



ABN 74 950 465 654

**INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 MARCH 2011**

THUNDELARRA EXPLORATION LTD

ABN 74 950 465 654

INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011

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THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Frank DeMarte

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS**

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

Telephone: (08) 9321 9680

Facsimile: (08) 9321 9670

Email: perth@thundelarra.com

SHARE REGISTRY

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

AUDITORS

Stantons International Audit and Consulting Pty Ltd
Level 1, 1 Havelock Street
WEST PERTH WA 6005

SOLICITORS

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

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

Home Exchange: Perth, Western Australia

ASX CODES

THX, THXO

WEB

www.thundelarra.com

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

DIRECTORS' REPORT

Your directors present financial statements for the half year ended 31 March 2011.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this statement are set out below. The directors were in office for the entire period unless otherwise stated.

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

RESULT

The consolidated entity incurred an after tax operating loss for the half year ended 31 March 2011 of \$12,961,250 (31 March 2010 profit \$14,563,134).

PRINCIPAL ACTIVITY

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

REVIEW OF OPERATIONS

During the period, the Company continued its exploration activities in Australia.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements, that have significantly, or may significantly affect, the state of the affairs or the operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2011 Financial Report:

Exercise of Options

120,000 unquoted options exercisable at 39 cents each expiring on 3 April 2011 were exercised raising \$46,800.

Expiry of Options

80,000 unquoted options exercisable at 39 cents each expires on 3 April 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Thundelarra Exploration Ltd is set out on page 2 and forms part of the Directors' Report for the period ended 31 March 2011.

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



Brett T Lambert
Director

Perth, 1 June 2011

1 June 2011

Board of Directors
Thundelarra Exploration Limited
Suite 2
Level 3, IBM Building
1060 Hay Street
WEST PERTH, WA 6005

Dear Sirs

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 review of the financial statements of Thundelarra Exploration Limited for the period ended 31 March 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



J P Van Dieren
Director

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2011**

		Consolidated	
	Notes	31 March 2011	31 March 2010
		\$	\$
REVENUE FROM CONTINUING OPERATIONS			
Revenue	3(a)	527,648	1,091,330
Other income	3(b)	312,822	23,217,396
		<u>840,470</u>	<u>24,308,726</u>
EXPENDITURE			
Cost of sales		-	(615,457)
Depreciation and amortisation expenses		(103,364)	(89,619)
Employee benefits expenses	3(c)	(1,404,000)	(1,519,672)
Exploration expenses	3(d)	(11,120,877)	(557,835)
Administration expenses written off	3(e)	(1,258,425)	(1,309,522)
Profit/(Loss) from continuing operations before income tax expense		(13,046,196)	20,216,621
Research and development tax refund		84,946	-
Income tax expense		<u>-</u>	<u>(5,653,487)</u>
Net Profit/(Loss) from continuing operations for the period		<u>(12,961,250)</u>	<u>14,563,134</u>
Other comprehensive income			
Available for sale financial assets reserve net of deferred tax transferred to income		<u>-</u>	<u>(10,858,359)</u>
Total comprehensive income/(loss) for the period		<u>(12,961,250)</u>	<u>3,704,775</u>
Net Profit/(Loss) attributable to: Members of the parent entity		<u>(12,961,250)</u>	<u>14,563,134</u>
Comprehensive income/(loss) attributable to: Members of the parent entity		<u>(12,961,250)</u>	<u>3,704,775</u>
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the parent entity:		<u>Cents per share</u>	<u>Cents per share</u>
Basic earnings/(loss) for the half year	4	(8.47)	10.08
Diluted earnings/(loss) for the half year	4	(8.47)	9.30

The accompanying condensed notes form part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

		Consolidated	
	Notes	31 March 2011	30 September 2010
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	14,903,619	19,200,975
Trade and other receivables		172,493	459,557
Other financial assets		925,704	800,621
Total Current Assets		16,001,816	20,461,153
Non-Current Assets			
Other receivables		820,267	586,836
Property, plant and equipment		488,495	426,675
Exploration and evaluation expenditure		2,825,388	9,108,776
Mine development		317,241	317,241
Intangible asset		137,905	86,332
Total Non-Current Assets		4,589,296	10,896,126
TOTAL ASSETS		20,591,112	30,987,013
LIABILITIES			
Current Liabilities			
Trade and other payables		410,741	581,674
Provisions		324,917	272,734
Total Current Liabilities		735,658	854,408
Non-Current Liabilities			
Payables		2,056,601	2,056,601
Provisions		584,236	557,383
Total Non-Current Liabilities		2,640,837	2,613,984
TOTAL LIABILITIES		3,376,495	3,468,392
NET ASSETS		17,214,617	27,518,621
EQUITY			
Contributed equity	6	39,160,123	37,906,877
Reserves		7,001,005	5,597,005
Accumulated losses		(28,946,511)	(15,985,261)
TOTAL EQUITY		17,214,617	27,518,621

