



THUNDELARRA

EXPLORATION LTD

Level 33, QV1 Building
250 St Georges Tce, Perth
Western Australia 6000
PO Box 7363, Cloisters Square
Perth WA 6850
Tel 61 8 9321 9680
Fax 61 8 9321 9670
perth@thundelarra.com
www.thundelarra.com

27 October 2003

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

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

The Directors of Thundelarra Exploration Ltd ("the Company") announced on 8 October 2003 a capital raising by way of a 1 for 10 renounceable rights issue. In accordance with the Listing Rules of the Australian Stock Exchange we are pleased to provide you with the following information about the entitlements issue.

Each shareholder registered on the Company's register of members as at close of business on 5 November 2003 ("the Record Date") will be entitled to subscribe for 1 new fully paid ordinary share in the Company for every 10 ordinary shares held as at the record date, at a price of \$0.36 cents per new share subscribed for with fractions rounded up to the nearest whole number.

The maximum number of new shares to be issued pre the exercise of the currently listed and unlisted options is 5,872,975 new shares. This would raise a maximum of approximately \$2,114,271. New shares issued as a result of entitlements taken up will be quoted on the Australian Stock Exchange and will rank equally with existing ordinary shares of the Company.

The proceeds from this capital raising will be used for exploration on the Company's East Kimberley nickel tenements, and provide working capital for ongoing exploration activities.

The offer will only be made to shareholders whose address (as registered on the Company's register of members) is in Australia and New Zealand. Shareholders in other jurisdictions will be advised separately as to how their entitlements will be dealt with.

Rights trading commences on 29 October 2003 and will end on 24 November 2003. A Prospectus will be sent to you on or about 10 November 2003. The closing date for receipt of acceptances and payments in full is 5.00 pm Western Standard time on 1 December 2003.

If you wish to take up your entitlement in full, your completed Entitlement and Acceptance Form (which will be mailed to you with the Prospectus) and cheque must reach the Company's share registry, Computershare Investor Services Pty Limited by no later than 5.00 pm Western Standard time on 1 December 2003.

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To sell your entitlement through a stockbroker, complete the section of the Entitlement and Acceptance Form marked "Instructions to your Stockbroker" and lodge it with your stockbroker.

If you wish to take up part of your entitlement and sell the balance you will need to:

- a) complete the form (when received) indicating the number of shares you wish to take up and forward the form and a cheque for the amount due to reach Computershare Investor Services Pty Limited no later than 5.00 pm Western Standard time on 1 December 2003; and
- b) instruct your stockbroker, prior to the 24 November 2003, on the entitlements you wish to sell.

Should you wish to transfer all or part of your entitlement other than through a stockbroker you will need to forward a completed renunciation form (obtainable from your stockbroker or the Company's share registry) to reach Computershare Investor Services Pty Limited no later than 5.00 pm Western Standard time on 1 December 2003.

If you do not understand this letter you should consult your professional adviser or contact the Company's Share Registry at Computershare Investor Services Pty Limited on (08) 9323 2000 or contact the Company on (08) 9321 9680.

For and on behalf of
THUNDELARRA EXPLORATION LTD



Frank DeMarte
COMPANY SECRETARY