

**ASX
ANNOUNCEMENT**

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**SIGNIFICANT NEW DOOLGUNNA PROJECT
and
BASE METAL ASSETS TO BE DE-MERGED**

Thundelarra is pleased to report that the Company has secured the right to acquire a 60% interest in granted Mining Lease M52/597 at Doolgunna, known as Red Bore, and an 80% interest in six Exploration License applications at Yerrida, south of Doolgunna.

Red Bore is located 500m east of Sandfire Resources NL's DeGrussa discovery (initial resource 7.13 million tonnes at 5.2% copper and 1.9 g/t gold) (Figure 1). The acquisition complements Thundelarra's existing holdings in the area and is 2.5 kilometres south of the Company's 100% owned ELA52/2402.

Red Bore hosts a base metals gossan within Narracoota Volcanics where shallow drilling has intersected significant DeGrussa style copper and gold mineralisation, untested at depth.

The Red Bore prospect was explored by WMC (1969-1971) and Great Australian Resources NL (1987) with significant mineralisation intersected in 5 of the 9 reported holes. These include

- **Hole RB3 – 7m at 7.25% copper and 1.09g/t gold from 20m to end of hole.**
- **Hole PT1003 – 7.6m at 6.28% copper from 7.6m to end of hole**
- **Hole PT1002 – 16.7m at 1.84% copper from surface**

Consistent with the Company's strategy to focus on uranium exploration and development, Thundelarra is planning to demerge its base metals assets, excluding its 40% interest in the Copernicus nickel mine, through an initial public offering of shares in subsidiary company Trilogy Metals Limited.

Thundelarra will distribute the majority of its Trilogy shares in-specie to its shareholders. In addition, Thundelarra shareholders will receive a priority allocation of Trilogy shares through the IPO.

Further details of the tenement acquisition terms and proposed demerger follow.

