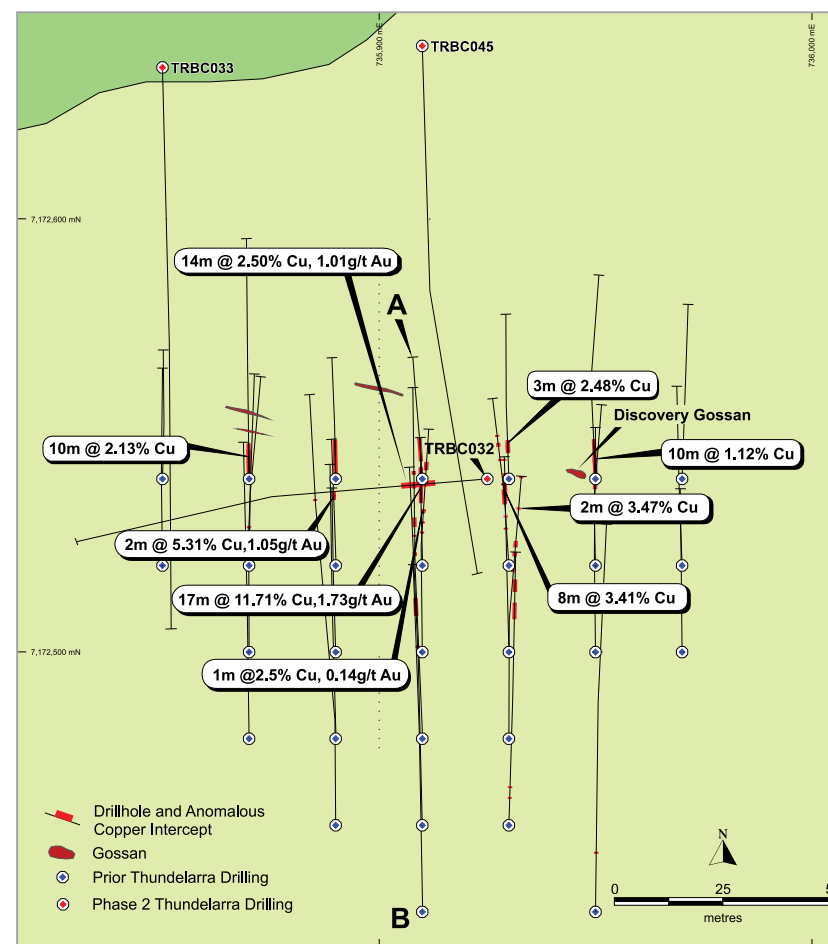
Since entering an agreement over the Red Bore tenement in April 2010 Thundelarra has systematically carried out detailed geophysical and geological investigations. Magnetic, gravity, electromagnetic and induced polarisation (IP) surveys have been completed over the entire

tenement area. This work has contributed to an understanding of the geology, alteration and mineralisation processes within the tenement and helped outline exploration targets for detailed assessment.

Two phases of reverse circulation drilling, totalling 45 holes for 5,841 metres have been completed.



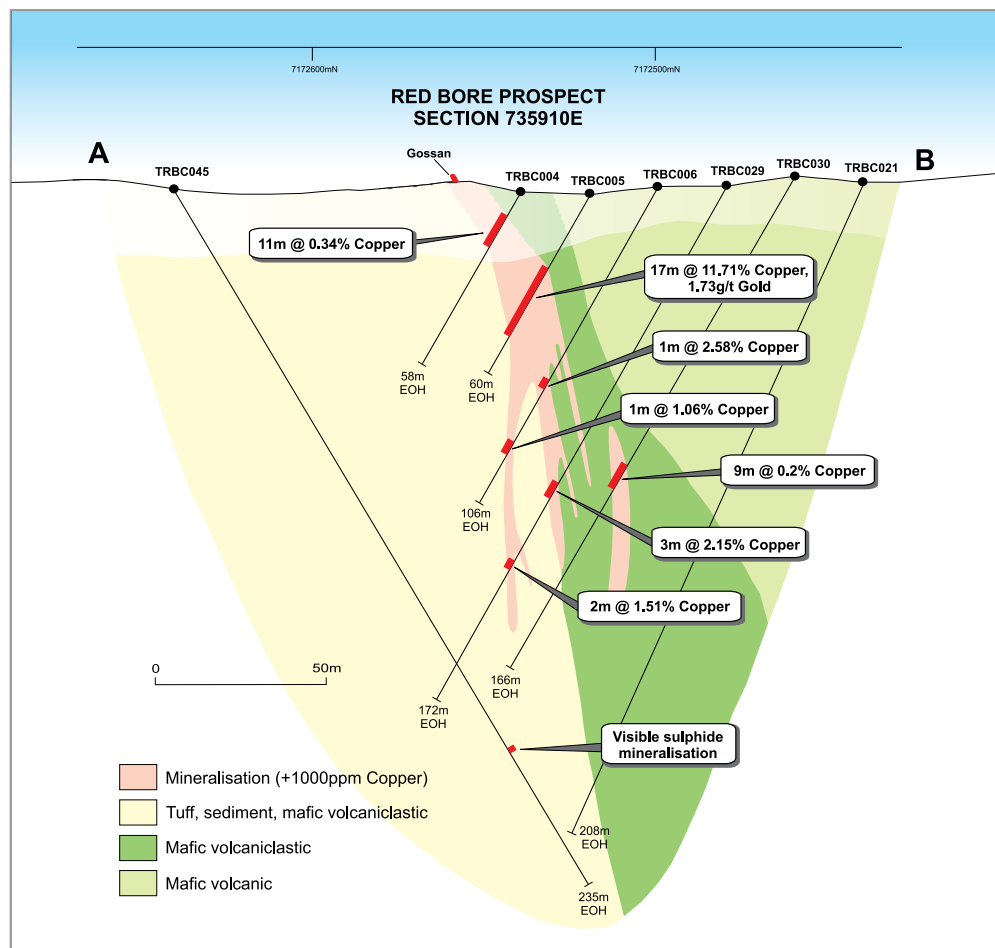
RED BORE PROJECT M52/597 AND SANDFIRE RESOURCES' NEARBY DEPOSITS



RED BORE PROSPECT DRILL HOLE LOCATION AND INTERCEPTS

### RED BORE PROSPECT

The area of the historic discovery gossan is known as the Red Bore prospect, and has been the focus of Thundelarra's drilling activity within the Red Bore tenement. In this area a total of 32 holes for 3722m have been completed over a 120 metre strike extent.



RED BORE PROSPECT SECTION 735910E

### RED BORE PROSPECT SIGNIFICANT RC DRILL INTERCEPTS

Hole	Azimuth/ dip	Metres East	Metres North	From/ To	Interval	Grade	
						Copper	Gold
TRBC001	360°/-60°	735930	7172540	12-18m	6m	1.35%	0.26g/t
including				13-16m	3m	2.48%	0.50g/t
TRBC003	360°/-60°	735930	7172500	72-86m	14m	2.08%	0.07g/t
including				72-80m	8m	3.41%	0.10g/t
TRBC005	360°/-60°	735910	7172520	29-46m	17m	11.71%	1.73g/t
including				32-39m	7m	21.15%	2.30g/t
TRBC006	360°/-60°	735910	7172500	65-67m	2m	1.37%	0.09g/t
TRBC007	360°/-60°	735890	7172540	13-16m	3m	1.66%	0.16g/t
TRBC008	360°/-60°	735890	7172520	30-34m	4m	2.75%	0.03g/t
including				31-33m	2m	5.31%	1.05g/t
TRBC012	360°/-60°	735870	7172540	1-17m	16m	1.42%	0.40g/t
including				4-14m	10m	2.13%	0.62g/t
TRBC014	360°/-60°	735870	7172500	57-58m	1m	1.35%	0.03g/t
TRBC016	360°/-60°	735950	7172540	0-10m	10m	1.12%	0.11
TRBC019	360°/-60°	735930	7172480	88-91m	3m	2.38%	0.06g/t
TRBC029	360°/-60°	735910	7172480	101-104m	3m	2.15%	0.19g/t
AND				127-129m	2m	1.51%	0.02g/t
TRBC032	268°/-65°	735925	7172540	25-39m	14m	2.50%	1.01g/t
including				25-30m	5m	6.59%	1.84g/t

Note: Significant intercepts calculated using a 1.0% lower Copper cut off. Gold results are by fire assay and copper by special mixed acid digest (SMAD) and ICP-OES/MS.

Mineralisation has an east to west strike and dips steeply to the south. The broad zones of alteration and sulphide mineralisation are characteristic of a large volcanogenic massive sulphide system.

The mineralisation has a strong gold-copper-silver and Sn-Mo-Se-Co-As-Te association. The Red Bore prospect mineralisation has a striking visual and geochemical similarity to the nearby DeGrussa deposit.

The Red Bore prospect gold and copper mineralisation is hosted within sulphide bearing mafic volcanoclastic and tuff of the Narracoota Formation. The lower portion of the volcanoclastic unit and the upper part of the tuff package contains zones of blebby to massive sulphide dominated by chalcopyrite. Magnetite alteration, pyrite and trace sphalerite are also associated with the more abundant chalcopyrite. Within the transition zone, chalcocite overgrowths are developed and appear to have contributed to the very high grade copper intercept seen in hole TRBC005. Scanning electron microscope (SEM) analysis confirms the visual mineral composition. An image of massive chalcopyrite and secondary chalcocite is displayed below.

Downhole electro-magnetic (DHEM) geophysics has been carried out down selected holes from phase 1 drilling at the Red Bore prospect. The aim of this work has been to determine the orientation or plunge to the mineralisation so it can be targeted at greater depths. Results define a package of small conductive anomalies interpreted to have a vertical to steep westerly plunge.

Three deeper RC holes have been completed as part of the phase two drilling programme. These have been sited to act as platforms for downhole electro-magnetic surveying, in order to test the down plunge position of the Red Bore prospect mineralisation. Drillhole TRBC032 has confirmed the previously identified mineralisation at Red Bore, with the bulk of the hole interpreted to lie above a west plunging

shoot of mineralisation. Assay results from holes TRBC033 and TRBC045 have not been received. However minor visual sulphides, observed during geological logging of TRBC045 at a downhole depth of 191 metres, indicates the Red Bore prospect sulphide mineralisation is vertically extensive and presents as a high priority target.

### Red Bore Prospect – Strike Extensions

There is good potential for further mineralisation to occur along the east – west trending mafic volcanoclastic and tuff contact either side of the Red Bore prospect. In VMS occurrences around the world favourable contacts or horizons may be host to multiple zones of mineralisation, and at Red Bore this horizon is regarded as having high potential for further discoveries.

Recently completed RC drill Holes TRBC036 and TRBC037, located to the east and west respectively of Red Bore prospect, returned W-Sn-Bi-Mo anomalism that may reflect VMS style alteration.

The drill results are being modelled together with magnetic, gravity and geochemical data to target further drilling along the 2 kilometre strike extent of the horizon present within the tenement.

### Red Bore North West

A number of new gossan occurrences have been identified during geological mapping and are considered indicative of, or prospective for, base metal mineralisation at depth. One of these, the North-West Gossan prospect is coincident with gravity and magnetic features, and is located 250m south of Sandfire Resources recently identified Conductor 5 resource (1.1Mt at 6.6% copper, 3.0 g/t gold). It presents as a high priority target for further detailed exploration.

### Red Bore Magnetic and Gravity Targets

In early October 2010 reverse circulation drilling investigated six gravity and magnetic targets within M52/597. None of these had been explored by past work.

Drilling has not intersected visual evidence of significant copper mineralisation; however some minor sulphide intercepts have been logged. Assay results for the drillholes are awaited.

Results will be fully interpreted on receipt of all data, but initial assessment indicates the presence of several sulphide mineralised systems are present within the Red Bore lease that warrant further evaluation.

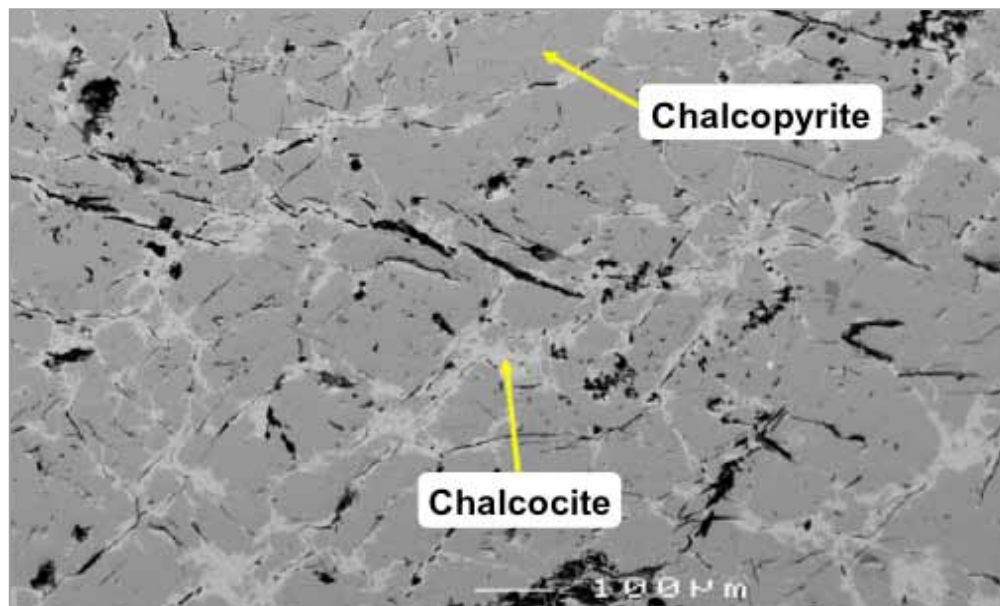
### Red Bore Induced Polarisation (IP) Targets

A recently completed induced polarisation (IP) survey at the Red Bore project (M52/597) has defined two discrete chargeable anomalies considered to be prospective for copper-gold sulphide mineralisation.

The source of the anomalism is not apparent on surface as bedrock is obscured by recent cover, however gravity data indicates the IP anomalies lie within a corridor of Narracoota Volcanics and that the IP features flank gravity highs in a similar position to the Red Bore prospect mineralisation.

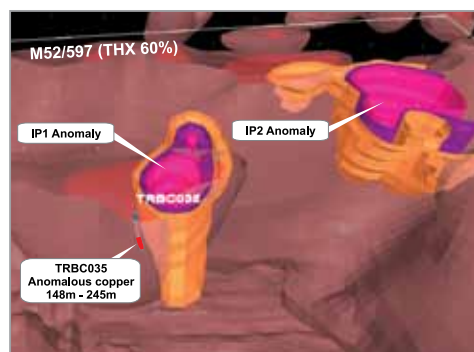
Drillhole TRBC035, located adjacent to and west of anomaly IP1 was completed to a depth of 245 metres and was sited to investigate a magnetic feature, before the results of the IP survey were available. The drillhole intersected Narracoota Formation with anomalous copper comprising;

- **97 metres at 258ppm copper from 148 metres to 245 metres (end of hole)**
- **including 52 metres at 346ppm copper from 176 metres**



SEM IMAGE OF MASSIVE COPPER SULPHIDES FROM HOLE TRBC005

The results contain a peak assay of 424ppm copper and compare with an average background level of 14ppm copper between surface and 148 metres. A 3D block image of the IP anomalies and drillhole TRBC035, together with the magnetic susceptibility model, are shown below.



### Planned Exploration

The first 6 months of Thundelarra's exploration at Red Bore has returned exciting and encouraging results. Importantly drilling has identified copper – gold mineralised massive sulphide of a type and style similar to the nearby DeGrussa deposit.

Future exploration will focus on the search for more of this style of mineralisation, both along strike from that identified, as well as at greater depths. Work to date has indicated many prospective features require systematic follow up exploration which is planned to take place during 2011.

### CURARA WELL PROJECT

**The 100% Thundelarra owned Curara Well tenement E52/2402 is situated immediately adjacent to Sandfire Resources NL's tenure, being north and east along strike from the DeGrussa deposit. Thundelarra's tenement covers 83 square kilometres encompassing archaean and proterozoic rocks and over 10 kilometres in strike length of the Jenkins Fault, a major crustal feature which appears to be an important control to mineralisation in the area.**

The rocks adjacent to the Jenkins fault remain almost unexplored by historic work. Past drilling, carried out in the search for gold mineralisation has identified favourable mafic bedrock which may form the upper part of the Narracoota Volcanics.

Petrographic study has identified a favourable felsic volcanic and epiclastic sequence with widespread hydrothermal alteration, including propylitic, Mg-chlorite, sericite and epidote alteration. Such alteration can be developed marginal to VMS deposits, and the Curara Well rocks are regarded as prospective for DeGrussa style mineralisation.