The accompanying condensed notes forms part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2011**

CONSOLIDATED	Issued Capital \$	Accumulated Profit / (losses) \$	Other reserves \$	Total Equity \$
Balance at 1 October 2010	37,906,877	(15,985,261)	5,597,005	27,518,621
<i>Total comprehensive income for the period</i>				
Profit/(Loss) for the period	-	(12,961,250)	-	(12,961,250)
	-	-		
<i>Total comprehensive income/(loss) for the period</i>	-	(12,961,250)	-	(12,961,250)
<i>Transactions with owners recorded directly in equity:</i>				
Contributions of equity, net of transaction costs	1,253,246	-	-	1,253,246
Recognised value of share based payments	-	-	1,404,000	1,404,000
Balance at 31 March 2011	39,160,123	(28,946,511)	7,001,005	17,214,617

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

The accompanying condensed notes forms part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

	Notes	Consolidated	
		31 March 2011	31 March 2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(953,072)	(1,260,599)
Receipts from customers		-	618,079
Other revenue received		88,731	67,162
Interest received		604,318	298,677
Interest paid		(67)	(1,416)
Net cash flows used in operating activities		(260,090)	(278,097)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(4,100,801)	(2,120,730)
Placement of security deposits		(274,772)	(239,401)
Payments for intangibles		(83,306)	(10,982)
Payments for plant and equipment		(133,452)	(83,165)
Payments for investments		-	(123,008)
Payments for tenements		(218,181)	-
Proceeds from sale of investments		-	25,201,044
Proceeds from sale of property, plant and equipment		-	4,000
Proceeds from sale of tenements		40,000	225,000
Net cash flows from/(used in) investing activities		(4,770,512)	22,852,758
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		733,246	572,378
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Share issue costs		-	-
Net cash flows from financing activities		733,246	572,378
Net increase/(decrease) in cash and cash equivalents		(4,297,356)	23,147,039
Cash and cash equivalents at the beginning of the period		19,200,975	936,318
Cash and cash equivalents at the end of the period	5	14,903,619	24,083,357

The accompanying condensed notes forms part of the financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011**

(1) CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of Thundelarra Exploration Ltd and its controlled entities ("Consolidated Entity or Group").

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 September 2010 and considered together with any public announcements made by Thundelarra Exploration Ltd and its controlled entities during the period ended 31 March 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

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

Changes in Accounting Policy

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 September 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Thundelarra Exploration Ltd and its subsidiaries as at 31 March 2011 ('the Group').

Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial report as at and for the year ended 30 September 2010.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011**

Principles of Consolidation

The interim consolidated financial statements comprise of Thundelarra Exploration Ltd and its subsidiary (the Group) as at 31 March 2011.

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

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated.

Interests in joint ventures

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

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

Tax Consolidation

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

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

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

Mineral exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision was made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they may not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

3. REVENUE AND EXPENSES

Revenues and expenses from continuing operations:-

	Consolidated	
	31 March 2011	31 March 2010
	\$	\$
(a) Revenue		
Sale of goods	-	618,079
Bank interest received and receivable	527,648	473,251
	<u>527,648</u>	<u>1,091,330</u>
(b) Other Income		
Rental income	88,731	67,162
Other income	55,584	2,545
Net gain on disposal of investments (note 3(f))	-	22,779,487
Net gain on disposal of tenements (note 3(g))	168,507	225,000
Increase in market value of investments	-	143,202
	<u>312,822</u>	<u>23,217,396</u>
Total Revenues	<u>840,470</u>	<u>24,308,726</u>
(c) Employee Benefits Expense		
Share based payments	<u>(1,404,000)</u>	<u>(1,519,672)</u>
(d) Exploration Expenditure written off		
Exploration costs written off	<u>(11,120,877)</u>	<u>(557,835)</u>
(e) Other expenses		
Finance costs	(67)	(1,416)
Decrease in market value of investments	(4,917)	-
General and other administrative expenses	<u>(1,253,441)</u>	<u>(1,306,699)</u>
	<u>(1,258,425)</u>	<u>(1,308,115)</u>
(f) Net gain on disposal of investments		
Proceeds on sale of investments	-	25,201,044
Fair value of investments held	-	(17,933,533)
Transfer from revaluation reserve	-	15,511,976
Profit on disposal	<u>-</u>	<u>22,779,487</u>
(g) Net gain on disposal of tenements		
Proceeds on sale of tenements	170,000	-
Carrying amounts of tenements sold	<u>(1,493)</u>	<u>-</u>
Profit on disposal	<u>168,507</u>	<u>-</u>

