



THUNDELARRA

EXPLORATION LTD

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25 January 2005

Thundelarra Exploration Ltd
ABN 74 950 465 654
ACN 085 782 994

The Manager
Companies Announcement Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Via Electronic Lodgement

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2004

Thundelarra Exploration Ltd ("Thundelarra") has the largest tenement holding within the East Kimberley with over 3,900 square kilometres of prospective nickel, gold and diamond tenure (see attached tenement location map). During the 2004 field season Thundelarra and its joint venture partners, LionOre Australia Ltd ("LionOre") and Sally Malay Mining Ltd ("Sally Malay") spent over \$3.5 million on exploring Thundelarra's East Kimberley tenements. Exploration involved approximately 6,000 metres of drilling, the collection of over 7,000 surface geochemical samples, the flying of a 5,000 square kilometre hyperspectral survey, extensive geological mapping and a number of ground geophysical surveys. This work resulted in the identification of 18 new intrusions prospective for magmatic sulphide mineralisation, the delineation of the significant Copernicus North mineralisation, the outlining of 40 priority hyperspectral anomalies and importantly, it defined approximately 50 line kilometres of prospective contact area associated with various intrusions that will be intensively explored during the 2005 field season which will be at the cessation of the current monsoon.

In addition to its focussed nickel exploration, Thundelarra commenced limited gold and diamond exploration and acquisition programs in the East Kimberley. Rock chip sampling of various quartz reefs on the Lamboo project returned significant results of up to 111 g/t from quartz veins that can be traced for over 1 kilometre within the 100% owned tenement. In December 2004, Thundelarra announced that it had entered into an agreement to acquire the Chamberlain diamond project from Rio Tinto Exploration Pty Limited ("Rio Tinto"). This 1,000 square kilometre project is located 70 kilometres west of Argyle and contains known kimberlite occurrences.

The exploration undertaken by Thundelarra and its joint venture partners during 2004 has set the foundations for a very exciting year in 2005, where the initial phase of work will involve mainly geophysics and drilling.

Details of Thundelarra's and its joint venture partner's work during the December 2004 quarter are presented below:

EXPLORATION

EAST KIMBERLEY PROJECTS

Thundelarra Funded Exploration

Exploration during the December quarter involved the finalisation of surface geochemical surveys, geological mapping, the preliminary compilation of the hyperspectral data and the commencement of the interpretation and assessment of all the results generated during the year. This assessment, though not complete, has defined a number of target areas for exploration early in 2005. Over 50 line kilometres of prospective contact zones between various mafic/ultramafic intrusions and the country rock is now well defined. These extensive areas will be tested using airborne geophysical techniques early in 2005 immediately followed by drill assessment of any anomalies generated.

At the Lamboo tenement, located at the south of the East Kimberley project area, 46 rock samples were collected from a 250 metres long north-south striking reef approximately 300 metres north of the previously sampled Brett's Find Reef (see September Quarterly Report). A total of 42 samples returned assays above 1 g/t gold with an average grade of 6 g/t gold for all samples collected. Seven samples assayed 10 g/t gold or better with the highest of 48.6 g/t gold. Lamboo is shaping up to be an exciting gold project for Thundelarra and it has the potential to host high grade open pit resources. Importantly the project is located only 4 kilometres from an existing gold plant currently on care and maintenance. Exploration will now be accelerated on the project and once all historical information is compiled field sampling of the various reefs will be undertaken. A drilling rig will be mobilised to the East Kimberley camp early next month in preparation for the 2005 field season. Drilling will commence as soon as weather conditions permit.

Copernicus Joint Venture (Thundelarra 100%-Sally Malay earning 60%)

Sally Malay is earning 60% of the 1.2 sq km Copernicus tenement by completing a comprehensive feasibility study ("FS") on mining and processing the Copernicus resource. Sally Malay has submitted a study document and the board of Thundelarra are currently assessing it to ensure it meets all the requirements in accordance with the Copernicus Joint Venture Agreement. The board is mindful of recent difficulties experienced by companies mining open-pit nickel sulphide resources and will ensure that sufficient studies have been undertaken to accurately predict the metallurgical characteristics of the Copernicus ore and the costs involved in mining and processing the deposit.

LionOre Joint Venture (Thundelarra 100%-LionOre earning 60%)

Under the terms of the East Kimberley Joint Venture with LionOre, LionOre is earning a 60% interest in approximately 1,500 square kilometres of Thundelarra's East Kimberley tenement holding by spending \$5 million over 5 years (see attached East Kimberley Project map).

During the quarter LionOre continued the systematic assessment of prospects within the joint venture tenements and the interpretation of the hyperspectral data. Drilling at the Black Bull prospect identified broad but low grade copper-nickel mineralisation including up to 19 metres @ 0.52% copper and 0.18% nickel from 64 metres in hole LEKC012. This result is encouraging as it identifies the sulphide as being magmatic in origin and indicates a prospective sulphide-bearing intrusive system is present.

