

NOTICE LETTER TO OPTIONHOLDERS

Thundelarra Exploration Ltd is pleased to advise that the attached letter sent to Optionholders today in accordance with the notice requirements for the recently announced non renounceable rights issue.

For further Information please contact:

Mr Tony Lofthouse
Chief Executive Officer
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ASX CODES: THX & THXOA



THUNDELARRA

EXPLORATION LTD

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Thundelarra Exploration Ltd
ABN 74 950 465 654
ARBN 085 782 994
ASX THX



27 August 2012

[Name of Option holder]
[Address]
[Address]

Dear Option holder

NON RENOUNCEABLE RIGHTS ISSUE

On 24 August 2012 Thundelarra Exploration Ltd ACN 085 782 994 ("**Company**") announced that the Company will be conducting a pro-rata non-renounceable rights issue to shareholders of up to approximately 89,014,464 fully paid ordinary shares in the capital of the Company ("**Shares**") on the basis of 1 Share for every 2 Shares held at 5.00 pm (WST) on 10 September 2012 ("**Record Date**"), at an issue price of 5 cents per Share to raise up to approximately \$4,450,723 before expenses ("**Rights Issue**").

The Rights Issue is available to shareholders of the Company registered on the Record Date and who reside in Australia or New Zealand.

Therefore an option holder who is resident outside of Australia and New Zealand will not be able to participate in the Rights Issue upon exercise of their options.

The Rights Issue is being made pursuant to a prospectus which was lodged with the Australian Securities and Investments Commission on 24 August 2012 ("**Prospectus**"). The Prospectus is available at the Company's website at www.thundelarra.com.au or on the ASX website (company announcements section, ASX code: THX) at www.asx.com.au.

Under the terms of the options you currently hold, there is no entitlement to participate in the Rights Issue unless you exercise your options and are entered onto the register as a shareholder on or before 5.00 pm (WST) on the Record Date.

You will need to confirm that your options are currently exercisable under the terms before you can participate in the Rights Issue.

To exercise your options and thereby participate in the Rights Issue (in respect of your options) you will need to deliver to the registered office of the Company the following:

1. completed application form to exercise options specifying the number of options to be exercised ("**Option Exercise Notice**");
2. your option certificate covering that number of options; and
3. payment for the exercise price for those options by way of a cheque made payable to the Company.

Each Share allotted as a result of the exercise of an option will rank pari passu with all other issued Shares of the Company.

Option Exercise Notices and cleared funds must be received by no later than 5.00 p.m. (Western Standard Time) on 10 September 2012.

If you do not wish to participate in the Rights Issue (in respect of your options), you do not need to take any action.

For further information please contact the Company on (08) 9321 9680 (within Australia) and +61 8 9321 9680 (outside Australia) or the Company's share registry - Computershare on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia).

Yours faithfully

THUNDELARRA EXPLORATION LTD

A handwritten signature in dark ink, appearing to be 'Frank DeMarte', written over a horizontal line.

Frank DeMarte
COMPANY SECRETARY