THUNDELARRA EXPLORATION LTD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011**

4. EARNINGS / (LOSS) PER SHARE

	Consolidated	
	31 March 2011	31 March 2010
	\$	\$
Basic earnings/(loss) (cents per share)	(8.47)	10.08
Diluted earnings/(loss) (cents per share)	(8.47)	9.30
Weighted average number of ordinary shares on issue during the period used in the calculation of:		
• Basic earnings per share	152,996,223	144,537,789
• Diluted earnings per share	152,996,223	156,511,268

5. CASH AND CASH EQUIVALENTS

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

	Consolidated	
	31 March 2011	30 September 2010
	\$	\$
Cash at bank and in hand	313,081	816,010
Short-term deposits	14,590,538	18,384,965
	<u>14,903,619</u>	<u>19,206,975</u>

6. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Consolidated	
	31 March 2011	30 September 2010
	\$	\$
Ordinary shares		
Issued and fully paid	39,160,123	37,906,877
Less: transaction costs	-	-
	<u>39,160,123</u>	<u>37,906,877</u>

(b) Movement in ordinary shares on issue

		Number of Shares	Issue Price \$	Total \$
1/10/2010	Opening Balance	150,948,481		37,906,877
4/10/2010	Issue of shares	180,000	0.32	57,600
8/10/2010	Issue of shares	1,394	0.20	279
14/10/2010	Issue of shares	750,000	0.45	337,500
21/10/2010	Issue of shares	680,272	0.735	500,000
21/10/2010	Issue of shares	350,000	0.32	112,000
23/11/2010	Issue of shares	2,335	0.20	467
30/12/2010	Issue of shares	500,000	0.45	225,000
14/02/2011	Issue of shares	2,001	0.20	400
28/03/2011	Issue of shares	44,444	0.45	20,000
	Less: transaction costs			-
	At 31 March 2011	<u>153,458,927</u>		<u>39,160,123</u>

THUNDELARRA EXPLORATION LTD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	Number of Options 31 March 2011	Number of Options 30 September 2010
(i) Unquoted options exercisable at 55 cents, on or before 28 February 2010		
At 1 October 2010	-	200,000
Options issued	-	-
Options exercised	-	-
Options lapsed	-	(200,000)
At 31 March 2011	<u>-</u>	<u>-</u>
(ii) Unquoted options exercisable at 50 cents, on or before 28 February 2010		
At 1 October 2010	-	1,500,000
Options issued	-	-
Options exercised	-	-
Options lapsed	-	(1,500,000)
At 31 March 2011	<u>-</u>	<u>-</u>
(iii) Unquoted options exercisable at 50 cents, on or before 31 May 2010		
At 1 October 2010	-	1,000,000
Options issued	-	-
Options exercised	-	-
Options lapsed	-	(1,000,000)
At 31 March 2011	<u>-</u>	<u>-</u>
(iv) Unquoted options exercisable at 68 cents, on or before 31 May 2011		
At 1 October 2010	1,000,000	1,000,000
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 March 2011	<u>1,000,000</u>	<u>1,000,000</u>
(v) Unquoted options exercisable at 52 cents, on or before 30 June 2011		
At 1 October 2010	110,000	360,000
Options issued	-	-
Options exercised	-	(250,000)
Options lapsed	-	-
At 31 March 2011	<u>110,000</u>	<u>110,000</u>

