

ASX ANNOUNCEMENT

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Thundelarra Exploration Ltd

ABN 74 950 465 654

ACN 085 782 994

For further information regarding Thundelarra Exploration Ltd contact:

Brett Lambert
Managing Director

or

Brian Richardson
Director of Exploration

Phone: + 61 8 9321 9680

Fax: + 61 8 9321 9670

Website:

www.thundelarra.com

Email:

info@thundelarra.com.au

Registered Office:

Suite 2, Level 3,
IBM Building
1060 Hay Street,
West Perth
Western Australia 6005

PO Box 7363, Cloisters
Square Perth Western
Australia 6850



THUNDELARRA EXPLORATION

COPERNICUS NICKEL MINE

Thundelarra regrettfully advises that due to continuing weakness in the nickel price, the Company and joint venture partner Panoramic Resources Ltd have decided to suspend operations at Copernicus. The open pit mine will be placed on care and maintenance pending an improvement in commodity prices.

When the Copernicus feasibility study was completed last year, the nickel price was trading near its peak at well over US\$20 per pound, a price generally not considered to be sustainable.

Subsequently there was a downwards price correction which preceded nickel trading in a range of US\$12-14 per pound for a period of almost a year, a level at which the Copernicus would make robust profits. During this period statutory approvals were received for Copernicus, construction commenced and the mining contractor mobilised to site. Since that time however, the nickel price has declined significantly, as shown in the graph below and is now only marginally above the Copernicus cash production costs.

Thundelarra holds a positive view on the outlook for commodity prices in the medium to longer term. It is therefore considered to be in the best interests of all stake holders to preserve the Copernicus resource until such time as the nickel price returns to a level where the Copernicus resource can be exploited to produce a more attractive financial return.

The current plan is to keep mining for the next few weeks and then place the Copernicus operations on care and maintenance. The Copernicus open pit and associated infrastructure are now fully developed and will be left in a condition that will enable production to be recommenced at short notice.