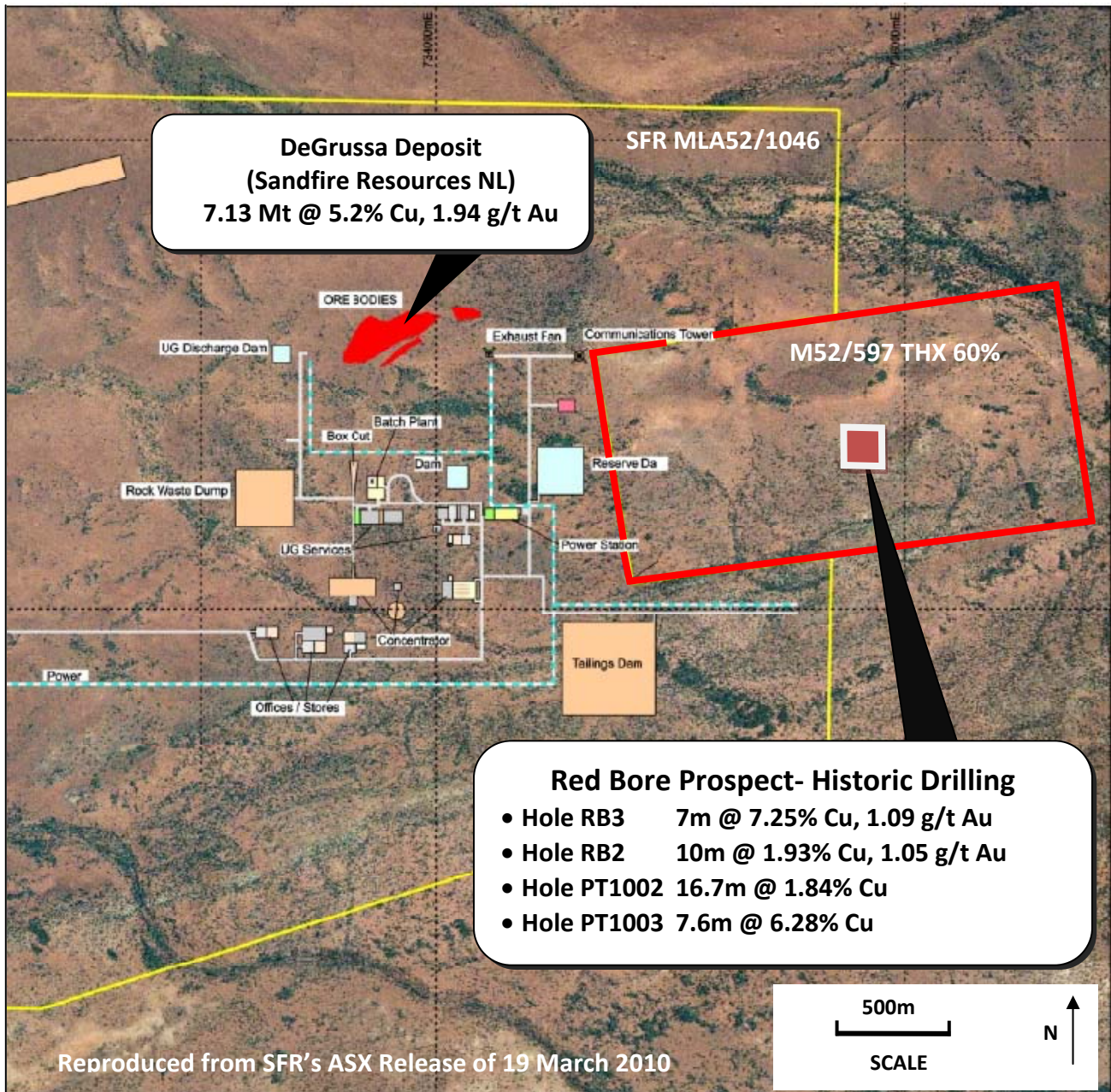


Figure 1: Red Bore Tenement Relative to Sandfire Resources NL's DeGrussa Deposit

Red Bore Prospect Historic Drill Results

Hole	Location (MGA z50 GDA94)	Azimuth/Dip	Final Depth	Intercept
PT1001	735942E 7172509N	vertical	12.1m	4.5m @ 1.08% Cu from surface
PT1002	735942E 7172504N	vertical	22.8m	16.7m @ 1.84% Cu from surface
PT1003	735939E 7172504N	vertical	15.2m	7.6m @ 6.28% Cu from 7.6m to EOH
MTP1	735966E 7172529N	205°/ -60°	59.4m	NSR
MTP2	735947E 7172489N	205°/ -60°	27.4m	NSR
MTP3	735944E 7172517N	025°/ -70°	16.7m	NSR
RB1	735952E 7172508N	202°/ -60°	30m	2m @ 0.57% Cu, 0.5g/t Au from surface
RB2	735940E 7172515N	193°/ -60°	28m	10m @ 1.93% Cu, 1.05g/t Au from 16m to EOH
RB3	735928E 7172520N	199°/ -60°	27m	7m @ 7.25% Cu, 1.09g/t Au from 20m

Note – WMC drilling (PT1001-3, MTP1-3) is by percussion methods, Great Australian Resource drilling (RB1-3) by Rotary air blast (RAB) methods. NSR = no significant results. WMC did not assay for gold.

Base Metals Demerger Terms

Thundelarra is proposing to demerge its base metals exploration properties in order to cement the Company as a focused uranium explorer and developer. Thundelarra will retain its 40% interest in the Copernicus nickel mine which is managed by joint venture partner Panoramic Resource Limited.

The assets to be demerged include:

- Thundelarra's interests in the East Kimberly Exploration joint ventures, subject to rights of first refusal not being exercised by joint venture partners
- The wholly owned Rosewood copper project in the East Kimberley
- The wholly owned Pyramid VMS base metals prospect in the West Pilbara
- The wholly owned Doolgunna copper/gold prospects
- The recently acquired interests in the Red Bore and Yerrida prospects

The base metals assets will be assigned to wholly owned subsidiary Trilogy Metals Limited in exchange for Trilogy shares. It is intended that Thundelarra will undergo a reduction in capital by distributing in-specie to its shareholders at least 80% of the Trilogy shares received as consideration for the base metals assets. This will require the approval of Thundelarra shareholders at a General Meeting. Further details regarding the in-specie distribution will be provided once finalised.