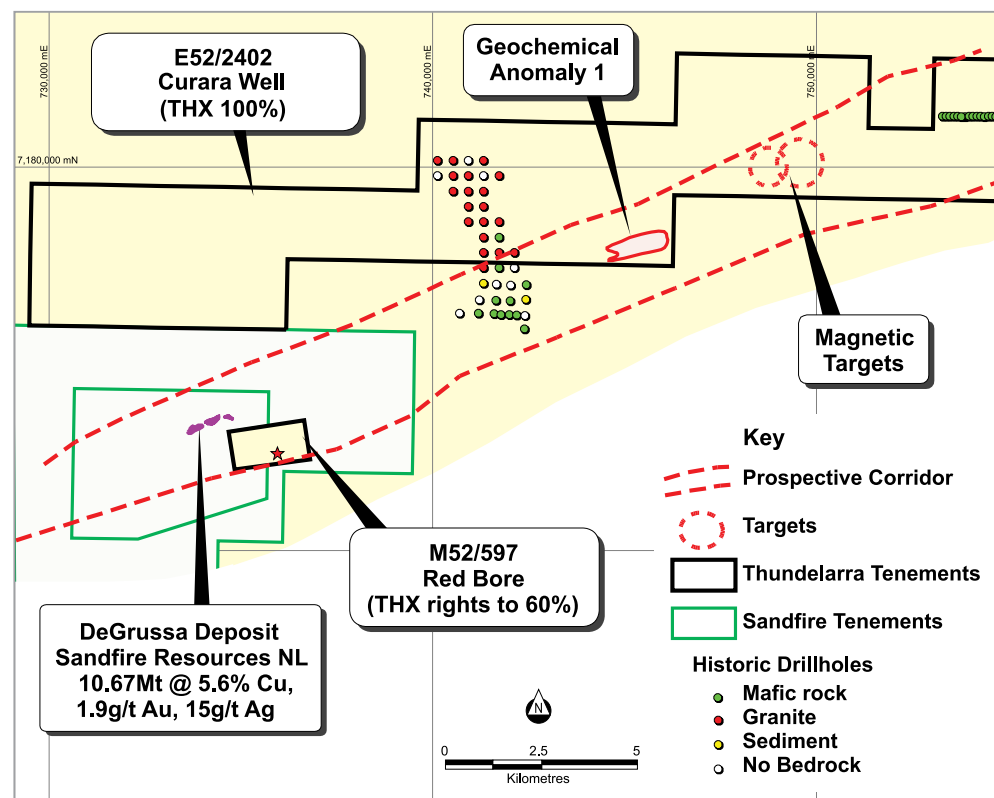
Soil geochemical sampling has been carried out over the central southern tenement area. This work has been designed to test a prospective portion of Proterozoic rocks over which historic and Thundelarra sampling has returned a coherent copper soil anomaly some 400 metres in width. This prospect is named Geochemical Anomaly 1. Importantly, the area flanking this anomaly, and much of the tenement, are obscured by cover and transported laterite. As such the anomaly remains open along strike.

Several magnetic features of interest have been identified to the east of the Anomaly 1. Ground investigation indicates bedrock is obscured by transported pisolitic laterite in the area of the anomalies, which remain unexplained.

An airborne VTEM (versatile time domain electro-magnetic) survey was completed over the entire tenement area in late October. The VTEM geophysical method is designed to detect

conductive rock types, such as DeGrussa style massive sulphide, and will act as a first pass tool to identify areas for immediate follow up. Survey results are awaited.

Once data has been received from the above programmes heritage surveys and statutory approvals will be sought so that drill testing of anomalies can proceed.



CURARA WELL TENEMENT AND PROSPECTIVE CORRIDOR



### BLUEBUSH

The Bluebush tenement is located 40 kilometres west of Red Bore, and overlies a 200 square kilometre area of Proterozoic sediments largely obscured by sand cover. Thundelarra's interpretation of magnetics imagery suggests that prospective Narracoota Volcanics extend into the tenement area at shallow depth. To the west the magnetic sequence of rocks hosts the Horseshoe Lights VMS occurrence.

Geological reconnaissance of the tenement has confirmed the general lack of outcrop in the tenement area. Planning is underway to carry out an airborne magnetics survey to identify features for future drill testing.

### MARYMIA

**Thundelarra has entered into an option agreement to acquire a 100% interest in the Marymia project, located 35 kilometres to the north of Red Bore.**

The project comprises two tenements totalling 228 square kilometres in size. They cover poorly outcropping Proterozoic aged Bangemall Group sediments and Archaean rocks of the Marymia Inlier. Along the western flank of the project several geochemical anomalies have been identified by government sampling. These subtle anomalies may reflect significant base metal mineralisation under cover, associated with major basin bounding structures that traverse the area.

Past exploration and other data are being compiled prior to commencing fieldwork.

### YERRIDA

The Yerrida project comprises five tenements covering an area of 759 square kilometres, located 85 kilometres south of Red Bore. Thundelarra has rights to earn an 80% interest in the project.

The tenements secure shale units of the Mooloogool Group of the Yerrida basin. These are underlain at shallow depth by Killara Volcanics, which are geologically analogous to the Narracoota Volcanics of the Bryah Basin.

The western Yerrida tenements have potential for Sedex type base metal mineralisation, and past exploration has identified minor base metal mineralisation associated with faulting, within zones of more extensive but barren sulphide. Further investigation of the poorly identified fault systems is planned to define if they host economic mineralisation.

The eastern Yerrida tenements overly interpreted lineaments that may reflect long lived Archaean basement structures and be prospective targets for syngenetic base metal mineralisation.

Planning has commenced to carry out an airborne magnetics survey, with the aim of identifying prospective fault structures for geological assessment and drill testing.

An initial geological reconnaissance of the area has also been made, with samples collected for petrology and geochemical analysis.



### EAST KIMBERLEY PROJECT

#### EAST KIMBERLEY JOINT VENTURE

**Panoramic Resources are earning a 61% interest in a number of Thundelarra's regional tenements in the East Kimberley by funding \$3 million of exploration expenditure.**

During 2010 Panoramic commenced exploration over Joint Venture tenure in the search for nickel-copper-cobalt sulphide mineralisation associated with mafic and ultramafic intrusions. The region hosts two such deposits, the operating Savannah mine (SMY) and the Copernicus deposit (THX 40%).

A major airborne gravity gradiometer survey over much of the EKJV tenement area was completed during the year, the first time this method of geophysical surveying has been applied in the East Kimberley.

During the September quarter a large VTEM survey over selected targets defined by gravity and magnetic surveys commenced. By the end of the quarter, approximately 4,000 line kilometres of survey had been completed over six individual survey areas. A total of 5,500 line kilometres remain to be completed as part of the program. Over forty EM anomalies have been identified to date that warrant on-ground investigation.

# REVIEW OF OPERATIONS

## 2010 ANNUAL REPORT

### COPERNICUS NICKEL MINE

The Copernicus Nickel mine is a joint venture between Thundelarra (40%) and Panoramic Resources Ltd (60%). Open pit mining operations at Copernicus were suspended in December 2008 in response to falling commodity prices.

### PROBABLE MINING RESERVE SEPTEMBER 2009

(Open Pit 0.5% Ni Cut-off, Underground 0.8% Ni Cut-off)

Class	Tonnes	Ni %	Cu %	Co %	Ni Tonnes	Cu Tonnes	Co Tonnes
Open Pit	417,000	1.0	0.65	0.05	4,070	2,680	210
Underground	347,000	1.2	0.70	0.04	4,150	2,420	140
<b>Total</b>	<b>764,000</b>	<b>1.1</b>	<b>0.67</b>	<b>0.05</b>	<b>8,220</b>	<b>5,100</b>	<b>350</b>

The open pit mine remains on care and maintenance pending a sustained improvement in the A\$ nickel price. The open pit and associated infrastructure are fully developed, and are in a state that will enable mining to recommence at short notice.

### ROSEWOOD

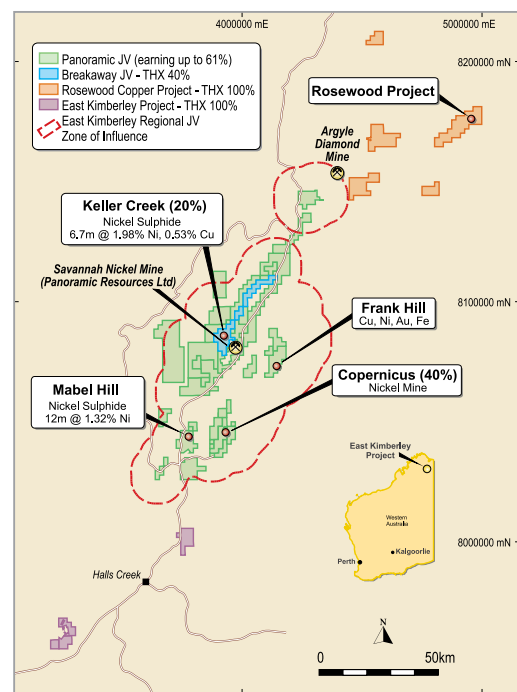
Thundelarra has a 100% interest in the Rosewood copper-silver project.

The Rosewood project covers a large area of Headley Limestone within the Rosewood Syncline, a Cambrian aged carbonate sequence overlying the Antrim Plateau Volcanics. The upper portion of the volcanics and the Headley Limestone display widespread copper mineralisation associated with folding and faulting, as well as within more permeable lithologies. The general setting is analogous to the Michigan copper belt in the USA which produced over 10 billion pounds of copper metal between 1845 and 1996.

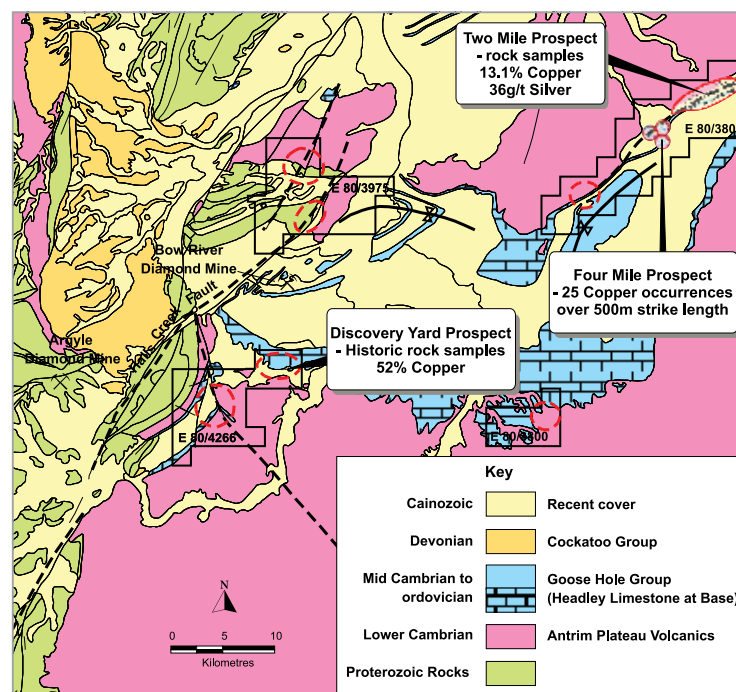
Work by Thundelarra has identified numerous copper occurrences, with rock sampling up to 13.1% copper and 35.5 g/t silver. Historical exploration has been minor, but has returned rock samples of up to 52% copper.

Recent evaluation has identified primary chalcopyrite within the mineralisation. To test for significant copper sulphide mineralisation at depth a VTEM survey has been commissioned to cover some 590 line kilometres of the project area. This survey commenced during the last week of October.

Results are awaited and will be followed up in the 2011 field season, after the northern wet.



EAST KIMBERLEY PROJECT AREA



ROSEWOOD PROJECT

### PILBARA PROJECTS – PYRAMID

The Pyramid Project comprises one tenement, E47/1305, covering some 120 square kilometres east of Roebourne in the West Pilbara. The tenement secures an extensive package of felsic and mafic volcanic units prospective for VMS base metal mineralisation. An airborne electromagnetic survey (VTEM) conducted in 2007 defined a strongly conductive anomaly beneath an area of shallow transported cover. Ironstone float in the area of the anomaly may reflect weathered sulphide mineralisation and indicate a high prospectivity to the target area.

This prospect will be drill tested once a heritage survey is conducted and the area cleared for ground disturbing exploration activities.

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

## CORPORATE GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 30 SEPTEMBER 2010

Thundelarra Exploration Ltd ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation

to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

### DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

#### SUMMARY STATEMENT

The table below summarises the Company's compliance with the ASX Corporate Governance

Council's Corporate Governance Principles and Recommendations.

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3 <sup>3</sup>	n/a	n/a
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6 <sup>3</sup>	n/a	n/a
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 3.3 <sup>3</sup>	n/a	n/a
Recommendation 4.1	✓	
Recommendation 4.2		✓

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 4.3	✓	
Recommendation 4.4 <sup>3</sup>	n/a	n/a
Recommendation 5.1	✓	
Recommendation 5.2 <sup>3</sup>	n/a	n/a
Recommendation 6.1	✓	
Recommendation 6.2 <sup>3</sup>	n/a	n/a
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 7.4 <sup>3</sup>	n/a	n/a
Recommendation 8.1		✓
Recommendation 8.2	✓	
Recommendation 8.3 <sup>3</sup>	n/a	n/a

Note 1: Indicates where the Company has followed the Principles & Recommendations.

Note 2: Indicates where the Company has provided "if not, why not" disclosure.

Note 3: Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

### WEBSITE DISCLOSURES

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.thundelarra.com](http://www.thundelarra.com) under the section marked Corporate Governance.

A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	Recommendation(s)
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

### DISCLOSURE - PRINCIPLES & RECOMMENDATIONS

The company reports below on how it has followed (or otherwise departed from) each of the principles & recommendations during the 2009/2010 financial year ("Reporting period").

#### Principle 1 – Lay solid foundations for management and oversight

**Recommendation 1.1:** Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

**Disclosure:** The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and to assist the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

**Recommendation 1.2:** Companies should disclose the process for evaluating the performance of senior executives.

**Disclosure:** The Managing Director is responsible for evaluating the senior executives. The Managing Director undertakes an annual informal performance evaluation of senior executives.

**Recommendation 1.3:** Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

**Disclosure:** During the Reporting Period a performance evaluation of the senior executives did not take place. The Board intends to undertake informal performance evaluations in the 2010/2011 financial year.

#### Principle 2 – Structure the board to add value

**Recommendation 1.2:** A majority of the Board should be independent directors.

**Disclosure:** The Board has a majority of directors who are independent.

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

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

**Recommendation 2.2:** The Chair should be an independent director.

**Disclosure:** **Notification of Departure:**  
The Chair, Philip Crabb, is not an independent director.

**Explanation for Departure:**  
The Board believes that Philip Crabb is the most appropriate person for the position of Chair because of his industry experience and knowledge. Philip Crabb and associate's substantial shareholding is the only factor that precludes him from being considered independent. The Board believes that Philip Crabb makes decisions that are in the best interests of the Company.

**Recommendation 2.3:** The roles of the Chairman and Chief Executive Officer should not be exercised by the same individual.

**Disclosure:** The Managing Director is Brett Lambert who is not the Chairman of the Board.

**Recommendation 2.4:** The Board should establish a Nomination Committee.

**Disclosure:** **Notification of Departure:**  
The Company has not established a separate Nomination Committee.



**Explanation for Departure:**

The role of the Nomination Committee is carried out by the full Board. The Board considers that given the current composition of the Board, at this stage no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

**Recommendation 2.5:** Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

**Disclosure:** The Chair is responsible for evaluating the Board and, when appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Managing Director. The process for the performance evaluations includes questionnaires and interviews with each director to discuss this assessment.

**Recommendation 2.6:** Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

**Disclosure:** **Skills, Experience, Expertise and Term of Office of each Director**  
A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

**Identification of Independent Directors**

The only independent director of the Company is Malcolm Randall. Mr Randall is considered an independent because he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

**Company's Materiality Thresholds**

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets of the consolidated entity.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more of the consolidated entity.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

**Statement concerning availability of Independent Professional Advice**

To assist directors with independent judgement, it is the Board's Policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

#### Nomination Matters

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period. However informal nomination-related discussions occurred from time to time during the Reporting Period, as required. During those discussions the full Board was in attendance. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

#### Performance Evaluation

During the Reporting Period a performance evaluation of the Board, Board committees and individual directors did not take place. The Board intends to undertake informal performance evaluations in the 2009/2010 financial year.

#### Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. At every annual general meeting of the Company one third of the directors (except alternate directors and the Managing Director) must retire from office and may stand for re-election. The directors to retire at an annual general meeting are those who have been in office the longest provided that no director (except alternate directors and the Managing Director) can hold office for more than three years without having to undergo such retirement. Re-appointment of directors is not automatic.

#### Principle 3 – Promote ethical and responsible decision-making

**Recommendation 3.1:** Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

**Disclosure:** The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

**Recommendation 3.2:** Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

**Disclosure:** The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

**Recommendation 3.3:** Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

**Disclosure:** Please refer to the section above marked Website Disclosures.

#### Principle 4 – Safeguard integrity in financial reporting

<b>Recommendation 4.1:</b>	The Board should establish an Audit Committee.
<b>Recommendation 4.2:</b>	<p>The Company has established an Audit Committee.</p> <p>The Audit Committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists only of non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent Chair, who is not Chair of the Board</li> <li>• has at least three members.</li> </ul>
<b>Disclosure:</b>	The Audit Committee comprised two directors, Malcolm Randall and Brian Richardson. Malcolm Randall is considered as independent.
<b>Recommendation 4.3:</b>	The Audit Committee should have a formal charter.
<b>Disclosure:</b>	The Company has adopted an Audit Committee Charter.
<b>Recommendation 4.4:</b>	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .
<b>Disclosure:</b>	<p>The Audit Committee held two meetings during the Reporting Period, which all members of the Audit Committee (Malcolm Randall and Brian Richardson) attended.</p> <p>Details of each of the director's qualifications are set out in the Director's Report.</p> <p>All of the Audit Committee members consider themselves to be financially literate and have experience in the industry in which the Company operates. Brian Richardson has extensive industry knowledge with over 28 years experience in the mining industry. Malcolm Randall also has extensive experience in management and marketing in the resource sector.</p>

#### Disclosure continued:

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances.

The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

#### Principle 5 – Make timely and balanced disclosure

<b>Recommendation 5.1:</b>	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
<b>Disclosure:</b>	The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.
<b>Recommendation 5.2:</b>	Companies should provide the information indicated in the <i>Guide to reporting on Principle 5</i> .
<b>Disclosure:</b>	Please refer to the section above marked Website Disclosures.

# CORPORATE GOVERNANCE STATEMENT

## 2010 ANNUAL REPORT

### DISCLOSURE - PRINCIPAL RECOMMENDATIONS (CONTINUED)

#### Principle 6 – Respect the rights of shareholders

**Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

**Disclosure:** The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

**Recommendation 6.2:** Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

**Disclosure:** Please refer to the section above marked Website Disclosures.

#### Principle 7 – Recognise and manage risk

**Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

**Disclosure:** The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

#### Disclosure continued:

In July 2009, the Company commenced formalising its system and procedures to manage its material business risks. The Company expects to complete implementing the system in the second quarter of the 2010/2011 financial year. The system will include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. The risk register will be reviewed quarterly and updated, as required. During the Reporting Period, management identified material business risks and risk management strategies for these risks, which were then reported to the Board. Management reported to the Board on material business risks as required and the Board made further enquiries of management as necessary. The process of managing of material business risks has been allocated to members of senior management.