THUNDELARRA EXPLORATION LTD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	Number of Options 31 March 2011	Number of Options 30 September 2010
(vi) Unquoted options exercisable at 45 cents, on or before 30 November 2010		
At 1 October 2010	1,250,000	4,500,000
Options issued	-	-
Options exercised	(1,250,000)	(3,250,000)
Options lapsed	-	-
At 31 March 2011	<u>-</u>	<u>1,250,000</u>
(vii) Unquoted options exercisable at 47 cents, on or before 31 December 2011		
At 1 October 2010	350,000	350,000
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 March 2011	<u>350,000</u>	<u>350,000</u>
(viii) Unquoted options exercisable at 50 cents, on or before 28 February 2013		
At 1 October 2010	4,250,000	4,250,000
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 March 2011	<u>4,250,000</u>	<u>4,250,000</u>
(ix) Unquoted options exercisable at 39 cents, on or before 3 April 2011		
At 1 October 2010	200,000	400,000
Options issued	-	-
Options exercised	-	(200,000)
Options lapsed	-	-
At 31 March 2011	<u>200,000</u>	<u>200,000</u>
(x) Unquoted options exercisable at 52 cents, on or before 30 June 2012		
At 1 October 2010	260,000	440,000
Options issued	-	-
Options exercised	-	(180,000)
Options lapsed	-	-
At 31 March 2011	<u>260,000</u>	<u>260,000</u>

THUNDELARRA EXPLORATION LTD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	Number of Options 31 March 2011	Number of Options 30 September 2010
(xi) Unquoted options exercisable at 11 cents, on or before 31 December 2012		
At 1 October 2010	-	350,000
Options issued	-	-
Options exercised	-	(350,000)
Options lapsed	-	-
At 31 March 2011	-	-
(xii) Unquoted options exercisable at 20 cents, on or before 28 February 2014		
	4,250,000	4,250,000
At 1 October 2010	-	-
Options issued	-	-
Options exercised	-	-
Options lapsed	-	-
At 31 March 2011	4,250,000	4,250,000
(xii) Unquoted options exercisable at 32 cents, on or before 30 September 2012		
At 1 October 2010	810,000	910,000
Options issued	-	-
Options exercised	(530,000)	(100,000)
Options lapsed	-	-
At 31 March 2011	280,000	810,000
(xiv) Unquoted options exercisable at 64 cents, on or before 25 February 2015		
At 1 October 2010	6,750,000	-
Options issued	-	6,750,000
Options exercised	-	-
Options lapsed	-	-
At 31 March 2011	6,750,000	6,750,000
(xv) Unquoted options exercisable at 96 cents, on or before 20 September 2013		
At 1 October 2010	2,090,000	-
Options issued	-	2,090,000
Options exercised	-	-
Options lapsed	(370,000)	-
At 31 March 2011	1,720,000	2,090,000

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011**

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	Number of Options 31 March 2011	Number of Options 30 September 2010
(xvi) Unquoted options exercisable at 84 cents, on or before 27 February 2016		
At 1 October 2010	-	-
Options issued	6,750,000	-
Options exercised	-	-
Options lapsed	-	-
At 31 March 2011	<u>6,750,000</u>	<u>-</u>
(xvii) Quoted options exercisable at 20 cents, on or before 29 March 2013		
At 1 October 2010	6,783,860	9,406,598
Options issued	-	-
Options exercised	(5,730)	(2,622,738)
Options lapsed	-	-
At 31 March 2011	<u>6,778,130</u>	<u>6,783,860</u>

7. SEGMENT INFORMATION

Thundelarra Exploration Ltd operates within the exploration industry in Australia.

8. SUBSEQUENT EVENTS

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements, that have significantly, or may significantly affect, the state of the affairs or the operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2011 Financial Report:

Exercise of Options

120,000 unquoted options exercisable at 39 cents each expiring on 3 April 2011 were exercised raising \$46,800.

Expiry of Options

80,000 unquoted options exercisable at 39 cents each expired on 3 April 2011.

9. CONTINGENT LIABILITIES

In the opinion of the Directors, there are no contingent liabilities as at 31 March 2011, and none have arisen as at the date of this financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

10. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

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

	Consolidated	
	31 March 2011	31 March 2010
	\$	\$
Expense arising from options issued to Directors, employees and contractors	1,404,000	1,519,672

(b) Issue of Directors Options

The Company has an Employee Share Option Plan in place which was approved by shareholders on 27 February 2009. During the 6 months ended 31 March 2011, 6,750,000 (2010: 6,750,000) unquoted options exercisable at 84 cents (2010: 64 cents) each were issued to Directors.