Trilogy will undertake an initial public offering and seek listing on the ASX in conjunction with the demerger process. It is anticipated that Trilogy's IPO will raise in the order of \$10 million and that a priority offer will be made to Thundelarra shareholders.

Trilogy shares received by Thundelarra shareholders through the in-specie distribution are likely to be held in escrow for a period of one year, except for directors of Thundelarra whose Trilogy allocation is likely to be escrowed for two years. Trilogy shares acquired through the IPO will be readily tradeable by all holders upon Trilogy listing.

A prospectus for the IPO is expected to be lodged in the next 2 months (subject to regulatory compliance and market conditions). Any person wishing to apply for shares in Trilogy may only do so by completing an application form which will accompany the IPO prospectus. The IPO prospectus will be made available following lodgement on a website to be created by Trilogy.

Tenement Acquisition Terms

Thundelarra has executed a legally binding Option Agreement with Mr Bill Richmond and Kallenia Mines Pty Ltd whereby the Company has the option to earn majority interests in one Mining Lease (Red Bore) and six Exploration License Applications (Yerrida) in the Doolgunna region of Western Australia.

Thundelarra has a two week period to conduct due diligence and may assign its rights to wholly own subsidiary Trilogy Metals Limited. A more detailed Farm-in and Joint Venture Agreement is to be prepared by Thundelarra's lawyers within 10 weeks on terms that are usual and appropriate for this type of agreement and reflect the terms of the Option Agreement.

The following key terms apply to Red Bore:

- Upon payment of a \$150,000 option fee, Thundelarra will have a six month option over the right to earn a 60% interest in granted Mining Lease M52/597

- Exercise of the option is conditional on certain matters including the Yugunga Nya Native Title Claim Group consenting to Thundelarra earning the interest
- Upon exercising the option Thundelarra must procure Trilogy to issue 2,000,000 \$0.20 Trilogy shares to Richmond or issue Thundelarra shares of an equivalent value and promptly commence exploration on the tenement seeking to define a JORC compliant resource within two years in order to earn the 60% interest
- After earning the 60% interest Thundelarra will free carry Richmond through to a decision to mine
- If a decision to mine is made, Thundelarra will procure funding for Richmond's 40% share of mine establishment costs to be repaid from Richmond's share of operating revenue
- Each party has rights of pre-emption in relation to the transfer of the other party's interest in the tenement

The following key terms apply to Yerrida:

- Upon payment of a \$100,000 option fee, Thundelarra will have a six month option over the right to earn an 80% interest in Exploration License applications E51/1418, E51/1357, E51/1358, E51/1359, E51/1280 and E51/1281
- Drill Gold Pty Ltd currently have a 50% interest in E51/1280 and E51/1281 and the option over these two tenements is conditional on obtaining Drill Gold's consent for Thundelarra to farm-in
- Upon exercising the option Thundelarra must procure Trilogy to issue 500,000 \$0.20 Trilogy shares to Richmond or issue Thundelarra shares of an equivalent value
- Thundelarra must sole fund \$300,000 of exploration expenditure on the tenement in order to earn the 80% interest
- After earning the interest Thundelarra will free carry Richmond through to a decision to mine
- If a decision to mine is made, Thundelarra will procure funding for Richmond's 20% share of mine establishment costs to be repaid from Richmond's share of operating revenue
- Thundelarra will pay Richmond a 3.5% gross production royalty on Thundelarra's share of revenue from uranium and industrial minerals derived from the Yerrida tenements
- Each party has rights of pre-emption in relation to the transfer of the other party's interest in the tenements

The details contained in this report that pertain to ore and mineralisation are based upon information compiled by Mr Brian Richardson, a full-time employee of the Company. Mr Richardson is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Richardson consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.