The categories of risk reported on as part of the Company's systems and processes for managing material business risk include: liquidity risk, foreign currency exchange risks, operational risk, environmental risk, compliance risk, strategic risk, human capital, financial reporting and market-related risks.

#### Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

#### Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.



**Recommendation 7.3:** The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Disclosure:** The Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

**Recommendation 7.4:** Companies should provide the information indicated in the *Guide to reporting on principle 7*.

**Disclosure:** The Board has received the report from management under Recommendation 7.2. The Board has received the assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

#### Principle 8 – Remunerate fairly and responsibly

**Recommendation 8.1:** The Board should establish a Remuneration Committee.

**Notification of departure:** The Company has not established a separate Remuneration Committee.

**Explanation for departure:** The role of the Remuneration Committee is carried out by the full Board. The Board considers that given the current composition of the Board, at this stage no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

**Recommendation 8.2:** Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

**Disclosure:** Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals.

**Recommendation 8.3:** Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

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

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. All Board members were in attendance. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

### DIRECTORS' REPORT

The Directors present their report on the Consolidated Entity consisting of Thundelarra Exploration Ltd and the entities it controlled at the end of, or during, the year ended 30 September 2010.

#### INFORMATION ON DIRECTORS

The following persons were Directors of Thundelarra Exploration Ltd ("Company") and were in office during the financial year and until the date of this report unless otherwise stated.

**Mr Philip G Crabb**

Non-Executive Chairman

**Mr Brett T Lambert**

Managing Director/CEO

**Mr Brian D Richardson**

Executive Director

**Mr Frank DeMarte**

Executive Director

**Mr Malcolm R J Randall**

Non-Executive Director

#### PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the year was mineral exploration in Australia. Other than the foregoing, there were no significant changes in those activities during the year.

#### RESULT OF OPERATIONS

During the year the Consolidated Entity incurred a consolidated operating profit after tax of \$12,805,837 (2009 – Loss \$4,190,812).

#### REVIEW OF OPERATIONS

A detailed review of operations for the Consolidated Entity is set out on page 2 to 16 of this report.

#### DIVIDENDS

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

#### NATIVE TITLE

Claims of native title over certain of the Consolidated Entity's tenements have been made, and may in the future be made under the Commonwealth Native Title Act. In the event that native title is established by an indigenous community over an area that is subject to the Company's mining tenements, the nature of the native title may be such that consent to mining may be required from that community but is withheld.

No determination of native title has yet been made by the Federal Court or any other body with appropriate jurisdiction in respect of any of the land the subject of the Company's tenements. It is also possible that some of the existing claims may be removed from the National Native Title Tribunal Register for failure to satisfy the new registration test which became operative upon proclamation of the Native Title Amendment Act 1998.

#### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise dealt with in this report.

#### SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period, the Directors are not aware of matter or circumstance not otherwise dealt with in this report or the Financial Statements, that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent years with the exception of the following, the financial effects of which have not been provided for in the 30 September 2010 financial statements.

**Exercise of Options**

- (1) 1,394 quoted options exercisable at 20 cents each expiring 29 March 2013 were exercised raising \$279 in working capital.
- (2) 1,250,000 options exercisable at 45 cents each expiring 30 November 2011 were exercised raising \$562,500 in working capital.
- (3) 530,000 options exercisable at 32 cents each expiring 30 September 2012 were exercised raising \$169,600 in working capital.

**Issue of Shares**

680,272 ordinary shares were issued at \$0.735 per share in relation to a option fee payment for Red Bore and Yerrida tenements.

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments in the operations of the Consolidated Entity are set out in the review of operations section of this report. The Consolidated Entity will continue to explore its Australian tenement areas of interest for minerals, and any significant information or data will be released in the market and to shareholders.

#### ENVIRONMENTAL ISSUES AND REGULATIONS

The Consolidated Entity has interests in mining tenements (including prospecting, exploration and mining leases). The leases and licence conditions contain environmental obligations. The Consolidated Entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year. The Directors are not aware of any environmental matters which would have a significant adverse effect on the Consolidated Entity.

#### CORPORATE INFORMATION

**Thundelarra Exploration Ltd**

Parent entity

**Element 92 Pty Ltd**

100% owned controlled entity

**Trilogy Metals Limited**

100% owned controlled entity

### INFORMATION ON DIRECTORS

#### Philip G Crabb

(Non-Executive Chairman) Age 70  
FAusIMM, MAICD

Mr Crabb is a Fellow of the Australasian Institute of Mining and Metallurgy and a member of the Institute of Company Directors. Mr Crabb has been actively engaged in mineral exploration and mining activities for the past forty one (41) years in both publicly listed and private exploration companies. He has considerable experience in field activities, having been a drilling contractor, quarry manager and mining contractor. Mr Crabb has extensive knowledge of the Australian Mining Industry and has experience with management of Australian publicly listed companies. Mr Crabb is presently the Chairman of Royal Resources Limited (since 2005) and a Director of Aldershot Resources Ltd (since 2010).

Mr Crabb was appointed a director on 30 November 1998.

#### Former Directorships in last three years

United Minerals Corporation Limited (from 2004 to 2009).

#### Special Responsibilities

Chairman of the Board  
Member of Nomination Committee from December 2004  
Member of Remuneration Committee from December 2004

#### Brett T Lambert

(Managing Director) Age 50  
BSc (Mining Eng), MAusIMM

Mr Lambert is a mining engineer with over 30 years of Australian and international resource industry experience. He has worked extensively in both base and precious metals mining operations and has been responsible for overseeing the establishment of several greenfields resource projects and evaluating new business development opportunities.

Mr Lambert has held senior management positions in major companies and in the junior resources sector. Mr Lambert is experienced in public company administration and has served as a director of companies listed on the Australian Securities Exchange, the Toronto Stock Exchange and the Stock Exchange of Thailand. Mr Lambert is presently a Director of Trilogy Metals Limited (since 2010).

Mr Lambert joined the Company in May 2007 as Chief Executive Officer and was appointed Managing Director in September 2007.

#### Former Directorships in last three years

Intrepid Mines Limited from 2006 to 2008.

#### Special Responsibilities

Managing Director/CEO  
Member of Nomination Committee from September 2007  
Member of Remuneration Committee from September 2007

#### Frank DeMarte

(Executive Director) Age 48  
BBus, FCIS, MAICD

Mr DeMarte has over twenty six (26) years of experience in the mining and exploration industry in Western Australia. Mr DeMarte has held executive positions with a number of listed mining and exploration companies and is currently an Executive Director and Chief Financial Officer of the Company.

Mr DeMarte is experienced in areas of secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Secretaries of Australia. Mr DeMarte is presently also a Director of Royal Resources Limited (since 2004) and Trilogy Metals Limited (since 2010).

Mr DeMarte was appointed a director on 30 April 2001.

#### Former Directorships in last three years

Aldershot Resources Ltd (from 2005 to 2009).

#### Special Responsibilities

Member of Nomination Committee from December 2004  
Member of Remuneration Committee from December 2004  
Chief Financial Officer  
Company Secretary

#### Brian D Richardson

(Executive Director) Age 57  
BSc (Hons), MAusIMM

Mr Richardson is a geologist who has been involved in the Australian exploration and mining industry for over 28 years. He has many years experience in planning, conducting and evaluating gold, base metal, uranium and diamond projects. He has also held senior management positions with a number of listed junior exploration companies. Mr Richardson is presently also a director of Royal Resources Limited (since 2004).

#### Former Directorships in last three years

Aldershot Resources Ltd from 2004 to 2008.

#### Special Responsibilities

Exploration Director  
Member of the Audit Committee from December 2004  
Member of Nomination Committee from December 2004  
Member of Remuneration Committee from December 2004

### Malcolm J R Randall

(Non-Executive Director) Age 65  
*B.Applied Chem, MAICD*

Mr Randall holds a Bachelor of Applied Chemistry Degree and is a member of the Australian Institute of Company Directors. He has extensive experience in corporate, management and marketing in the resource sector, including more than 21 years with the Rio Tinto group of companies. His experience has covered a diverse range of mineral activities including Iron Ore, Base Metals, Uranium, Mineral Sands and Coal.

Mr Randall is presently also the Chairman of Iron Ore Holdings Ltd (since 2003) and a director of Summit Resources Limited (since 2007) Royal Resources Limited (since 2006) and Matilda Zircon Ltd (since 2009).

### Former Directorships in last three years

Northern Mining Limited from 2007 to 2008  
 Olympia Resources Ltd from 2006 to 2008  
 United Minerals Corporation Limited from 2007 to 2010.

### Special Responsibilities

Chairman of Audit Committee from December 2004  
 Chairman of Nomination Committee from December 2004  
 Chairman of Remuneration Committee from December 2004

## INTEREST IN THE SHARES AND OPTIONS OF THE COMPANY

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

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares
P G Crabb	22,177,839	2,758,205
B T Lambert	713,949	5,197,984
F DeMarte	2,779,442	3,830,397
B D Richardson	645,727	3,586,382
M J R Randall	437,500	1,779,167

## COMPANY SECRETARY

### Frank DeMarte

Age 48  
*BBus, FCIS, MAICD*

The Company Secretary is Mr Frank DeMarte. Mr DeMarte has over twenty six (26) years of experience in the mining and exploration industry in Western Australia and has held executive positions with a number of listed mining and exploration companies.

Mr DeMarte is experienced in areas of secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Secretaries of Australia. Mr DeMarte was appointed to the position on 8 September 2003.

## SHARES UNDER OPTION

As at the date of this report, there were 26,320,131 unissued ordinary shares of the Company under option as follows:

Date options granted	Expiry date	Exercise price of options	Number of options
23 March 2009	29 March 2013	\$0.20	6,780,131
3 May 2007	31 May 2011	\$0.68	1,000,000
1 August 2007	30 June 2011	\$0.52	110,000
10 January 2008	31 December 2011	\$0.47	350,000
27 February 2008	28 February 2013	\$0.50	4,250,000
4 April 2008	3 April 2011	\$0.39	200,000
3 July 2008	30 June 2012	\$0.52	260,000
27 February 2009	28 February 2014	\$0.20	4,250,000
29 September 2009	30 September 2012	\$0.32	280,000
26 February 2010	25 February 2015	\$0.64	6,750,000
23 September 2010	20 September 2013	\$0.96	2,090,000

## SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the financial year, 2,622,738 options were exercised at \$0.20, 250,000 options were exercised at \$0.52, 3,250,000 options were exercised at \$0.45, 200,000 options were exercised at \$0.39, 180,000 were exercised at \$0.52, 350,000 options were exercised at \$0.11 and 100,000 options were exercised at \$0.32.

During the financial year, 200,000 options exercisable at \$0.55 expired on 28 February 2010, 1,500,000 options exercisable at \$0.50 expired on 28 February 2010 and 1,000,000 options exercisable at \$0.50 expired on 31 May 2010.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other entity.



## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of the Company.

### (A) DETAILS OF KEY MANAGEMENT PERSONNEL

The following persons were Directors of Thundelarra Exploration Ltd during the financial year:

**Philip G Crabb**

Non-Executive Chairman

**Brett T Lambert**

Managing Director

**Brian D Richardson**

Executive Director

**Frank DeMarte**

Executive Director

**Malcolm J R Randall**

Non-Executive Director

There are no executives (other than directors) with authority for making strategic decisions and management.

### (B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

#### (i) Compensation Policy

The Company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration, which is market related. Overall, the remuneration policy is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions, where it is in the best interest of the Company and the shareholders to do so.

The Board's reward policy reflects its obligations to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Directors' and executives' remuneration is reviewed by the board of directors, having regard to various goals set. This remuneration and other terms of employment are commensurate with those offered within the exploration and mining industry.

Non-executive directors' remuneration is in the form of directors' fees and are approved by shareholders as to the maximum aggregate remuneration. The Board recommends the actual payment to non-executive directors. The Board's reward policy for non-executive directors reflects its obligation to align remuneration with shareholders' interests and to retain appropriately qualified talent for the benefit of the Group.

Remuneration packages are set at levels that are intended to attract and retain directors and executives capable of managing the Group's operations.

#### (a) Remuneration Committee

The Remuneration Committee comprises the entire Board of Directors of the Company and is responsible for determining and reviewing compensation arrangements for the directors and all other key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

#### (b) Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

### (c) Non-Executive Director Compensation

#### Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

#### Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. An additional fee may also be paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitments required by directors who serve on one or more sub committees.

Each non executive director receives \$60,000 per annum effective from 1 June 2010 (\$50,000 per annum prior to 1 June 2010), inclusive of any superannuation obligations for being a director of the Company. The exception to this fee structure is the Chairman of the Board who receives \$65,000 per annum plus superannuation (\$60,000 per annum prior to 1 June 2010).

Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company on whose board they sit.

The compensation of non-executive directors for the year ended 30 September 2010 is detailed as per the disclosures on page 29.

#### **(d) Executive Compensation**

##### *Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set by remuneration committee to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

##### *Structure*

In determining the level and make-up of executive remuneration, the remuneration committee will review individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

The Company has entered into detailed contracts of employment with the Managing Director and the Executive Directors, details of these contracts are provided on page 42.

#### **(e) Fixed Compensation**

##### *Objective*

Fixed compensation is reviewed annually by the Remuneration Committee. The process consists of a review of companywide, business unit and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

##### *Structure*

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

#### **(f) Other Compensation**

Notwithstanding Guideline 8.2 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which provides

that non-executive Directors should not receive Options, the Directors consider that the grant of the options is designed to encourage the 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 granting of options is an incentive to each of the Directors, which is a cost effective and efficient reward for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Directors.



**(g) Details of the remuneration of each director of Thundelarra Exploration Ltd, including their personally related entities are set out below:**

Remuneration of key management personnel for the year ended 30 September 2010

Directors		Short-Term				Post Employment	Other Long Term	Share based payments	Total \$	% REMUNERATION
		Salary & Fees \$	Annual Leave Accrual \$	Consultancy Fees	Other (3)	Superannuation \$	Long Service Leave \$	Equity Options \$		Consisting of Options for the Year
Philip G Crabb Chairman	2010	62,026	-	-	346,298 <sup>(1)</sup>	5,582	-	204,857	618,763	33%
	2009	60,000	-	-	34,145	5,400	-	34,200	133,745	26%
Brett T Lambert Managing Director	2010	293,826	2,324	-	5,914 <sup>(3)</sup>	51,196	7,059	409,713	770,032	53%
	2009	295,200	7,834	-	7,692	26,309	4,195	45,600	386,830	12%
F DeMarte Executive Director	2010	242,393	11,754	-	4,933 <sup>(3)</sup>	21,815	9,678	307,284	597,857	51%
	2009	215,635	21,794	-	6,128	18,387	7,890	45,600	315,434	14%
B D Richardson Executive Director	2010	230,609	5,594	-	7,210 <sup>(3)</sup>	20,755	11,015	307,284	582,467	53%
	2009	218,199	[7,416]	-	19,032	19,638	4,467	45,600	299,520	15%
M JR Randall Non Executive Director	2010	53,917	-	-	-	4,853	-	153,642	212,412	72%
	2009	50,000	-	-	-	4,500	-	22,800	77,300	29%
<b>Totals</b>	2010	882,771	19,672	-	364,355	104,201	27,752	1,382,780	2,781,531	50%
	2009	839,034	22,212	-	66,997	74,234	16,552	193,800	1,212,829	16%

Notes:

(1) Drilling services and administration services totalling \$346,298 [2009 – \$34,145] were paid to Ragged Range Mining Pty Ltd, a company in which Mr P G Crabb is a director and shareholder. These services were provided under normal commercial terms and conditions.

(2) The percentage of remuneration which is performance related is nil.

(3) In respect to other, the amounts relate to motor vehicle, car parking and life insurance benefits for the year.

During the financial year the directors of the Company were the only 5 named executives who received the highest remuneration for the year ended 30 September 2010.

**(C) COMPENSATION BY CATEGORY: KEY MANAGEMENT PERSONNEL**

	Consolidated and Parent Entity	
	2010 \$	2009 \$
Short Term	1,266,798	928,243
Post Employment	104,201	74,234
Share Based Payments	1,382,780	193,800
Long Term	27,752	16,552
	<b>2,781,531</b>	<b>1,212,829</b>

# DIRECTORS' REPORT

## 2010 ANNUAL REPORT

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### (D) EMPLOYMENT AGREEMENTS FOR DIRECTORS

*Mr Brett Lambert – Managing Director*

- Term of the agreement – 8 years commencing 1 May 2007.
- Base salary, inclusive of superannuation, of \$321,730 increased to \$386,078 effective 1 June 2010, reviewed annually.
- Payment of a benefit on early termination by the Company, other than gross misconduct, equal to 6 months base salary including superannuation.

*Mr Frank DeMarte – Executive Director, Company Secretary and CFO*

- Term of the agreement – no fixed term.
- Base salary, inclusive of superannuation, of \$237,620 increased to \$274,680 effective 1 June 2010, reviewed annually.
- Payment of a benefit on early termination by the Company, other than gross misconduct, equal to 6 months base salary including superannuation.

*Mr Brian Richardson – Executive Director*

- Term of the agreement – no fixed term.
- Base salary, inclusive of superannuation, of \$237,620 to \$274,680 effective 1 June 2010, reviewed annually.
- Payment of a benefit on early termination by the Company, other than gross misconduct, equal to 6 months base salary including superannuation.

#### (E) SHARE BASED COMPENSATION OPTIONS

During the financial year options were granted as equity compensation benefits to key management personnel. The options were issued at no

consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the equity at the exercise price. The contractual life of each option granted is three to five years.