(c) Directors, Employee and Vendor Options

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

	Consolidated	
	Number of	WAEP
	Options	\$
Outstanding at beginning of the period	21,320,000	0.53
Granted during the period	6,750,000	0.84
Exercised during the period	(1,780,000)	0.41
Lapsed during the period	(370,000)	0.96
Outstanding at end of the period	25,920,000	0.61
Exercisable at the end of the period	25,920,000	0.61

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

- (i) 6,750,000 unquoted options issued to Directors, at an exercise price of 84 cents each and an expiry date of 27 February 2016. The fair value of the options at the grant date 28 February 2011 was 20.8 cents per option. The fair value of the options has been calculated using the Black-Scholes Option Pricing Model applying the following inputs:

Exercise price (cents)	84 cents
Life of the options (years)	5 years
Share price at grant date (cents)	56 cents
Expected share price volatility (%)	70%
Risk free interest rate (%)	5.13%

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011

11. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half year ended 31 March 2011 and 2010:

Related party		Fees charged by related parties \$	Amounts owed to related parties \$	Amounts received from related parties \$
Key management personnel of the Company:				
Ragged Range Mining Pty Ltd	2011	4,664	2,034	553
	2010	181,609	-	-
Royal Resources Limited	2011	21,175	-	112,046
	2010	1,120	-	10,725
Aldershot Resources Ltd	2011	4,243	-	4,954
	2010	-	-	9,809

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

Fees received in the normal course of business in 2011 for office rental, administrative and employee services totalling \$112,046 were received from companies of which P G Crabb, B Richardson, F DeMarte and Malcolm Randall are directors and shareholders.

12. INTEREST IN JOINT VENTURES

The Consolidated Entity also has a number of interests in joint ventures to explore for uranium and other minerals. The Consolidated Entity's share of expenditure in respect to 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 2011	Percentage Interest 2010	Expenditure Capitalised 2011 \$	Expenditure Capitalised 2010 \$
Copernicus JV	Base metals	40%	40%	-	-
East Kimberley JV	Base metals	39%	100%		
Pindan JV	Base metals	20%	20%	-	-
Great Gold Mines JV	Base metals	80%	80%	-	-
Lewis JV	Base metals	80%	80%	-	-
Richmond JV	Base metals	-	-	-	938,215
GBS JV	Uranium	70%	70%	2,017,108	2,803,148
Cullen JV	Uranium	-	-	-	-
Allamber JV	Uranium	70%	70%	639,870	383,866
Alara JV	Uranium	-	-	-	337,374
TOTAL				2,656,978	6,287,226

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2011**

13. COMMITMENTS

In the opinion of the directors, there are no outstanding commitments or contingencies at 31 March 2011 and none were incurred in the interval between the period end and the date of this interim financial report other than:

(a) Mineral tenement expenditure commitments

	31 March 2011	Consolidated 30 September 2010
	\$	\$
Within one year	3,095,909	3,079,772
After one year but not more than five years	5,615,514	6,009,209
More than five years	1,054,619	1,078,076
	<u>9,766,042</u>	<u>10,167,057</u>

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

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

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

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

(b) Operating Lease Commitments

	31 March 2011	Consolidated 30 September 2010
	\$	\$
Within one year	246,438	242,294
After one year but not more than five years	320,080	566,518
More than five years	-	-
	<u>566,518</u>	<u>808,812</u>

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

(c) Bank Guarantee

As at the 31 March 2011, the Company has outstanding \$175,031 (2010: \$175,031) as a current guarantee provided by the Company's bank for corporate office lease.

(d) Bonds

As at the 31 March 2011, the Company has outstanding \$617,188 (2010: \$636,551) as current bonds provided by the Company's bank for mineral tenements in Australia.

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DIRECTORS DECLARATION

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

In the opinion of the directors:

- (1) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position as at 31 March 2011 and the performance for the half-year ended on that date of the consolidated entity; and
 - (b) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Dated at Perth this 1 June 2011.



Brett T Lambert
Director

Perth, Western Australia

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Thundelarra Exploration Limited, which comprises the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Thundelarra Exploration Limited (the consolidated entity). The consolidated entity comprises both Thundelarra Exploration Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Thundelarra Exploration Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Thundelarra Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Thundelarra Exploration Limited on 1 June 2011.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


John P Van Dieren
Director

West Perth, Western Australia
1 June 2011