Importantly LionOre has finalised an agreement with the Kimberley Land Council and the communities of the Violet Valley Aboriginal Reserve which will allow access to the Keller Creek gossan and other highly prospective areas within the Reserve. LionOre have employed additional staff for the 2005 field season and will have up to 5 geologists working on the project during the season. Their exploration budget is expected to be similar to the 2004 figure of \$1.5 million.

CORPORATE

On 30 November 2004 Thundelarra sold its joint venture interest in the Phillips Range Diamond tenements to United Kimberley Diamonds NL ("UKD") for 20,000,000 UKD shares at an issue price of 12 cents per share and 5,000,000 options to acquire shares in the capital of UKD at an exercise price of 20 cents per share expiring on 31 July 2008.

UKD successfully raised \$10 million and listed on the Australian Stock Exchange Ltd on 7 December 2004. Thundelarra currently hold 23% of UKD issued capital.

Yours faithfully
THUNDELARRA EXPLORATION LTD



Philip G Crabb
CHAIRMAN

For further information about Thundelarra Exploration Ltd.

Website: www.thundelarra.com

Contacts:

Philip Crabb
Chairman
Thundelarra Exploration Ltd

or

Brian Richardson
Director of Exploration
Thundelarra Exploration Ltd

The resource estimates have been prepared by Geologists who are members of the Australian Institute of Geoscientists and are competent persons for the purposes of JORC Code (1999). Other information in this report, insofar as it relates to resource estimation and exploration activities, are based on information compiled by Mr Brian Richardson who is a Corporate Member of the Australasian Institute of Mining and Metallurgy and who have more than ten years experience in the field of the activity being reported on. This report accurately reflects the information compiled by the member.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

THUNDELARRA EXPLORATION LTD

ACN

085 782 994

Quarter ended ("current quarter")

31 DECEMBER 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(369)	(369)
(b) development	-	-
(c) production	-	-
(d) administration	(298)	(298)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	80	80
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(587)	(587)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	(18)	(18)
(c) other fixed assets	(170)	(170)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	2	2
(c)other fixed assets	-	-
1.10 Loans to other entities	(106)	(106)
1.11 Loans repaid by other entities	3	3
1.12 Other (provide details if material)	-	-
Net investing cash flows	(289)	(289)
1.13 Total operating and investing cash flows (carried forward)	(876)	(876)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(876)	(876)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2	2
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	2	2
Net increase (decrease) in cash held			
		(874)	(874)
1.20	Cash at beginning of quarter/year to date	5,208	5,208
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,334	4,334

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	125
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Thundelarra's financial year is from the period 1 October 2004 to 30 September 2005.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 30 November 2004 Thundelarra sold its interest in the Phillips Range Diamond tenements to United Kimberley Diamonds NL ("UKD") for 20,000,000 UKD shares at an issue price of 12 cents per share and 5,000,000 options to acquire shares in the capital of UKD at an exercise price of 20 cents per share expiring on 31 July 2008.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
Total	350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	77	(38)
5.2 Deposits at call	4,097	5,087
5.3 Bank overdraft	-	-
5.4 Other (bank guarantees)	160	159
Total: cash at end of quarter (item 1.22)	4,334	5,208

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Phillips Range	P80/1294	95%	Nil
	Phillips Range	P80/1295	95%	Nil
	Phillips Range	M80/489	95%	Nil
	Phillips Range	M80/329	95%	Nil
	Phillips Range	M80/331	95%	Nil
	Phillips Range	E80/1499	95%	Nil
	Phillips Range	E80/2306	95%	Nil
	Phillips Range	MLA80/573	95%	Nil
	Phillips Range	E80/2307	95%	Nil
	Phillips Range	E80/2462	95%	Nil
	Phillips Range	E80/2486	95%	Nil
	Phillips Range	M80/545	95%	Nil
	Phillips Range	E80/2510	95%	Nil
	Phillips Range	E80/2561	95%	Nil
	Phillips Range	E80/2630	95%	Nil
	Phillips Range	E80/2650	95%	Nil
	Phillips Range	E80/2652	95%	Nil
	Phillips Range	E80/2684	95%	Nil
	Phillips Range	E80/2699	95%	Nil
	Phillips Range	P80/1500	95%	Nil
Phillips Range	P80/1501	95%	Nil	
6.2 Interests in mining tenements acquired or increased	Frank Hill	E80/2878	Nil	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	73,888,726	73,888,726	-	-

Appendix 5B
Mining exploration entity quarterly report

7.4	Changes during quarter				
	(a) Increases through issues	10,000	10,000	0.205	0.205
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		3,041,644	3,041,644	\$0.205	30/04/2005
		1,245,000	-	\$0.325	28/03/2008
		1,771,000	-	\$0.475	28/02/2007
		11,000,000	-	\$0.655	20/11/2007
		1,970,000	-	\$0.675	26/02/2009
		375,000	-	\$0.325	20/04/2009
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	10,000	-	\$0.205	30/04/2005
7.10	Expired during quarter				
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director /Company Secretary)

Date: 25 January 2005

Print name: FRANK DEMARTE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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