No options have been granted since the end of the year to key management personnel and there are no unvested options as at 30 September 2010. For further details relating to options, refer to note 23.

Compensation Options: Granted and vested during the year ended 30 September 2010.

30 September 2010	Vested	Granted	Terms & conditions for each Grant					
	Number	Number	Grant Date	Fair Value per option at Grant Date (\$ (Note 23)	Exercise Price per option (\$ (Note 23)	Expiry Date	First Exercise Date	Last Exercise Date
P G Crabb	1,000,000	1,000,000	26/02/10	\$0.205	\$0.64	25/02/15	26/02/10	25/02/15
B T Lambert	2,000,000	2,000,000	26/02/10	\$0.205	\$0.64	25/02/15	26/02/10	25/02/15
B D Richardson	1,500,000	1,500,000	26/02/10	\$0.205	\$0.64	25/02/15	26/02/10	25/02/15
F DeMarte	1,500,000	1,500,000	26/02/10	\$0.205	\$0.64	25/02/15	26/02/10	25/02/15
M R Randall	750,000	750,000	26/02/10	\$0.205	\$0.64	25/02/15	26/02/10	25/02/15
<b>Total</b>	<b>6,750,000</b>	<b>6,750,000</b>						

Compensation Options: Granted and vested during the year ended 30 September 2009.

30 September 2009	Vested	Granted	Terms & conditions for each Grant					
	Number	Number	Grant Date	Fair Value per option at Grant Date (\$ (Note 23)	Exercise Price per option (\$ (Note 23)	Expiry Date	First Exercise Date	Last Exercise Date
P G Crabb	750,000	750,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
B T Lambert	1,000,000	1,000,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
B D Richardson	1,000,000	1,000,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
F DeMarte	1,000,000	1,000,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
M R Randall	500,000	500,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
<b>Total</b>	<b>4,250,000</b>	<b>4,250,000</b>						



**(F) SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS**

No shares were issued to directors on exercise of compensation options for the year ended 30 September 2010 and 2009.

No other key management personnel exercised compensation options during the year ended 30 September 2010.

**(G) OPTIONS GRANTED AS PART OF REMUNERATION**

The following table summarises the value of options granted, exercised or lapsed for the year ended 30 September 2010.

30 September 2010	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	% Remuneration Consisting of Options for the year
P G Crabb	204,857	-	-	33%
B T Lambert	409,713	-	-	53%
B D Richardson	307,284	-	-	53%
F DeMarte	307,284	-	-	51%
M R Randall	153,642	-	-	72%
<b>Total</b>	<b>1,382,780</b>	<b>-</b>	<b>-</b>	<b>50%</b>

The following table summarises the value of options granted, exercised or lapsed for the year ended 30 September 2010.

30 September 2009	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	% Remuneration Consisting of Options for the year
P G Crabb	34,200	-	-	26%
B T Lambert	45,600	-	-	12%
B D Richardson	45,600	-	-	15%
F DeMarte	45,600	-	-	14%
M R Randall	22,800	-	-	29%
<b>Total</b>	<b>193,800</b>	<b>-</b>	<b>-</b>	<b>16%</b>

There were no alterations to the terms and conditions of options granted as remuneration since their grant.

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

Options issued to employees vest on the basis that continual employment with the Company is achieved. All employees leaving while options are vesting will forfeit their options. Director options vest on date of issue.

For details on the valuation of the options, including models and assumptions used, please refer to Note 23. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

**(H) EQUITY INSTRUMENTS - AUDITED**

Analysis of options and rights over equity instruments granted as compensation.

Details of vesting profiles of the options granted as remuneration to each key management personnel of the group and each of the five named executives of the Company are detailed below:

	Number of options granted	Grant Date of options	Price of options \$	Fair Value of Options on Grant Date \$	Financial year in which Options Expire
<b>Executive Directors</b>					
B T Lambert	1,000,000	03/05/07	\$0.68	\$0.248	2011
	1,000,000	27/02/08	\$0.50	\$0.155	2013
	1,000,000	27/02/09	\$0.20	\$0.0456	2014
	2,000,000	26/02/10	\$0.64	\$0.205	2015
B D Richardson	1,000,000	27/02/08	\$0.50	\$0.155	2013
	1,000,000	27/02/09	\$0.20	\$0.0456	2014
	1,500,000	26/02/10	\$0.64	\$0.205	2015
F DeMarte	1,000,000	27/02/08	\$0.50	\$0.155	2013
	1,000,000	27/02/09	\$0.20	\$0.0456	2014
	1,500,000	26/02/10	\$0.64	\$0.205	2015
<b>Non-Executive Directors</b>					
P G Crabb	1,000,000	27/02/08	\$0.50	\$0.155	2013
	750,000	27/02/09	\$0.20	\$0.0456	2014
	1,000,000	26/02/10	\$0.64	\$0.205	2015
M R Randall	500,000	27/02/08	\$0.50	\$0.155	2013
	500,000	27/02/09	\$0.20	\$0.0456	2014
	750,000	26/02/10	\$0.64	\$0.205	2015

### DIRECTORS MEETINGS

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

Name	Board of Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number attended	Number eligible to attend	Number Attended	Number eligible to attend	Number attended	Number eligible to attend
P G Crabb	5	5	2	2	1	1
B T Lambert	5	5	2	2	1	1
B D Richardson	5	5	2	2	1	1
F DeMarte	5	5	2	2	1	1
M J Randall	5	5	2	2	1	1

### COMMITTEE MEMBERSHIPS

As at the date of this report, the company had an audit committee and remuneration committee.

Audit	Remuneration	Nomination
M J Randall <sup>(C)</sup>	M J Randall <sup>(C)</sup>	M J Randall <sup>(C)</sup>
B Richardson	B D Richardson	B D Richardson
	B T Lambert	B T Lambert
	P G Crabb	P G Crabb
	F DeMarte	F DeMarte

Note: (C) Designates the Chairman of the Committee.

### RESIGNATION, ELECTION AND CONTINUATION IN OFFICE

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

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

### INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums to insure the Directors of the Company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as officers of the Company.

### AUDITOR INDEPENDENCE

The auditor's independence declaration for the year ended 30 September 2010 has been received and can be found on page 74.

Signed in accordance with a resolution of the Directors.



**BRETT T LAMBERT**  
Managing Director

Perth, Western Australia  
16 December 2010

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 \$	2009 \$
<b>REVENUE FROM CONTINUING OPERATIONS</b>			
Revenue	4(a)	1,691,493	118,740
Other income	4(b)	23,490,135	384,029
		25,181,628	502,769
<b>EXPENDITURE</b>			
Cost of sales		(613,402)	-
Amortisation and depreciation		(221,043)	(213,032)
Employee benefits expense	4(c)	(2,224,828)	(315,671)
Exploration expenditure written off or impaired	4(d)	(2,150,674)	(4,227,629)
Administration expenses	4(e)	(2,901,664)	(5,223,825)
<b>Profit/(Loss) from continuing operations before income tax expense</b>		17,070,017	(9,477,388)
Income tax (expense)/benefit	5	(4,264,180)	5,286,574
<b>Net profit/(loss) from continuing operations for the year</b>		12,805,837	(4,190,812)
<b>Other comprehensive income</b>			
Available for sale financial assets reserve net of deferred tax transferred to income		(10,858,359)	(3,333,014)
<b>Total comprehensive income/(loss) for the year</b>		1,947,478	(7,523,826)
<b>Net Profit/(Loss) attributable to members of the parent entity</b>		12,805,837	(4,190,812)

	Notes	2010 \$	2009 \$
<b>Comprehensive income/(loss) attributable to members of the parent entity</b>		1,947,478	(7,523,826)
Profit/(loss) per share attributable to ordinary equity holders:			
Basic earnings/(loss) (cents per share)	7	8.73	(3.24)
Diluted earnings/(loss) (cents per share)	7	8.14	(3.24)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2010

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6(b)	19,200,975	936,318
Trade and other receivables	8	459,557	52,648
Other financial assets	9	800,621	18,327,433
Inventory	10	-	305,369
<b>TOTAL CURRENT ASSETS</b>		<b>20,461,153</b>	19,621,768
<b>NON-CURRENT ASSETS</b>			
Other receivables	8	586,836	572,181
Property, plant and equipment	11	426,675	284,769
Exploration expenditure	13(a)	9,108,776	3,725,107
Mine development	13(b)	317,241	317,241
Deferred tax asset	14	-	5,380,302
Intangible asset	15	86,332	82,331
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,896,126</b>	3,055,912
<b>TOTAL ASSETS</b>		<b>30,987,013</b>	29,983,699

	Notes	2010 \$	2009 \$
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	581,674	483,388
Provisions	17	272,734	200,917
<b>TOTAL CURRENT LIABILITIES</b>		<b>854,408</b>	684,305
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	16	2,056,601	2,056,601
Provisions	17	557,383	484,512
Deferred tax liability	18	-	5,771,114
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,613,984</b>	8,312,227
<b>TOTAL LIABILITIES</b>		<b>3,468,392</b>	8,996,532
<b>NET ASSETS</b>		<b>27,518,621</b>	20,987,167
<b>EQUITY</b>			
Contributed equity	19(a)	37,906,877	35,547,729
Reserves	19(d)	5,597,005	14,230,536
Accumulated losses	20	(15,985,261)	(28,791,098)
<b>TOTAL EQUITY</b>		<b>27,518,621</b>	20,987,167

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2010

CONSOLIDATED	Notes	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 October 2008</b>		32,794,405	17,247,879	(24,600,286)	<b>25,441,998</b>
<b>Total comprehensive income for the year</b>					
Profit/(Loss) for the year		-	-	(4,190,812)	<b>(4,190,812)</b>
Reversal of fair value reserve on disposal of investment	19(d)	-	(160,948)	-	<b>(160,948)</b>
Net gains on available for sale financial assets	19(d)	-	(4,520,500)	-	<b>(4,520,500)</b>
Deferred tax on items recognised directly in equity	19(d)	-	1,348,434	-	<b>1,348,434</b>
<b>Total comprehensive income/(loss) for the year</b>		-	(3,333,014)	(4,190,812)	<b>(7,523,826)</b>
<b>Transactions with owners recorded directly in equity:</b>					
Cost of share based payments	19(d)	-	315,671	-	<b>315,671</b>
Shares issued during the year	19(b)	2,975,626	-	-	<b>2,975,626</b>
Transaction costs	19(b)	(222,302)	-	-	<b>(222,302)</b>
		2,753,324	315,671	-	<b>3,068,995</b>
<b>Balance at 30 September 2009</b>		35,547,729	14,230,536	(28,791,098)	<b>20,987,167</b>

CONSOLIDATED	Notes	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 October 2009</b>		35,547,729	14,230,536	(28,791,098)	<b>20,987,167</b>
<b>Total comprehensive income for the year</b>					
Profit/(Loss) for the year		-	-	12,805,837	<b>12,805,837</b>
Reversal of fair value reserve on disposal of investment	19(d)	-	(10,858,359)	-	<b>(10,858,359)</b>
Deferred tax on items recognised directly in equity	19(d)	-	-	-	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		-	(10,858,359)	12,805,837	<b>1,947,478</b>
<b>Transactions with owners recorded directly in equity:</b>					
Cost of share based payments	19(d)	-	2,224,828	-	<b>2,224,828</b>
Shares issued during the year	19(b)	2,359,148	-	-	<b>2,359,148</b>
Transaction costs	19(b)	-	-	-	<b>-</b>
		2,359,148	2,224,828	-	<b>4,583,976</b>
<b>Balance at 30 September 2010</b>		37,906,877	5,597,005	(15,985,261)	<b>27,518,621</b>

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	Consolidated	
		2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		618,079	-
Other revenue received		159,065	144,791
Payment to suppliers		(3,222,458)	(1,857,862)
Interest paid		(3,359)	(4,025)
Interest received		937,373	118,740
<b>Net cash flows used in operating activities</b>	6(a)	<b>(1,511,300)</b>	<b>(1,598,356)</b>
<b>Cash flows from investing activities</b>			
Payment for investments		(164,131)	-
Payment for tenements		(250,000)	-
Payments for purchase of plant, equipment and vehicles		(275,897)	(515,691)
Payment for intangibles	14	(99,098)	(39,076)
Payment for mine development		-	(1,041,457)
Proceeds from sale of investments	4(f)	25,201,044	239,833
Proceeds from sale of tenements		225,000	-
Proceeds from sale of plant, equipment and vehicles		9,500	-
Placement of security deposits		(312,179)	(4,400)
Redemption of security deposits		366,913	-
Exploration and evaluation expenditure		(7,284,343)	(3,408,472)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>17,416,809</b>	<b>(4,769,263)</b>

	Notes	Consolidated	
		2010 \$	2009 \$
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares and options	19(b)	2,359,148	2,725,626
Share issue costs	19(b)	-	(222,302)
<b>Net cash inflow from financing activities</b>		<b>2,359,148</b>	<b>2,503,324</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>18,264,657</b>	<b>(3,864,295)</b>
Cash and cash equivalents at the beginning of the financial year		936,318	4,800,613
<b>Cash and cash equivalents at the end of the financial year</b>	6(b)	<b>19,200,975</b>	<b>936,318</b>

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 SEPTEMBER 2010

### 1. CORPORATE INFORMATION

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") for the year ended 30 September 2010 was authorised for issue in accordance with a resolution of the directors on 16 December 2010.

Thundelarra Exploration Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd.

The nature of the operations and principal activities of the Group are described on pages 2 to 16.

Separate financial statements of Thundelarra Exploration Ltd as an individual entity are no longer presented as the consequence of a change on the Corporations Act 2001, however required financial information for Thundelarra Exploration Ltd as an individual entity is included in note 12.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

The financial report has also been prepared on the accruals basis and historical cost basis except for available-for-sale investments and investments held for trading which have been measured at fair value. The carrying value of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

#### (b) Statement of compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 September 2010 and are outlined in note 2 (e).

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The Consolidated financial report also complies with International Financial Reporting Standards (IFRS).

#### (c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Thundelarra Exploration Ltd at the end of the reporting period. A controlled entity is any entity over which Thundelarra Exploration Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of

holdings of actual and potential voting rights are also considered.

When controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 27 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### (d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business

combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

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

#### (d) Business combinations (continued)

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement comprehensive income.

#### (e) New accounting standards for application in future periods

The Company has adopted all 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.

##### *Segment Reporting*

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity, the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the Company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

##### *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 the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- 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.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the group follows;

- (i) AASB 9: Financial instruments and AASB 2009-11; amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; simplifying the requirements for embedded derivatives;



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

#### (e) New accounting standards for application in future periods (continued)

- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on;
- the objective of the entity's business model for managing the financial assets; and
- the characteristics of the contractual cash flows.

- (iii) AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government

related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the group.

- (iii) AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the group.

- (iv) AASB 2009-8; Amendments to Australian Accounting Standards - group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the

amendments. These amendments are not expected to impact the group.

- (v) AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the group.

- (vi) AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.

These amendments are not expected to impact the group.

- (vii) AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the group.

- (viii) AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

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

#### (e) New accounting standards for application in future periods (continued)

- (ix) AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard will not impact the group.

- (x) AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the group.

The group does not anticipate the early adoption of any of the above Australian Accounting Standards.

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

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

##### *Share based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in note 23.

##### *Mineral Exploration and Evaluation*

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area of interest are continuing. The ultimate recoupment of the costs carried forward is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

##### *Units of production depreciation*

Estimated recoverable reserves are used in determining the depreciation and/or

amortisation of mine specific assets. This results in a depreciation / amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production (UOP) depreciation methodologies are available to choose from; the Group adopts a Run of the Mine (ROM) tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs. Changes are accounted for prospectively.

##### *Mine rehabilitation provision*

The consolidated entity assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting

the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the income statement.

##### *Impairment of assets*

The Group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash flows are largely independent of other assets.

#### (g) Deferred taxation

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

#### (h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Sale of concentrates or ore is recorded when control has passed to the buyer.

#### (i) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as detailed above, net of outstanding bank overdrafts.

#### (j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

#### (k) Inventory

i) *Raw materials and stores, work in progress and finished goods*

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing inventory to its present location and condition are accounted for as follows:

- ore stocks – cost of direct mining and a proportion of site overheads; and
- concentrates and work in progress – cost of direct mining, processing, transport and labour and a proportion of site overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (iii) Spares for production

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such items are valued at net realisable value.

#### (l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable

that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

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

#### (l) Income tax (continued)

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### (m) Other taxes

Revenues, expenses and assets are recognised net of amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (n) Plant and equipment

Plant and equipment is stated at cost less any accumulated depreciation and any impairment in losses.

- i) Depreciation  
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvements – over 5 years  
Plant and equipment – over 4 to 10 years  
Motor vehicles – over 4 years  
Office equipment – over 5 to 8 years

#### ii) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the item value of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is being derecognised.

#### (o) Exploration, evaluation, development, mine properties and rehabilitation expenditure

- (i) Exploration, development and joint venture expenditure carried forward represents an accumulation of net costs incurred in relation to separate areas of interest for which rights of tenure are current and in respect of which:

- (a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively by its sale, or
- (b) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

Accumulated costs in respect of areas of interest, which are abandoned, are written off in the income statement in the year in which the area is abandoned.

The net carrying value of each property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount that excess is fully provided against in the financial year in which this is determined.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to the reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

**(o) Exploration, evaluation, development, mine properties and rehabilitation expenditure (continued)**

(ii) Mine development expenditure  
Mine development expenditure represents the cost incurred in preparing mines for production and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent that they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

(iii) Mine Properties  
Mine properties expenditure represents the cost incurred in the acquisition of a mining lease and represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired mining lease at the date of acquisition. These costs are capitalised to the extent that they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

**(p) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided by the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(q) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(r) Employee leave benefits**

(i) *Wages, salaries, annual leave and sick leave*  
Liabilities for wages and salaries, including non-monetary benefits, annual

leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of the employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(s) Earnings per share**

(i) Basic earnings per share ("EPS") is calculated by dividing the net profit/loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(ii) Diluted EPS is calculated by dividing the basic EPS, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on net revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue.

