



THUNDELARRA

EXPLORATION LTD

Suite 2, Level 3, IBM Building
1060 Hay St, West Perth
Western Australia 6005
PO Box 7363, Cloisters Square
Perth WA 6850
Tel 61 8 9321 9680
Fax 61 8 9321 9670
perth@thundelarra.com
www.thundelarra.com

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

21 June 2005

Dear Shareholder

The Board of Thundelarra Exploration Ltd wishes to inform you that the Company was recently served with a Supreme Court writ from Sally Malay Mining Pty Ltd ("Sally Malay") in respect of the Copernicus Joint Venture in the East Kimberley of Western Australia.

In the writ Sally Malay is claiming that it delivered to the Company a valid feasibility study for the purposes of a Heads of Agreement between the Company and Sally Malay dated 7 July 2003, and that consequently the Copernicus Joint Venture was formed with Sally Malay having earned a 60% interest in the Joint Venture, with the Company retaining a 40% interest.

The Board of the Company is committed to vigorously defending the claim as it is the Board's view, following careful consultation with its technical and legal advisors, that:

- (i) Sally Malay did not deliver up to the Company a valid feasibility study for the purposes of the Heads of Agreement;
- (ii) accordingly, Sally Malay has not earned a 60% joint venture interest in the Copernicus project in accordance with the requirements of the Heads of Agreement; and
- (iii) the joint venture contemplated by the Heads of Agreement has not been formed.

The East Kimberley nickel-copper exploration campaign is now well underway as outlined in the Company's Australian Stock Exchange Ltd release on the 3 June 2005. Resource diamond drilling is continuing on the Copernicus Project with holes planned to test the Link, Copernicus North and Copernicus Deeps targets with the aim of increasing the current resource of 359,000 tonnes @ 1.3% Ni, 0.7% Cu and 0.05% Co (see attached Copernicus Long Section).

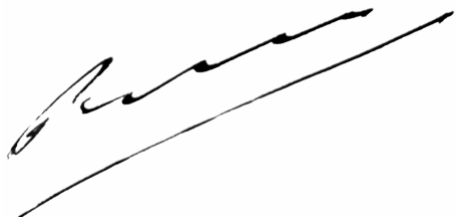
Under the terms of the East Kimberley joint venture with LionOre Australia Pty Ltd ("LionOre"), LionOre is earning a 60% interest in approximately 1,500 square kilometres of the Company's East Kimberley tenement holding by spending \$5 million over 5 years. LionOre recently completed its first drilling program at the exciting Keller Creek prospect with assay results due before the end of June 2005.

Regionally the Company has now commenced the systematic field assessment of over 20 electromagnetic anomalies generated by the HoistEM survey on the Panton Project area. Drill testing of priority electromagnetic targets is expected to commence in July 2005.

I am aware that the issues in respect to the Copernicus project have caused concerns to all security holders. The Board and I acknowledge the concerns of security holders, but I would like to assure you that the Board is entirely focused on addressing the issue in relation to the Copernicus project for the benefit of all security holders.

If you require any further information with respect to any of the issues raised in this letter please contact myself or Mr Brian Richardson.

Yours sincerely
THUNDELARRA EXPLORATION LTD

A handwritten signature in black ink, appearing to read 'Philip G Crabb', written over a single horizontal line.

Philip G Crabb
CHAIRMAN

103400 mE

103000 mE

102600 mE

Copernicus Indicated Resource
359,000t @ 1.3%Ni, 0.7% Cu, 0.05% Co

Oxide

The Link

PROPOSED DRILLING AREA

Hangingwall

Copernicus North

Footwall

CORC040

2m @ 1.10%Ni, 0.98% Cu

CORC035

3m @ 2.75%Ni, 1.36% Cu

CORC051

14m @ 1.45%Ni, 1.16% Cu

CORC039

12m @ 1.63%Ni, 0.96% Cu

CORC043

intersected pyroxenite dyke

CORC052

7m @ 0.96%Ni, 0.62% Cu

Copernicus Deeps

TARGET ZONE

Copernicus Project

**Geological Long Section showing existing
Copernicus North Drill Holes
and Proposed Holes**

103250mN
Exploration Drill Traverse

103350mN
Exploration Drill Traverse

Ni-Cu sulphide mineralisation

Existing mineralised drill hole showing
DHEM direction to greater conductance

Existing barren drill hole showing DHEM
direction to off hole anomaly

Proposed down plunge exploration drill hole

100m

E80/2716 (Thundelarra - LionOre JV)

MLA80/540 (Thundelarra 100%)

300 mRL

200 mRL

100 mRL

0 mRL

-200 mRL