**(t) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(u) Borrowing costs**

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

**(v) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

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

#### (v) Leases (continued)

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

#### (w) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable

amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised

carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### (x) Interests in joint ventures

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

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

#### (y) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group

has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

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

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

#### (z) Share-based payment transactions

##### (i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place the Employee Share Option, which provides benefits to all employees, excluding directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Thundelarra Exploration Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is

substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 7).

##### (aa) Comparatives

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

##### (bb) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicated that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### 3. SEGMENT INFORMATION

The Group operates in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

### 4. REVENUE AND EXPENSES

	Consolidated	
	2010 \$	2009 \$
<b>(a) Revenue</b>		
Sales	618,079	-
Interest income from non related parties	1,073,414	118,740
	1,691,493	118,740
<b>(b) Other Revenue</b>		
Increase in market value of investments	242,558	28,457
Foreign currency exchange gain	43,349	-
Net gain on disposal of investments (4f)	22,779,487	210,781
Net gain on disposal of tenement (4g)	225,000	-
Other income	199,741	144,791
	23,490,135	384,029
<b>Total Revenues</b>	<b>25,181,628</b>	<b>502,769</b>
<b>(c) Employee Benefits Expenses</b>		
Share based payments expense	(2,224,828)	(315,671)
<b>(d) Exploration Expenditure Written Off</b>		
Exploration expenditure written-off or impaired	(2,150,674)	(4,227,629)
<b>(e) Other Expenses</b>		
Administrative costs	(15,532)	(26,886)
Office and miscellaneous	(649,181)	(395,331)
Professional fees	(677,739)	(358,035)

	Consolidated	
	2010 \$	2009 \$
<b>(e) Other Expenses (continued)</b>		
Regulatory and trust company fees	(130,714)	(84,117)
Shareholder and investor relations	(148,483)	(83,816)
Employee expenses	(1,170,136)	(961,730)
Finance costs	(3,359)	(72,314)
Impairment of mine properties and development expenditure	-	(1,041,457)
Impairment of property, plant & equipment	-	(1,683,425)
Impairment of inventory	-	(200,000)
Loss on disposal of property plant and equipment	(324)	-
Other operating expenses	(106,196)	(316,712)
	(2,901,664)	(5,223,825)
<b>(f) Net Gain on Disposal of Investments</b>		
Proceeds from disposal of investments	25,201,044	239,833
Fair value amounts of investments sold	(17,933,533)	(190,000)
Transfer from revaluation reserve	15,511,976	160,948
Profit on disposal	22,779,487	210,781
<b>(f) Net Gain on Disposal of Tenement</b>		
Proceeds from disposal of tenement	225,000	-
Carrying amounts of tenement sold	-	-
Profit on disposal	225,000	-

The share based payments expense relates to the requirement to recognise the cost of granting options to Directors and employees under AIFRS over the option vesting period.

## 5. INCOME TAX

	Consolidated	
	2010 \$	2009 \$
<b>(a) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(Loss) from ordinary activities before income tax expense	17,070,017	(9,447,388)
Prima facie tax benefit on loss from ordinary activities at 30% (2009 – 30%)	5,121,005	(2,843,216)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment and other	2,710	1,445
Share based payments	666,152	49,420
	5,789,867	(2,792,351)
Movement in current year temporary differences	(1,654,460)	990,478
Tax effect of current year tax losses & non-recognition of previously recognised deferred tax assets	(4,524,810)	(4,913,135)
Tax effect movement in current year asset revaluation reserve	4,653,583	1,428,434
Income tax expense/(benefit)	4,264,180	(5,286,574)
<b>(b) Recognised temporary differences</b>		
<b>Deferred Tax Asset (30%)</b>		
Formation costs	-	257
Depreciation	-	43,850
Prepayments	-	3,441
Capital raising costs	-	89,670
Provision for expenses	-	117,121
Carry forward tax losses	-	5,112,377
Carry forward foreign losses	-	13,586
	-	5,380,302

	Consolidated	
	2010 \$	2009 \$
<b>(b) Recognised temporary differences (continued)</b>		
<b>Deferred Tax Liabilities (30%)</b>		
Unearned revenue	-	-
Capitalised tenement acquisition costs	-	1,117,532
Investments	-	4,653,582
	-	5,771,114
Net Deferred Tax Asset (Liability)	-	(390,812)
<b>c) Unrecognised temporary differences</b>		
<b>Deferred Tax Assets (30%)</b>		
Impairment and depreciation of assets in joint venture	1,619,253	1,579,690
Prepayments	5,117	-
Investments	84,293	158,067
Capital raising, formation and legal costs	94,202	-
Provisions for expenses	264,035	-
Provisions for loans	-	9889,235
Investments	1,894,173	1,894,173
Carry forward tax losses	13,586	13,586
	3,974,659	4,383,207
<b>Deferred Tax Liabilities (30%)</b>		
Unearned revenue	40,812	-
Capitalised tenement acquisition costs	2,732,633	-
Investments	-	-
	2,773,445	-
Net Deferred Tax Asset (Liability)	1,201,214	-

### 5. INCOME TAX (CONTINUED)

The potential future income tax benefit arising from tax accumulated losses in the subsidiary and in the Company's share of asset in the Copernicus Joint Venture have not been recognised in 2010 as an asset because recovery of tax losses is not probable.

The potential future income tax benefit will be obtainable by the company only if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised;
- (b) the company continues to comply with the conditions for deductibility imposed by income tax law; and
- (c) no changes in income tax legislation adversely affects the company in realising the benefit of the deduction for the loss.

### 6. RECONCILIATION OF CASH

	Consolidated	
	2010 \$	2009 \$
<b>(a) Reconciliation of net cash provided by operating activities to operating profit/(loss) after income tax</b>		
Operating profit/(loss) after income tax	<b>12,805,837</b>	(4,190,812)
<b>Non cash flows in operating loss</b>		
Exploration costs written-off or provided	<b>2,150,674</b>	4,227,629
Income tax expense/(benefit)	<b>4,264,180</b>	(5,286,574)
Amortisation and depreciation	<b>221,043</b>	213,032
Share based payments	<b>2,224,828</b>	315,671
Impairment of joint venture assets	-	2,924,882
Net (Increase)/ decrease in fair value of investments	<b>(242,558)</b>	(28,457)
(Profit)/Loss on sale of plant, equipment and vehicles	<b>324</b>	-
(Profit)/Loss on sale of investments	<b>(22,779,487)</b>	(210,781)
(Profit)/Loss on sale of tenements	<b>(225,000)</b>	-
Cost of production	<b>20,255</b>	-
Movement from rehabilitation asset	-	(317,241)
<b>Change in assets and liabilities</b>		
(Decrease)/increase in trade creditors and accruals	<b>96,875</b>	(183,390)
(Increase)/decrease in inventory	<b>305,369</b>	-
(Increase)/decrease in receivables	<b>(498,328)</b>	804,580
(Decrease)/increase in provisions	<b>144,688</b>	133,106
Net cash outflow from operating activities	<b>(1,511,300)</b>	(1,598,356)



**6. RECONCILIATION OF CASH (CONTINUED)**

	Consolidated	
	2010 \$	2009 \$
<b>(b) Cash and cash equivalents represents:</b>		
Cash in bank and on hand	816,010	458,896
Deposits at call	18,384,965	477,422
	19,200,975	936,318
<b>(c) Non Cash Investing Activities</b>		
Acquisition of tenements and rights by means of shares	-	250,000

**7. EARNINGS PER SHARE**

	Consolidated	
	2010 \$	2009 \$
<b>(a) Basic earnings/(loss) per share (cents per share)</b>	8.73	(3.24)
<b>(b) Diluted earnings/(loss) per share (cents per share)</b>	8.14	(3.24)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share in 2009 as the Company was in a loss position.

	Consolidated	
	2010 \$	2009 \$
<b>(c) Net profit/(loss) attributable to ordinary shareholders</b>	12,805,837	(4,190,812)
<b>(d) Weighted average number of ordinary shares outstanding during the year used in the calculation:</b>		
- basic earnings per share	146,613,901	129,363,024
- diluted earnings per share	157,345,085	129,363,024

**8. TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2010 \$	2009 \$
<b>Current</b>		
Other receivables	443,695	48,689
Amounts receivable from directors and director related entities	15,862	3,959
Receivables from joint venture partner	-	-
	459,557	52,648

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

	Consolidated	
	2010 \$	2009 \$
<b>Non-Current</b>		
Security deposits/bonds	517,447	572,181
Other receivables	69,389	-
	586,836	572,181

The Group believes that all outstanding receivables can be recovered when due and there are no past receivables due as at the balance sheet date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

### 9. OTHER FINANCIAL ASSETS (CURRENT)

	Consolidated	
	2010 \$	2009 \$
<b>Listed shares held for trading at fair value</b>		
Royal Resources Limited (i)	<b>603,176</b>	283,123
Royal Resources Limited – Options (ii)	<b>57,445</b>	-
Aldershot Resources Limited (iii)	<b>140,000</b>	110,810
United Minerals Corporation NL	-	17,933,533
	<b>800,621</b>	18,327,433

All the above quoted shares are classified as Tier 1 investments carried at a fair value based on quoted prices in active markets.

At 30 September 2010 the Company holds the following quoted securities:

- (i) 2,872,265 (2009 – 1,230,971) fully paid ordinary shares in Royal Resources Limited.
- (ii) 410,323 (2009 – 410,323) options in Royal Resources Limited.
- (iii) 3,500,000 (2009 – 3,500,000) fully paid ordinary shares in Aldershot Resources Ltd, representing 4% of the ordinary shares on issue. Aldershot Resources Ltd is a Canadian company listed on the TSX Venture Exchange

### 10. INVENTORY

	Consolidated	
	2010 \$	2009 \$
At cost	-	505,369
Impairment	-	(200,000)
	-	305,369

### 11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2010 \$	2009 \$
Leasehold improvements, at cost	<b>263,149</b>	260,056
Less: accumulated depreciation	<b>(210,163)</b>	(178,779)
	<b>52,986</b>	81,277
Plant and equipment, at cost	<b>295,995</b>	193,561
Less: accumulated depreciation	<b>(111,176)</b>	(76,396)
Less: impairment loss	<b>(35,625)</b>	(35,625)
	<b>149,194</b>	81,540
Office equipment, at cost	<b>310,159</b>	291,598
Less: accumulated depreciation	<b>(231,929)</b>	(195,662)
Less: impairment loss	<b>(10,605)</b>	(18,185)
	<b>67,625</b>	77,751
Motor vehicles, at cost	<b>268,245</b>	300,634
Less: accumulated depreciation	<b>(168,024)</b>	(220,368)
Less: impairment loss	<b>(6,209)</b>	(36,065)
	<b>94,012</b>	44,201
Plant and equipment (NT), at cost	<b>67,947</b>	-
Less: accumulated depreciation	<b>(5,089)</b>	-
Less: impairment loss	-	-
	<b>62,858</b>	-

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated	
	2010 \$	2009 \$
Haul road, at cost	1,855,025	1,855,025
Less: accumulated depreciation	(47,921)	(47,921)
Less: impairment loss	(1,807,104)	(1,807,104)
	-	-
Construction in progress	324,422	324,422
Less: impairment loss	(324,422)	(324,422)
	-	-
<b>Total property, plant and equipment</b>	<b>426,675</b>	<b>284,769</b>

### Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Consolidated	
	2010 \$	2009 \$
<b>Leasehold Improvements</b>		
Carrying amount at 1 October 2009	81,277	130,196
Additions	3,093	-
Depreciation	(31,384)	(48,919)
Impairment	-	-
Carrying amount at 30 September 2010	52,986	81,277

	Consolidated	
	2010 \$	2009 \$
<b>Plant and equipment</b>		
Carrying amount at 1 October 2009	81,540	99,479
Additions	105,289	23,424
Transfer from construction in progress	-	29,586
Disposals	(1,426)	-
Depreciation	(36,209)	(35,324)
Impairment	-	(35,625)
Carrying amount at 30 September 2010	149,194	81,540
<b>Office equipment</b>		
Carrying amount at 1 October 2009	77,751	120,754
Additions	23,219	17,138
Disposals	(478)	-
Depreciation	(40,447)	(41,956)
Impairment	7,580	(18,185)
Carrying amount at 30 September 2010	67,625	77,751
<b>Motor vehicles</b>		
Carrying amount at 1 October 2009	44,201	110,216
Additions	76,349	-
Disposals	(22,198)	-
Depreciation	(32,741)	(29,950)
Impairment	28,401	(36,065)
Carrying amount at 30 September 2010	94,012	44,201

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated	
	2010 \$	2009 \$
<b>Plant and equipment (NT)</b>		
Carrying amount at 1 October 2009	-	-
Additions	67,947	-
Disposals	-	-
Depreciation	(5,089)	-
Carrying amount at 30 September 2010	62,858	-
<b>Haul road</b>		
Carrying amount at 1 October 2009	-	-
Additions	-	1,855,025
Depreciation	-	(47,921)
Impairment	-	(1,807,104)
Carrying amount at 30 September 2010	-	-
<b>Construction in progress</b>		
Carrying amount at 1 October 2009	-	1,195,928
Additions	-	475,129
Transfer to plant and equipment	-	(29,586)
Transfer to haul road	-	(1,855,025)
Impairment	-	213,554
Carrying amount at 30 September 2010	-	-
<b>Total carrying amount at 30 September 2010</b>	<b>426,675</b>	<b>284,769</b>

### 12. PARENT ENTITY DISCLOSURES

	Parent Entity	
	2010 \$	2009 \$
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>REVENUE FROM CONTINUING OPERATIONS</b>		
Revenue	1,685,540	118,541
Other income	23,485,118	384,029
	25,170,658	502,570
<b>EXPENDITURE</b>		
Cost of sales	(613,402)	-
Amortisation and depreciation	(221,043)	(213,032)
Employee benefits expense	(2,224,828)	(315,671)
Exploration expenditure written off	(972,366)	(4,186,302)
Administration expenses	(5,394,888)	(7,511,268)
<b>Profit/(Loss) from continuing operations before income tax expense</b>	<b>15,744,131</b>	<b>(11,723,703)</b>
Income tax (expense)/benefit	(8,552,695)	3,801,676
<b>Net profit/(loss) from continuing operations for the year</b>	<b>7,191,436</b>	<b>(7,922,027)</b>
<b>Other comprehensive income</b>		
Available for sale financial assets reserve net of deferred tax transferred to income	(10,858,359)	4,681,448
<b>Total comprehensive income/(loss) for the year</b>	<b>(3,666,926)</b>	<b>(3,240,579)</b>
<b>Net Profit/(Loss) attributable to members of the parent entity</b>	<b>7,191,436</b>	<b>(7,922,027)</b>
<b>Comprehensive income/(loss) attributable to members of the parent entity</b>	<b>(3,666,926)</b>	<b>(3,240,579)</b>

## 12. PARENT ENTITY DISCLOSURES (CONTINUED)

	Parent Entity	
	2010 \$	2009 \$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	18,802,283	863,268
Trade and other receivables	262,688	5,586
Other financial assets	800,621	18,327,433
Inventory	-	305,369
<b>TOTAL CURRENT ASSETS</b>	<b>19,865,592</b>	<b>19,501,656</b>
<b>NON-CURRENT ASSETS</b>		
Other receivables	508,455	565,981
Property, plant and equipment	426,675	284,769
Exploration expenditure	1,467,328	378,576
Mine development	317,241	317,241
Deferred tax asset	-	5,380,302
Intangible asset	86,332	82,331
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,806,031</b>	<b>7,008,943</b>
<b>TOTAL ASSETS</b>	<b>22,671,623</b>	<b>26,510,599</b>

	Parent Entity	
	2010 \$	2009 \$
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	310,646	444,208
Provisions	272,734	200,917
<b>TOTAL CURRENT LIABILITIES</b>	<b>583,380</b>	<b>645,125</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	2,056,601	2,056,601
Provisions	557,383	484,512
Deferred tax liability	-	4,767,155
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,613,984</b>	<b>7,308,268</b>
<b>TOTAL LIABILITIES</b>	<b>3,197,364</b>	<b>7,953,393</b>
<b>NET ASSETS</b>	<b>19,474,259</b>	<b>18,557,206</b>
<b>EQUITY</b>		
Contributed equity	37,906,877	35,547,729
Reserves	5,597,005	14,230,536
Accumulated losses	(24,029,623)	(31,221,059)
<b>TOTAL EQUITY</b>	<b>19,474,259</b>	<b>18,557,206</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

### 12. PARENT ENTITY DISCLOSURES (CONTINUED)

	Parent Entity	
	2010 \$	2009 \$
<b>FINANCIAL PERFORMANCE</b>		
<b>ACCUMULATED LOSSES</b>		
Balance at the beginning of the year	(31,221,059)	(23,299,032)
Net profit/(loss) attributable to members of Thundelarra Exploration Ltd	7,191,436	(7,922,027)
Balance at the end of the financial year	(24,029,623)	(31,221,059)
<b>OTHER FINANCIAL ASSETS (NON-CURRENT)</b>		
<b>Investment in Subsidiary</b>		
Element 92 Pty Ltd	3,297,450	3,297,450
Provision for write down of investment	(3,297,450)	(3,297,450)
	-	-
<b>Investment in Subsidiary</b>		
Trilogy Metals Limited	1	-
Provision for write down of investment	(1)	-
	-	-

### 13. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE (NON-CURRENT)

	Consolidated	
	2010 \$	2009 \$
<b>(a) Exploration and evaluation</b>		
At 1 October 2009	3,725,107	4,294,264
Expenditure incurred during the year	7,534,343	3,658,472
Expenditure provided or written off during the year (note 4d)	(2,150,674)	(4,227,629)
At 30 September 2010	9,108,776	3,725,107
<b>(b) Mine properties and development</b>		
At 1 October 2009	317,241	-
Expenditure incurred during the year	-	1,358,698
Expenditure provided or written off during the year (note 4d)	-	(1,041,457)
At 30 September 2010	317,241	317,241

For those areas of interest which are still in the exploration phase, the ultimate recoupment of the stated costs is dependent upon the successful development and commercial exploitation, or alternatively sale of the respective areas of interest (refer to note 25).

Some of the Consolidated entity's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

### 14. DEFERRED TAX ASSET (NON-CURRENT)

	Consolidated	
	2010 \$	2009 \$
Deferred tax asset (Note 5)	-	5,380,302

## 15. INTANGIBLE ASSET

	Consolidated	
	2010 \$	2009 \$
<b>Software and Licences</b>		
At 1 October 2009	82,331	121,680
Additions	99,098	39,076
Disposals	-	-
Less: amortisation	(95,097)	(78,425)
At 30 September 2010	86,332	82,331

## 16. TRADE AND OTHER PAYABLES

	Consolidated	
	2010 \$	2009 \$
<b>(Current)</b>		
Trade payables and accruals	577,942	229,619
Payables to joint venture partner and related entities	-	219,625
Amounts owing to director related entities	3,732	34,144
	581,674	483,388

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

	Consolidated	
	2010 \$	2009 \$
<b>(Non-Current)</b>		
Payables to joint venture partner and related entities	2,056,601	2,056,601

## 17. PROVISIONS

	Consolidated	
	2010 \$	2009 \$
<b>(Current)</b>		
Employee entitlements	272,734	200,917
Number of employees at year end	17	15
<b>(Non-Current)</b>		
Employee entitlements	557,383	141,372
Rehabilitation	-	343,140
	557,383	484,512

## Superannuation

The Company contributes to employees' superannuation plans in accordance with the requirements of Occupational Superannuation Legislation. Contributions by the Company represent a defined percentage of each employee's salary. Additional employee contributions are voluntary.

## Employee Share Option Plan

Details of the Employee Share Option Plan for the Company are disclosed in Note 23.

## 18. DEFERRED TAX LIABILITY (NON-CURRENT)

	Consolidated	
	2010 \$	2009 \$
Deferred tax liability (Note 5)	-	5,771,114

### 19. CONTRIBUTED EQUITY AND RESERVES

#### (a) Issued and paid up capital

	Number of Shares		Consolidated	
	2010	2009	2010 \$	2009 \$
Ordinary shares	<b>150,948,481</b>	143,995,743	<b>37,906,877</b>	35,547,730

#### (b) Movement in ordinary shares on issue

Date		Number of Shares	Issue Price \$	Total \$
1/10/08	Opening Balance	113,915,409		32,794,405
23/03/09	Issue of shares	28,478,852	0.095	2,705,491
1/04/09	Acquisition of tenement	500,000	0.10	50,000
30/06/09	Issue on exercise of options	15,000	0.19	2,850
30/06/09	Issue on exercise of options	1,167	0.20	222
30/07/09	Acquisition of tenement	1,000,000	0.20	200,000
10/08/09	Issue on exercise of options	85,315	0.20	17,063
	Share issue costs			(222,302)
	<b>Balance at 30 September 2009</b>	<b>143,995,743</b>		<b>35,547,729</b>
21/10/09	Issue on exercise of options	1,000,000	0.45	450,000
21/10/09	Issue on exercise of options	509,820	0.20	101,964
29/03/10	Issue on exercise of options	50,000	0.39	19,500
29/03/10	Issue on exercise of options	4,568	0.20	914
29/04/10	Issue on exercise of options	1,000,000	0.45	450,000
29/04/10	Issue on exercise of options	2,701	0.20	540
7/05/10	Issue on exercise of options	38,417	0.20	7,683
21/05/10	Issue on exercise of options	260,834	0.20	52,167
28/05/10	Issue on exercise of options	25,000	0.20	5,000
9/06/10	Issue on exercise of options	33,411	0.20	6,682
21/06/10	Issue on exercise of options	54,375	0.20	10,875
3/07/10	Issue on exercise of options	150,000	0.11	16,500
26/07/10	Issue on exercise of options	500,000	0.45	225,000
26/07/10	Issue on exercise of options	200,000	0.11	22,000

#### (b) Movement in ordinary shares on issue (continued)

Date		Number of shares	Issue price \$	Total \$
5/08/10	Issue on exercise of options	750,000	0.45	337,500
5/08/10	Issue on exercise of options	738	0.20	148
5/08/10	Issue on exercise of options	100,000	0.52	52,000
5/08/10	Issue on exercise of options	100,000	0.39	39,000
5/08/10	Issue on exercise of options	80,000	0.52	41,600
10/08/10	Issue on exercise of options	220,000	0.52	114,400
10/08/10	Issue on exercise of options	1,392,540	0.20	278,508
18/08/10	Issue on exercise of options	300,334	0.20	60,067
18/08/10	Issue on exercise of options	30,000	0.52	15,600
22/09/10	Issue on exercise of options	50,000	0.39	19,500
29/09/10	Issue on exercise of options	100,000	0.32	32,000
	Share issue costs			-
	<b>Balance at 30 September 2010</b>	<b>150,948,481</b>		<b>37,906,877</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**19. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)****(c) Movement in options on issue**

	Number of options	
	2010	2009
<b>Exercisable at 55 cents on or before 28 February 2010</b>		
Balance as at beginning of year	200,000	200,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	(200,000)	-
Balance as at end of year	-	200,000
<b>Exercisable at 50 cents on or before 28 February 2010</b>		
Balance as at beginning of year	1,500,000	1,500,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	(1,500,000)	-
Balance as at end of year	-	1,500,000
<b>Exercisable at 50 cents on or before 31 May 2010</b>		
Balance as at beginning of year	1,000,000	1,000,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	(1,000,000)	-
Balance as at end of year	-	1,000,000
<b>Exercisable at 68 cents on or before 31 May 2011</b>		
Balance as at beginning of year	1,000,000	1,000,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	1,000,000	1,000,000

	Number of options	
	2010	2009
<b>Exercisable at 52 cents on or before 30 June 2011</b>		
Balance as at beginning	360,000	360,000
Issued during the year	-	-
Exercised during the year	(250,000)	-
Options lapsed during the year	-	-
Balance as at end of year	110,000	360,000
<b>Exercisable at 45 cents on or before 30 November 2010</b>		
Balance as at beginning of year	4,500,000	4,500,000
Issued during the year	-	-
Exercised during the year	(3,250,000)	-
Options lapsed during the year	-	-
Balance as at end of year	1,250,000	4,500,000
<b>Exercisable at 47 cents on or before 31 December 2011</b>		
Balance as at beginning of year	350,000	350,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	350,000	350,000
<b>Exercisable at 50 cents on or before 28 February 2013</b>		
Balance as at beginning of year	4,250,000	4,250,000
Issued during the year	-	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	4,250,000	4,250,000

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### 19. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

#### (c) Movement in options on issue (continued)

	Number of options	
	2010	2009
<b>Exercisable at 39 cents on or before 3 April 2011</b>		
Balance as at beginning	400,000	400,000
Issued during the year	-	-
Exercised during the year	(200,000)	-
Options lapsed during the year	-	-
Balance as at end of year	200,000	400,000
<b>Exercisable at 52 cents on or before 30 June 2012</b>		
Balance as at beginning	440,000	440,000
Issued during the year	-	-
Exercised during the year	(180,000)	-
Options lapsed during the year	-	-
Balance as at end of year	260,000	440,000
<b>Exercisable at 11 cents on or before 31 December 2012</b>		
Balance as at beginning	350,000	-
Issued during the year	-	350,000
Exercised during the year	(350,000)	-
Options lapsed during the year	-	-
Balance as at end of year	-	350,000
<b>Exercisable at 20 cents on or before 28 February 2014</b>		
Balance as at beginning	4,250,000	-
Issued during the year	-	4,250,000
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	4,250,000	4,250,000

	Number of options	
	2010	2009
<b>Exercisable at 32 cents on or before 30 September 2012</b>		
Balance as at beginning	910,000	-
Issued during the year	-	910,000
Exercised during the year	(100,000)	-
Options lapsed during the year	-	-
Balance as at end of year	810,000	910,000
<b>Exercisable at 64 cents on or before 25 February 2015</b>		
Balance as at beginning	-	-
Issued during the year	-	-
Exercised during the year	6,750,000	-
Options lapsed during the year	-	-
Balance as at end of year	6,750,000	-
<b>Exercisable at 96 cents on or before 20 September 2013</b>		
Balance as at beginning	-	-
Issued during the year	2,090,000	-
Exercised during the year	-	-
Options lapsed during the year	-	-
Balance as at end of year	2,090,000	-
<b>Exercisable at 20 cents on or before 29 March 2013</b>		
Balance as at beginning	9,406,598	9,493,080
Issued during the year	-	-
Exercised during the year	(2,622,738)	(86,482)
Options lapsed during the year	-	-
Balance as at end of year	6,783,860	9,406,598



**19. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)****(d) Reserves**

	Number of options	
	2010	2009
General reserve	-	10,858,359
Share-based payments reserve	5,597,005	3,372,177
	5,597,005	14,230,536
<b>General reserve</b>		
Balance at beginning of year	10,858,359	14,191,373
Fair value adjustments	-	(4,520,500)
Deferred tax on items recognised directly in equity	-	1,348,434
Transfer of reserve to income	(10,858,359)	(160,948)
Balance at end of year	-	10,858,359
<b>Share based payments reserve</b>		
Balance at beginning of year	3,372,177	3,056,506
Share based payments	2,224,828	315,671
Balance at end of year	5,597,005	3,372,177

**Nature and purpose of reserves***General reserve*

This reserve records fair value changes on available for sale financial assets as set out in Note 9.

*Share based payments reserve*

The share based payments reserve is used to recognise the fair value of options issued.

**20. ACCUMULATED LOSSES**

	Consolidated	
	2010 \$	2009 \$
Balance at the beginning of the year	(28,791,098)	(24,600,286)
Net profit/(loss) attributable to members of Thundelarra Exploration Ltd	18,605,314	(4,190,812)
Balance at the end of the financial year	(10,185,784)	(28,791,098)

**21. COMMITMENTS AND CONTINGENCIES**

	Consolidated	
	2010 \$	2009 \$
<b>(i) Exploration commitments</b>		
Within one year	3,079,772	2,274,661
Later than one year but not later than five years	6,009,209	5,596,643
Later than five years	1,078,076	367,082
	10,167,057	8,238,386

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

If the Group decides to relinquish certain tenements and / or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sole transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

### 21. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	Consolidated	
	2010 \$	2009 \$
<b>(iii) Operating lease commitments</b>		
Operating lease commitments are as follows:-		
Office rental		
Within one year	241,819	200,686
Later than one year but not later than five years	446,059	551,888
Later than five years	-	-
	<b>687,878</b>	<b>752,574</b>

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

#### (iii) Bank Guarantees

At 30 September 2010 the Group has outstanding \$175,031 (2009: \$175,031) as a current guarantee provided by the bank for corporate office lease.

#### (iv) Native Title

At the date of this report, claims had been lodged in relation to tenements held by the Group. The effect (if any) that these claims will have, or which future claims will have on the Group's tenements is not yet known.

### 22. DIRECTORS AND EXECUTIVES DISCLOSURE

#### (a) Details of key management personnel

The following persons were Directors of Thundelarra Exploration Ltd during the financial year:

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

There are no executives (other than directors) with authority for making strategic decisions and management.

#### (b) Compensation of Key Management Personnel – by category

	Consolidated	
	2010 \$	2009 \$
Short term	1,266,798	928,243
Post employment	104,201	74,234
Share based payments	1,382,780	193,800
Long term	27,752	16,552
	<b>2,781,531</b>	<b>1,212,829</b>

**22. DIRECTORS AND EXECUTIVES DISCLOSURE (CONTINUED)****(c) Shareholdings of Key Management Personnel (Consolidated and Parent Entity)**

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

<b>30 September 2010</b>	<b>Balance 1 October 2009</b>	<b>Granted as Remuneration</b>	<b>On Exercise of Options</b>	<b>Net Change Other</b>	<b>Balance 30 September 2010</b>
P G Crabb	23,085,299	-	1,392,540	(2,300,000)	22,177,839
B T Lambert	713,949	-	-	-	713,949
B D Richardson	1,295,727	-	-	(650,000)	645,727
F DeMarte	2,779,442	-	-	-	2,779,442
M J Randall	437,500	-	-	-	437,500
<b>Total</b>	<b>28,311,917</b>	<b>-</b>	<b>1,392,540</b>	<b>(2,950,000)</b>	<b>26,754,457</b>

<b>30 September 2009</b>	<b>Balance 1 October 2008</b>	<b>Granted as Remuneration</b>	<b>On Exercise of Options</b>	<b>Net Change Other</b>	<b>Balance 30 September 2009</b>
P G Crabb	17,725,314	-	85,315	5,274,670	23,085,299
B T Lambert	-	-	-	713,949	713,949
B D Richardson	1,036,581	-	-	259,146	1,295,727
F DeMarte	1,804,726	-	-	974,716	2,779,442
M J Randall	350,000	-	-	87,500	437,500
<b>Total</b>	<b>20,916,621</b>	<b>-</b>	<b>85,315</b>	<b>7,309,981</b>	<b>28,311,917</b>

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

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### 22. DIRECTORS AND EXECUTIVES DISCLOSURE (CONTINUED)

#### (d) Option holdings of Key Management Personnel (Consolidated and Parent Entity)

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

30 September 2010	Balance at beginning of period 1 October 2009	Granted as Remuneration	Options exercised	Options Expired	Net Change Other	Balance at end of period 30 September 2010	Vested at 30 September 2010		
							Total	Exercisable	Not Exercisable
P G Crabb	3,400,745	1,000,000	(1,392,540)	(250,000)	-	2,758,205	2,758,205	2,758,205	-
B T Lambert	4,197,984	2,000,000	-	(1,000,000)	-	5,197,984	5,197,984	5,197,984	-
B D Richardson	2,586,382	1,500,000	-	(500,000)	-	3,586,382	3,586,382	3,586,382	-
F DeMarte	2,830,397	1,500,000	-	(500,000)	-	3,830,397	3,830,397	3,830,397	-
M J Randall	1,279,167	750,000	-	(250,000)	-	1,779,167	1,779,167	1,779,167	-
Total	14,294,675	6,750,000	(1,392,540)	(2,500,000)	-	17,152,135	17,152,135	17,152,135	-

30 September 2009	Balance at beginning of period 1 October 2008	Granted as Remuneration	Options exercised	Options Expired	Net Change Other	Balance at end of period 30 September 2009	Vested at 30 September 2009		
							Total	Exercisable	Not Exercisable
P G Crabb	1,500,000	750,000	(85,315)	(500,000)	1,736,060	3,400,745	3,400,745	3,400,745	-
B T Lambert	3,000,000	1,000,000	-	-	197,984	4,197,984	4,197,984	4,197,984	-
B D Richardson	1,850,000	1,000,000	-	(350,000)	86,382	2,586,382	2,586,382	2,586,382	-
F DeMarte	1,850,000	1,000,000	-	(350,000)	330,397	2,830,397	2,830,397	2,830,397	-
M J Randall	900,000	500,000	-	(150,000)	29,167	1,279,167	1,279,167	1,279,167	-
Total	9,100,000	4,250,000	(85,315)	(1,350,000)	2,379,990	14,294,675	14,294,675	14,294,675	-

**22. DIRECTORS AND EXECUTIVES DISCLOSURE (CONTINUED)****(e) Share Based Compensation Options**

During the financial year options were granted as equity compensation benefits to key management personnel. The options were issued at no consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the equity at the exercise price. No options have been granted since the end of the year to key management personnel. For further details relating to options, refer to note 23.

Compensation Options: Granted and vested during the year ended 30 September 2010.

30 September 2010	Vested	Granted	Terms and Conditions for each Grant					
	Number	Number	Grant Date	Fair Value per option (\$) (Note 22)	Exercise Price per option (\$) (Note 22)	Expiry Date	First Exercise Date	Last Exercise Date
P G Crabb	1,000,000	1,000,000	26/02/10	\$0.2049	\$0.64	25/02/15	26/02/10	25/02/15
B T Lambert	2,000,000	2,000,000	26/02/10	\$0.2049	\$0.64	25/02/15	26/02/10	25/02/15
B D Richardson	1,500,000	1,500,000	26/02/10	\$0.2049	\$0.64	25/02/15	26/02/10	25/02/15
F DeMarte	1,500,000	1,500,000	26/02/10	\$0.2049	\$0.64	25/02/15	26/02/10	25/02/15
M R Randall	750,000	750,000	26/02/10	\$0.2049	\$0.64	25/02/15	26/02/10	25/02/15
Total	6,750,000	6,750,000						

Compensation Options: Granted and vested during the year ended 30 September 2009.

30 September 2009	Vested	Granted	Terms and Conditions for each Grant					
	Number	Number	Grant Date	Fair Value per option (\$) (Note 22)	Exercise Price per option (\$) (Note 22)	Expiry Date	First Exercise Date	Last Exercise Date
P G Crabb	750,000	750,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
B T Lambert	1,000,000	1,000,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
B D Richardson	1,000,000	1,000,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
F DeMarte	1,000,000	1,000,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
M R Randall	500,000	500,000	27/02/09	\$0.0456	\$0.20	28/02/14	27/02/09	28/02/14
Total	4,250,000	4,250,000						



### 23. SHARE BASED PAYMENTS

#### (a) Type of share based payment plan

##### *Employee Share Option Plan*

Options are granted under the Company Employee Share Option Plan (ESOP) which was approved by the shareholders on 27 February 2009. The ESOP is available to any person who is a director, or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company ("Eligible Person").

Subject to the Rules set out in ESOP and the Listing Rules, the Company (acting through the Board) may offer options to any Eligible Person at such time and on such terms as the Board considers appropriate. Some of the Rules include:

- (i) No consideration is payable by an Eligible Person for a grant of an option, unless the Board decides otherwise.
- (ii) The method of calculation of the exercise price of each option will be determined by the Board with regard to the market value of the shares when it resolves to offer the option.
- (iii) Exercisable period will be determined by the Board prior to the offer of the relevant options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the issue date.
- (iv) The Board may impose exercise conditions on any issue as it thinks appropriate.

Options may be exercised at any time during the period commencing on the issue date to the earlier of their expiry date or termination of the employee's employment.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

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

#### (b) Summary of options granted

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

	Number 2010	WAEP 2010 \$	Number 2009	WAEP 2009 \$
Outstanding at the beginning of the year	19,510,000	0.42	18,820,000	0.50
Granted during the year	8,840,000	0.72	5,510,000	0.21
Lapsed during the year	(2,700,000)	0.50	(4,820,000)	0.50
Exercised during the year	(4,330,000)	0.42	-	-
Outstanding at the end of the year	21,320,000	0.53	19,510,000	0.42
Exercisable at the end of the year	21,320,000	0.53	18,250,000	0.43

The outstanding balance as at 30 September 2010 is represented by:

Date options granted	Expiry date	Exercise price of options	Number of options
3 May 2007	31 May 2011	\$0.68	1,000,000
1 August 2007	30 June 2011	\$0.52	110,000
30 November 2007	30 November 2010	\$0.45	1,250,000
10 January 2008	31 December 2011	\$0.47	350,000
27 February 2008	28 February 2013	\$0.50	4,250,000
4 April 2008	3 April 2011	\$0.39	200,000
3 July 2008	30 June 2012	\$0.52	260,000
27 February 2009	28 February 2014	\$0.20	4,250,000
29 September 2009	30 September 2012	\$0.32	810,000
26 February 2010	25 February 2015	\$0.64	6,750,000
23 September 2010	20 September 2013	\$0.96	2,090,000

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

**23. SHARE BASED PAYMENTS (CONTINUED)****(c) Weighted average remaining contractual life**

The weighted average remaining contractual life for the share options outstanding as at 30 September 2010 is 3 years (2009 – 2.5 years).

**(d) Range of exercise price**

The range of exercise prices for options outstanding at the end of the year was \$0.20 to \$0.96 (2009 – \$0.11 to \$0.68).

**(e) Weighted average fair value**

The weighted average fair value of options granted during the year was \$0.22 (2009 – \$0.44)

**(f) Options pricing model**

The fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 September 2010.

Number of Options	6,750,000	2,090,000
Option exercise price (cents)	64 cents	96 cents
Expiry date	25/02/2015	20/09/2013
Expected life of the option (years)	5 years	3 years
Vesting period (months)	-	-
Dividend yield (%)	Nil	Nil
Expected volatility (%)	96.7%	84.4%
Risk-free interest rate (%)	5.10%	4.89%
Discount for unquoted security	30%	30%
Closing share price at grant date (cents)	42 cents	76 cents
Vesting date	26/02/2010	23/09/2010

The following table lists the inputs to the model used for the year ended 30 September 2009.

Number of Options	350,000	4,250,000	910,000
Option exercise price (cents)	11 cents	20 cents	32 cents
Expiry date	31/12/2012	28/02/2014	30/09/2012
Expected life of the option (years)	3 years	5 years	3 years
Vesting period (months)	12 months	-	12 months
Dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	131.7%	104.7%	129.2%
Risk-free interest rate (%)	3.54%	3.66%	4.45%
Discount for unquoted security	30%	30%	30%
Closing share price at grant date (cents)	11 cents	9.5 cents	51.5 cents
Vesting date	19/12/2008	27/02/2009	29/09/2010

**24. REMUNERATION OF AUDITORS**

The auditor of Thundelarra Exploration Ltd is Stantons International for:

	Consolidated	
	2010 \$	2009 \$
An audit or review of the financial report of the consolidated entity	87,177	70,173

### 25. RELATED PARTY DISCLOSURES

#### (a) Directors

Fees paid in the normal course of business in 2010 for drilling services, camp maintenance and other services totalling \$378,448 (2009 - \$34,145) were paid/payable (balance outstanding at 30 September 2010) and included in trade creditors \$Nil (2009 - \$34,145) to a company of which Mr Philip Crabb is a director and shareholder.

Fees paid in the normal course of business in 2010 for employee services and equipment hire totalling \$3,080 (2009 - \$Nil) were paid/payable (balance outstanding at 30 September 2010) and included in trade creditors \$Nil (2009 - \$Nil) to a company of which all the directors are directors and shareholders.

Fees paid in the normal course of business in 2010 for rental of core shed facilities totalling \$Nil (2009 - \$1,000) were paid/payable (balance outstanding at 30 September 2010) and included in trade creditors \$Nil (2009 - \$Nil) to a company of which Mr Phillip Crabb is a director and shareholder.

Fees paid in the normal course of business in 2010 for GIS services totalling \$Nil (2009 - \$3,928) were paid/payable (balance outstanding at 30 September 2010) and included in trade creditors \$Nil (2009 - \$Nil) to a company of which all the directors are directors and shareholders.

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

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

#### (c) Subsidiaries

The Group consists of the Parent and its wholly owned controlled entities set out in Notes 12 and 27. Transactions between the Parent and its wholly owned controlled entities during the year ended 30 September 2010 consists of loans advanced by the Parent totalling \$7,876,244 (2009: \$3,427,431). The loans provided above are unsecured, interest free and has no fixed term of repayment. There were no repayments made during the year.

### 26. INTEREST IN JOINT VENTURES

The Company has interests in several joint ventures as follows:

#### (a) Joint venture details

##### *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 Limited 60% and Thundelarra Exploration Ltd 40% (2009 - 40%), with Panoramic as manager and operator.

At 30 September 2010 the Copernicus project was on care and maintenance, but the open pit and associated infrastructure are fully developed, and ready to be re-opened at short notice when the nickel price recovers to a level that will provide both parties with an acceptable return on their investment.

The Company's share of the assets, liabilities, revenue and expenses of the jointly controlled operation before the provision for impairment, which is included in the parent and consolidated financial statements, are as follows:

	Consolidated	
	2010 \$	2009 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	29,911	223,795
Trade and other receivables	48,896	631
Inventory	-	305,369
<b>TOTAL CURRENT ASSETS</b>	<b>78,807</b>	529,795
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,358,364	2,221,401
Exploration expenditure	70,575	61,315
Mine development	3,044,233	3,044,233
Rehabilitation	317,241	317,241
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,790,413</b>	5,644,190
<b>TOTAL ASSETS</b>	<b>5,869,220</b>	6,173,985
<b>CURRENT LIABILITIES</b>		
Trade and other payables	354	90,753
<b>TOTAL CURRENT LIABILITIES</b>	<b>354</b>	90,753
<b>NON-CURRENT LIABILITIES</b>		
Provisions	354,411	343,140
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>354,411</b>	343,140
<b>TOTAL LIABILITIES</b>	<b>354,765</b>	433,893
<b>NET ASSETS</b>	<b>5,514,455</b>	5,740,092

**26. INTEREST IN JOINT VENTURES (CONTINUED)**

The Consolidated Entity also has a number of other interests in joint ventures to explore for uranium and other minerals. The Consolidated Entity's share of expenditure in respect of these exploration and evaluation activities is either expensed or capitalised depending on the stage of development and no revenue is generated.

The Consolidated Entity's share of capitalised expenditure in respect to these joint venture activities is as follows:

Joint Venture	Principal Activities	Percentage Interest 2010	Percentage Interest 2009	Expenditure Capitalised 2010 \$	Expenditure Capitalised 2009 \$
Breakaway JV	Base metals	20%	40%	-	382,479
Great Gold Mines JV	Base metals	80%	80%	-	18,593
De Grey Mining JV	Base metals	20%	20%	-	15,642
Lewis JV	Base metals	80%	80%	-	263,357
Voermans JV	Base metals	80%	80%	-	196
Richmond JV	Base metals	-	-	938,215	-
GBS JV	Uranium	70%	70%	2,803,148	712,791
Cullen JV	Uranium	-	-	-	83,228
Allamber JV	Uranium	70%	-	383,866	151,841
Alara JV	Uranium	-	-	337,374	135,722
Total				6,287,226	1,763,849

**27. CONTROLLED ENTITIES**

Name	Country of Incorporation	Percentage Interest Held		Carrying amount of Parent Entity's Investment	
		2010 %	2009 %	2010 \$	2009 \$
Element 92 Pty Ltd	Australia	100	100	-	-
Trilogy Metals Limited	Australia	100	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

### 28. FINANCIAL INSTRUMENTS

(a) The Group's principal financial instruments comprise of cash, short term deposits and other financial assets. The Group has various other financial assets and liabilities such as trade receivables and trade payables. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken, except for other financial assets which have been sold for working capital purposes. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the Financial Statements.

Consolidated	Floating Interest Rate		Fixed Interest Rate – 1 year or less		Non-interest bearing		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<b>Financial Assets</b>								
Cash and cash equivalents	<b>816,010</b>	458,896	<b>18,384,965</b>	477,422	-	-	<b>19,200,975</b>	936,318
Trade and other receivables	-	-	<b>517,447</b>	572,181	<b>528,946</b>	52,648	<b>1,046,393</b>	624,829
Other financial assets	-	-	-	-	<b>800,621</b>	18,327,433	<b>800,621</b>	18,327,433
Total Financial Assets	<b>816,010</b>	458,896	<b>18,902,412</b>	1,049,603	<b>1,329,567</b>	18,380,081	<b>21,047,989</b>	19,888,580
<b>Financial Liabilities</b>								
Trade and other payables	-	-	-	-	<b>(2,638,275)</b>	(2,539,989)	<b>(2,638,275)</b>	(2,539,989)
Total Financial Liabilities	-	-	-	-	<b>(2,638,275)</b>	(2,539,989)	<b>(2,638,275)</b>	(2,539,989)
Net Financial Assets/(Liabilities)	<b>816,010</b>	458,896	<b>18,902,412</b>	1,049,603	<b>(1,308,708)</b>	15,840,092	<b>18,409,714</b>	17,348,591
Weighted Average Interest Rate	<b>1.67%</b>	0.05%	<b>5.70%</b>	3.69%				



**28. FINANCIAL INSTRUMENTS (CONTINUED)**

Reconciliation of net financial assets/ (liabilities) to net assets	Consolidated	
	2010 \$	2009 \$
Net Financial Assets/(Liabilities) as above	<b>18,409,714</b>	17,348,591
Property, plant and equipment	<b>426,675</b>	284,769
Exploration & evaluation expenditure	<b>9,108,776</b>	3,725,107
Mine development	<b>317,241</b>	317,241
Intangibles	<b>86,332</b>	82,331
Inventory	-	305,369
Provisions	<b>(830,117)</b>	(685,429)
Deferred tax assets	-	5,380,302
Deferred tax liability	-	(5,771,114)
Net Assets per Statement of Financial Position	<b>27,518,621</b>	20,987,167

The net fair value of all financial assets and liabilities at balance date approximate to their carrying value. The main risk the Company's exposed to through financial instruments credit risk, commodity risk and market risk consisting of interest rate risk and equity price risk.

**(a) Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is disclosed under point (a) above.

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

**(b) Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Risk is also minimised by investing surplus funds with financial institutions that maintain a high credit rating.

**(b) Credit Risk (continued)**

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Group believes that all outstanding receivables are recoverable and there are no past due receivables as at balance date.

**(c) Net Fair Value of Financial Assets and Liabilities**

The net fair value of the financial assets and financial liabilities approximates their carrying value, except for the fair value of equity investments traded on organised markets which have been valued by reference to the market prices prevailing at balance date for those equity investments.

**(d) Liquidity Risk**

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the Group's current and future operations.

The Group believes that all outstanding payables can be paid when due and there are no past due payables as at the balance date.

**(e) Foreign Exchange Risk**

The Group at present does not have any exposure to foreign exchange risk, except for sales of nickel by the Copernicus Joint Venture because the Group does not make any other sales or purchases in a currency other than the entity's functional currency. At 30 September 2010 the Group did not have any assets or liabilities denominated in a foreign currency.

**(f) Commodity Price Risk**

The Group's exposure to nickel prices is high because all of the revenue generated from the Copernicus Joint Venture comes from the sale of nickel. Nickel is sold on the basis of United States dollar nickel prices quoted on the London Metals Exchange (LME).

The Group's profit and loss and balance sheet can be affected significantly by movements in nickel prices on the LME. The Group will need to mitigate the effect of its nickel price exposure by seeking appropriate derivative instruments once the open pit mining operations are re-commenced at Copernicus in the future. However at 30 September 2010, the Group does not have any financial instruments subject to commodity price risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2010 ANNUAL REPORT

### 29. SENSITIVITY ANALYSIS

#### (a) Fair Value Risk

The Group has exposure to the movement in fair values of its trading and available for sale financial assets. Based on fair values at 30 September 2010, a 10% change in fair values will have the following impact on loss before tax and equity before tax.

	Consolidated	
	2010 \$	2009 \$
Loss before tax:		
Available for sale financial assets	-	-
Held for trading financial assets	80,062	39,393
Equity:		
Available for sale financial assets	-	1,793,350
Held for trading financial assets	80,062	39,393

#### (b) Interest Rate Risk

The following table represents a summary of the interest rate sensitivity of the Group's financial assets at the balance sheet date on the deficit for the year and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

Consolidated 30 September 2010	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk + 1%	
		Net loss \$	Equity \$	Net loss \$	Equity \$
<b>Financial Assets</b>					
Cash and cash equivalents	19,200,975	(192,010)	(192,010)	192,010	192,010
Other receivables -interest bearing	517,447	(5,174)	(5,174)	5,174	5,174
Totals	19,718,422	(197,184)	(197,184)	197,184	197,184

Consolidated 30 September 2009	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk + 1%	
		Net loss \$	Equity \$	Net loss \$	Equity \$
<b>Financial Assets</b>					
Cash and cash equivalents	936,318	(9,363)	(9,363)	9,363	9,363
Other receivables -interest bearing	572,181	(5,722)	(5,722)	5,722	5,722
Totals	1,508,499	(15,085)	(15,085)	15,085	15,085

None of the Group's financial liabilities are interest bearing.

#### (c) Foreign Currency Risk

The Group was not exposed to foreign exchange currency risk at balance date.

### 30. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year, the Directors are not aware of matter or circumstance not otherwise dealt with in this report or the financial statements, that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent years with the exception of the following, the financial effects of which have not been provided for in the 30 September 2010 financial report:

#### Exercise of Options

- (1) 3,729 quoted options exercisable at 20 cents each expiring 29 March 2013 were exercised raising \$746 in working capital.
- (2) 1,250,000 options exercisable at 45 cents each expiring 30 November 2011 were exercised raising \$562,500 in working capital.

- (3) 530,000 options exercisable at 32 cents each expiring 30 September 2012 were exercised raising \$169,600 in working capital.

#### Issue of Shares

680,272 ordinary shares were issued at \$0.735 per share in relation to a option fee payment for Red Bore and Yerrida tenements.

### 31. CONTINGENT LIABILITIES

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

### 32. COMPARATIVES

The Parent Company figures for 2009 have been restated to disclose the Company's share of individual assets and liabilities of the Copernicus Joint Venture together with the Company's assets and liabilities.

## **DIRECTORS' DECLARATION**

---

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

In the opinion of the directors:

- (a) the financial statements and notes and the additional disclosures included in the Directors' report designated as audited, of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the financial report also complies with International Financial Reporting Standards as described in note 2(b).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 September 2010.

On behalf of the Board



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

Perth, Western Australia  
16 December 2010

### Stantons International

ABN 41 103 088 697  
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WEST PERTH WA 6005, AUSTRALIA  
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#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THUNDELARRA EXPLORATION LIMITED

##### Report on the Financial Report

We have audited the accompanying financial report of Thundelarra Exploration Limited, which comprises the statement of financial position as at 30 September 2010, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

##### *Auditor's responsibility*

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

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

Member of Russell Bedford International 

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

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

##### *Independence*

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

##### *Auditor's opinion*

In our opinion:

- (a) the financial report of Thundelarra Exploration Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

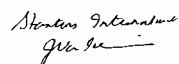
##### Report on the Remuneration Report

We have audited the remuneration report included in pages 27 to 31 of the directors' report for the year ended 30 September 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

##### *Auditor's opinion*

In our opinion the remuneration report of Thundelarra Exploration Limited for the year ended 30 September 2010 complies with section 300 A of the *Corporations Act 2001*.

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



J P Van Dieren  
Director

West Perth, Western Australia  
16 December 2010

Member of Russell Bedford International 

Stantons International

ABN 41 103 088 697

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16 December 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 Audit Director for the audit of the financial statements of Thundelarra Exploration Limited for the year ended 30 September 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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



**J P Van Dieren**  
Director

Member of Russell Bedford International



## ASX ADDITIONAL INFORMATION

The following information dated 30 November 2010 is required by the Listing Rules of the ASX Limited.

### 1. DISTRIBUTION AND NUMBER OF HOLDER OF EQUITY SECURITIES

The number of holders, by size of holding, in each class of security are:

	Fully paid ordinary shares	2013 Quoted Options
1 – 1,000	324	140
1,001 – 5,000	908	62
5,001 – 10,000	741	30
10,001 – 100,000	1,293	57
100,001 and over	162	18
Totals	3,428	307
Holding less than a marketable parcel	218	140

### 2. TWENTY LARGEST HOLDERS OF QUOTED SECURITIES

#### (a) Ordinary shares

Holder	Shares Held	
	Number	%
Ragged Range Mining Pty Ltd & Associates	22,177,839	14.50
Norilsk Nickel Australia Pty Ltd	7,800,000	5.10
HSBC Custody Nominees (Australia) Limited	7,493,871	4.90
Grandor Pty Ltd (Mark Scott Family P/F AC)	3,933,288	2.57
ABN Amro Clearing Sydney Nominees Pty Ltd (Custodian A/C)	3,295,785	2.16
Mr Frank DeMarte	2,795,908	1.83
Panoramic Resources Limited	2,500,000	1.63
Chin Nominees Pty Ltd (Chin Super Fund A/C)	2,463,864	1.61
HSBC Custody Nominees (Australia) Limited - A/C 3	2,150,000	1.41
RCF Management LLC (Resource Capital FD V LP A/C)	2,036,194	1.33
Custodial Services Limited (Beneficiaries Holding A/C)	1,983,710	1.30
ABN Amro Clearing Sydney Nominees Pty Ltd (Next Custodian A/C)	1,936,771	1.27
Mr David Dawson	1,925,000	1.26
JP Morgan Nominees Australia Limited (Cash Income A/C)	1,835,920	1.20
UBS Nominees Pty Ltd	1,591,245	1.04
Mr Siat Yoon Chin	1,250,000	0.82
Kale Capital Corporation Ltd	1,168,412	0.76
Forty Traders Limited	1,052,635	0.69
JP Morgan Nominees Australia Limited	779,973	0.51
Mr Edwin Leigh Davies + Mrs Susan Linda Davies (L & S Davies Super Fund A/C)	735,000	0.48
Total	70,905,415	46.37



## 2. TWENTY LARGEST HOLDERS OF QUOTED SECURITIES (CONTINUED)

### (b) Options expiring 29 March 2013

Holder	Options Held	
	Number	%
Tattersfield Securities Limited	635,000	9.37
Chin Nominees Pty Ltd (Chin Super Fund A/C)	493,128	7.27
Forty Traders Limited	350,879	5.18
Mr Frank DeMarte	330,397	4.87
Troca Enterprises Pty Ltd (Coulson Super A/C)	320,000	4.72
Custodial Services Limited (Beneficiaries Holding A/C)	216,668	3.20
Mr Siat Yoon Chin	212,462	3.13
Westcoast Brick Company Pty Ltd	200,880	2.96
Mr Anthony John Vetter + Mrs Jeannette Vetter	200,000	2.95
Brett Lambert (BT & EM Lambert Family A/C)	197,984	2.92
Rick Crabb	179,984	2.64
ATFT Pty Ltd (ATFT Staff Super Fund A/C)	172,000	2.54
Emco Pty Ltd (Super Fund A/C)	170,257	2.51
Greatside Holdings Pty Ltd	166,667	2.46
Laceglen Holdings Pty Ltd (Cadly Superfund A/C)	130,000	1.92
Mr Russell Lindsay King + Mrs Teresa Elizabeth King (King Super Fund A/C)	120,952	1.78
Klip Pty Ltd (Beirne Super Fund A/C)	107,000	1.58
Mr Gregory John Munyard + Mrs Maria Ann Munyard + Miss Carmen Helene Munyard (Riviera Super Fund A/C)	100,452	1.48
Sitcamp Nominees Pty Ltd (Stephen Evans Family A/C)	100,000	1.47
Mr Warwick Samuel Hughes (Warwick Hughes Family A/C)	95,528	1.21
Total	4,499,390	66.36

## 3. SUBSTANTIAL SHAREHOLDERS

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

Name	Number of Shares Held	%
Ragged Range Mining Pty Ltd & Associates	22,177,839	14.50
Norilsk Nickel Australia Pty Ltd	7,800,000	5.10

## 4. VOTING RIGHTS

The Company's share capital is of one class with the following voting rights:

### (a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### (b) Options

The Company's options have no voting rights.

## 5. STOCK EXCHANGE LISTING

Thundelarra Exploration Ltd ordinary shares are listed on all member exchanges of the ASX Limited. The home exchange is the ASX Limited.

## 6. RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the ASX Limited, Perth as restricted securities.

**7. SCHEDULE OF TENEMENTS**

Tenement Number and Type	Tenement Name	Holder/ Application	Interest (%)	Status
<b>EAST KIMBERLEY</b>				
E80/2559	Lamboos West	THX/HAW	80/20	Granted 6/03/2003
E80/2601	Lamboos	THX	100	Granted 29/07/2002
E80/2836	Frog Hollow	THX/ALT	20/80	Granted 4/07/2003
E80/3572	Spinifex	THX	100	Granted 28/08/2006
E80/3673	Sophie Downs	THX	100	Granted 5/02/2007
E80/3800	Rosewood	THX	100	Granted 15/04/2009
E80/3861	Lamboos	THX	100	Granted 30/01/2008
E80/3975	Rosewood West	THX	100	Granted 14/10/2009
E80/4049	Mabel Hill North	THX	100	Granted 16/04/2009
E80/4266	Mt Pitt	THX	100	Granted 14/04/2010
M80/540	Copernicus	THX/SMY	40/60	Granted 8/01/2008
<b>EAST KIMBERLEY - Panoramic JV</b>				
E80/2290	Mable Hill	THX/KIM	80/20 <sup>1</sup>	Granted 24/06/1998
E80/2716	Eileen Bore	THX	100 <sup>1</sup>	Granted 8/02/2002
E80/2748	Dave Hill	THX	100 <sup>1</sup>	Granted 15/01/2003
E80/2749	Sally Downs Well	THX	100 <sup>1</sup>	Granted 15/08/2003
E80/2817	Mabel Downs	THX	100 <sup>1</sup>	Granted 4/03/2003
E80/2866	Warmun	THX	100 <sup>1</sup>	Granted 16/05/2003
E80/2878	Frank Hill	THX	100 <sup>1</sup>	Granted 13/12/2004
E80/3499	Edle West	THX	100 <sup>1</sup>	Granted 24/07/2006
E80/3704	Koondooloo	THX	100 <sup>1</sup>	Granted 8/08/2007
E80/3878	Eileen Bore	THX	100 <sup>1</sup>	Granted 7/10/2008
E80/4210	Wesley	THX	100 <sup>1</sup>	Granted 25/01/2010

Tenement Number and Type	Tenement Name	Holder/ Application	Interest (%)	Status
E80/4225	Nine Mile	THX	100 <sup>1</sup>	Granted 25/03/2010
E80/4304	Warnum South	THX	100 <sup>1</sup>	Granted 14/10/2010
E80/4398	Fletcher South	THX	100 <sup>1</sup>	Granted 10/11/2010
E80/4399	Bow South	THX	100 <sup>1</sup>	Application 2/02/2010
E80/4421	Fletcher West	PIN	100 <sup>1</sup>	Application 26/02/2010
E80/4425	Corkwood South East	PIN	100 <sup>1</sup>	Application 26/02/2010
E80/4481	White Rock Well	THX/PIN	39/61	Application 5/10/2010
E80/4482	Highway	THX/PIN	39/61	Application 5/10/2010
E80/4483	Norton	THX/PIN	39/61	Application 5/10/2010
E80/4484	7 Mile	THX/PIN	39/61	Application 5/10/2010
E80/4485	3 Mile SE	THX/PIN	39/61	Application 5/10/2010
E80/4486	Keller Creek West	THX/PIN	39/61	Application 5/10/2010
E80/4487	Bow River East	THX/PIN	39/61	Application 5/10/2010
E80/4489	Billymal Spring	THX/PIN	39/61	Application 5/10/2010
E80/4490	White Rock East	THX/PIN	39/61	Application 5/10/2010
E80/4491	14 Mile West	THX/PIN	39/61	Application 5/10/2010
E80/4492	Alice Downs Airstrip	THX/PIN	39/61	Application 5/10/2010
E80/4493	Palamino East	THX/PIN	39/61	Application 5/10/2010
E80/4494	Mabel Hill North	THX/PIN	39/61	Application 5/10/2010
E80/4495	Wild Dog Creek	THX/PIN	39/61	Application 5/10/2010
P80/1742	Mable South	THX	100 <sup>1</sup>	Granted 14/01/2010
P80/1761	Copernicus East	THX	100 <sup>1</sup>	Application 5/10/2010

**7. SCHEDULE OF TENEMENTS (CONTINUED)**

Tenement Number and Type	Tenement Name	Holder/ Application	Share Held	Status
<b>GASCOYNE</b>				
E09/1340	Kennedy Range	THX	100	Granted 18/05/2007
<b>PILBARA</b>				
E45/2695	Runton	THX	100	Application 3/12/2004
E47/1305	Pyramid Central	THX	100	Granted 21/02/2006
<b>PEAK HILL</b>				
E52/1890	Yilbrinna Pool	CULLEN	100 <sup>2</sup>	Granted 05/01/2009
E52/1891	Mt Vernon	CULLEN	100 <sup>2</sup>	Granted 05/01/2009
E52/1892	Kallenia	CULLEN	100 <sup>2</sup>	Granted 05/01/2009
E52/1940	Kunderong	THX	100	Granted 11/09/2008
<b>DOOLGUNNA</b>				
E51/1357	Yerrida Central East	KM	100 <sup>3</sup>	Granted 20/05/2010
E51/1358	Yerrida East	KM	100 <sup>3</sup>	Granted 20/05/2010
E51/1359	Yerrida Central West	KM	100 <sup>3</sup>	Granted 20/05/2010
E51/1418	Yerrida West	KM	100 <sup>3</sup>	Granted 24/08/2010
E51/1437	Yerrida Central	THX	100 <sup>3</sup>	Application 10/05/2010
E52/2261	Marymia North	DM	100 <sup>4</sup>	Granted 11/06/2010
E52/2262	Harry Bore	DM	100 <sup>4</sup>	Granted 07/04/2010
E52/2402	Curara Well	THX	100	Granted 06/11/2009
E52/2551	Bluebush Well	THX	100	Granted 11/02/2010
M52/597	Red Bore	WRR	100 <sup>5</sup>	Granted 2/05/1996

Tenement Number and Type	Tenement Name	Holder/ Application	Share Held	Status
<b>QUEENSLAND</b>				
EPM15849	Gregory Range	THX	100	Granted 13/11/2007
EPM17591	Little River	THX	100	Granted 22/02/2010
EPM18086	Pandanus	THX	100	Application 13/05/2009
EPM18958	Mt Little	THX	100	Application 19/10/2010
<b>EVA</b>				
EL27798	Eva	E92	100	Application 20/11/2009
<b>LASSETERS</b>				
EL23414	Warman Rocks	LF	100 <sup>6</sup>	Granted 27/06/2003
EL24667	Camels Bluff	LF	100 <sup>6</sup>	Application 6/04/2005
EL26224	Lake Neal West	LF	100 <sup>6</sup>	Application 15/06/2007
<b>MURPHY JV</b>				
EL5784	Rocky Creek	LF	100 <sup>6</sup>	Application 4/09/1987
EL5859	China Wall	LF	100 <sup>6</sup>	Application 14/10/1987
<b>NGALIA</b>				
EL24561	Mt Wedge	E92	100	Granted 22/06/2009
EL24879	Alara North	HUME, SRK	25/75 <sup>2</sup>	Granted 15/08/2006
EL24927	Alara South	HUME	100 <sup>2</sup>	Application 12/09/2005
EL24928	Alara West	HUME, SRK	25/75 <sup>2</sup>	Granted 21/08/2006
EL24929	Alara East	HUME, SRK	25/75 <sup>2</sup>	Granted 21/08/2006
EL25283	Walbiri Range	E92	100	Granted 22/06/2009
EL25334	Jabangardi Hill	E92	100	Granted 22/06/2009
EL25556	Waite Bore	E92	100	Granted 23/08/2007
EL28186	Moonlight	E92	100	Application 8/07/2010
EL28398	Black Hill	E92	100	Application 8/11/2010

**7. SCHEDULE OF TENEMENTS (CONTINUED)**

Tenement Number and Type	Tenement Name	Holder/ Application	Interest (%)	Status
<b>PINE CREEK</b>				
EL10043	Brumby Gap	EW, JE, RD	10/80/10 <sup>4</sup>	Granted 5/09/2002
EL10120	Yam CK	BPL	100 <sup>4</sup>	Granted 15/08/2002
EL10167	Frances Creek	EW, JE, RD	10/80/10 <sup>4</sup>	Granted 5/09/2002
EL23506	McKeddies	MDT, GRO, GAC	33.3/33.3/33.3 <sup>4</sup>	Granted 8/05/2003
EL23509	Corkscrew	BPL	100 <sup>4</sup>	Granted 27/02/2003
EL23516	Great Northern	MDT, GRO, GAC	33.3/33.3/33.3 <sup>4</sup>	Granted 4/04/2003
EL23517	Watts Creek	MDT, GRO, GAC	33.3/33.3/33.3 <sup>4</sup>	Granted 4/04/2003
EL23532	North Ringwood	MDT, GRO, GAC	33.3/33.3/33.3 <sup>4</sup>	Granted 13/02/2003
EL24403	EL24403	MDT, GRO, HP	33.3/33.3/33.3 <sup>4</sup>	Granted 9/09/2005
EL24549	Allamber 1	THX/EXG	70/30	Granted 23/09/2005
EL24931	Burrundie	E92	100	Granted 17/07/2006
EL25119	Douglas Creek	MDT, GRO, GAC	33.3/33.4/33.3 <sup>4</sup>	Granted 4/10/2006
EL25120	Kulbac	E92, RMB	50/50 <sup>4</sup>	Granted 19/09/2006
EL25379	Dowling	E92	100	Granted 21/02/2007
EL25477	Allamber 2	THX/EXG	70/30	Granted 26/06/2007
EL25478	Allamber 3	THX/EXG	70/30	Granted 26/06/2007
EL25479	Allamber 4	THX/EXG	70/30	Granted 26/06/2007
EL25553	Hayes Creek	THX	100	Granted 26/07/2007
EL25868	Mary River	E92	100	Granted 27/09/2007
EL26024	McKinlay	THX	100	Granted 3/12/2007
EL26955	Mt McLachlan	THX	100	Granted 20/05/2009
EL26957	Esmeralda	THX	100	Granted 20/05/2009

Tenement Number and Type	Tenement Name	Holder/ Application	Interest (%)	Status
<b>PINE CREEK (CONTINUED)</b>				
EL27363	Jigsaw	E92	100	Granted 12/01/2010
EL27364	Nellie Creek	E92	100	Granted 12/01/2010
EL27365	Mt Saunders	E92	100	Granted 12/01/2010
EL27648	Mary River 2	E92	100	Granted 29/04/2010
EL27649	Allamber North	E92	100	Granted 29/04/2010
EL27650	Mary River 1	E92	100	Granted 27/05/2010
EL27898	Clarkey	E92	100	Granted 13/10/2010
EL28203	French	E92	100	Application 3/08/2010
EL28519	North Burrundi	E92	100	Application 20/12/2010
MC27285	Yam Creek 1	RMB	100 <sup>7</sup>	Application 7/04/2009
MC27286	Yam Creek 2	RMB	100 <sup>7</sup>	Application 7/04/2009
MC27287	Yam Creek 3	RMB	100 <sup>7</sup>	Application 7/04/2009
MCN4902	MCN4902	RMB, CGA	80/20 <sup>7</sup>	Granted 8/10/1996
MCN4903	MCN4903	RMB, CGA	80/20 <sup>7</sup>	Granted 8/10/1996
MCN4904	MCN4904	RMB, CGA	80/20 <sup>7</sup>	Granted 8/10/1996
MCN4905	MCN4905	RMB, CGA	80/20 <sup>7</sup>	Granted 8/10/1996
MCN4907	MCN4907	RMB, CGA	80/20 <sup>7</sup>	Granted 3/08/1995
MCN5193	MCNA5193	RMB, CGA	80/20 <sup>7</sup>	Granted 8/07/2004
MCN5194	MCNA5194	RMB, CGA	80/20 <sup>7</sup>	Granted 26/05/2004
MCN5195	MCNA5195	RMB, CGA	80/20 <sup>7</sup>	Granted 26/06/2008
MCN5196	MCNA5196	RMB, CGA	80/20 <sup>7</sup>	Granted 8/07/2004
MCN5197	MCNA5197	RMB, CGA	80/20 <sup>7</sup>	Granted 26/06/2008
MCN5198	MCNA5198	RMB, CGA	80/20 <sup>7</sup>	Granted 26/06/2008
MCN5199	MCNA5199	RMB, CGA	80/20 <sup>7</sup>	Granted 26/06/2008
MCN5200	MCNA5200	RMB, TG	80/20	Granted 26/06/2008

Crocodile Gold JV - THX has 70% of the uranium rights on 318 tenements held by Crocodile Gold.

- <sup>1</sup> Panoramic Resources Option to Acquire 61%  
<sup>2</sup> THX earning 70%.  
<sup>3</sup> THX earning 80%.  
<sup>4</sup> THX option to acquire 100%  
<sup>5</sup> THX earning 60%.  
<sup>6</sup> THX option to acquire 70%  
<sup>7</sup> THX option to acquire 80%

**Key to Tenement Type:**

E/EL	=	Exploration Licence
ELA	=	Exploration Licence Application
EPM	=	Exploration Permit Minerals
MLA	=	Mining Lease Application
M	=	Mining Licence
P	=	Prospecting Licence
PLA	=	Prospecting Licence Application

**Key to Parties:**

ALT	=	Altia Resources Pty Ltd
HAW	=	Hawthorn Resources Pty Ltd
THX	=	Thundelarra Exploration Ltd
KM	=	Kallenia Mines Pty Ltd
CULLEN	=	Cullen Exploration Pty Ltd
E92	=	Element 92 Pty Ltd
LF	=	Lutz Frankenfield
PAN	=	Panoramic Resources Limited
SRK	=	Strike Resources Limited
DM	=	Dawn Metals Ltd
MDT	=	Michael Daniel Teelow
BPL	=	Biddlecombe Pty Ltd
RMB	=	Robert Michael Biddlecombe
HUME	=	Hume Mining Pty Ltd
TG	=	Territory Goldfields Pty Ltd
EW	=	Edwin White
JE	=	John Earthrowl
RD	=	Robbie Douglas
GRO	=	Geoffrey Robert Orridge
GAC	=	Garry Anthony Clarke
WRR	=	William Robert Richmond
HP	=	Huge Pinniger
EXG	=	Excelsior Gold Ltd
SMY	=	SMY Copernicus Pty Ltd
KIM	=	Kimberley Mining Pty Ltd
PIN	=	Pindan Exploration Company Pty Ltd



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