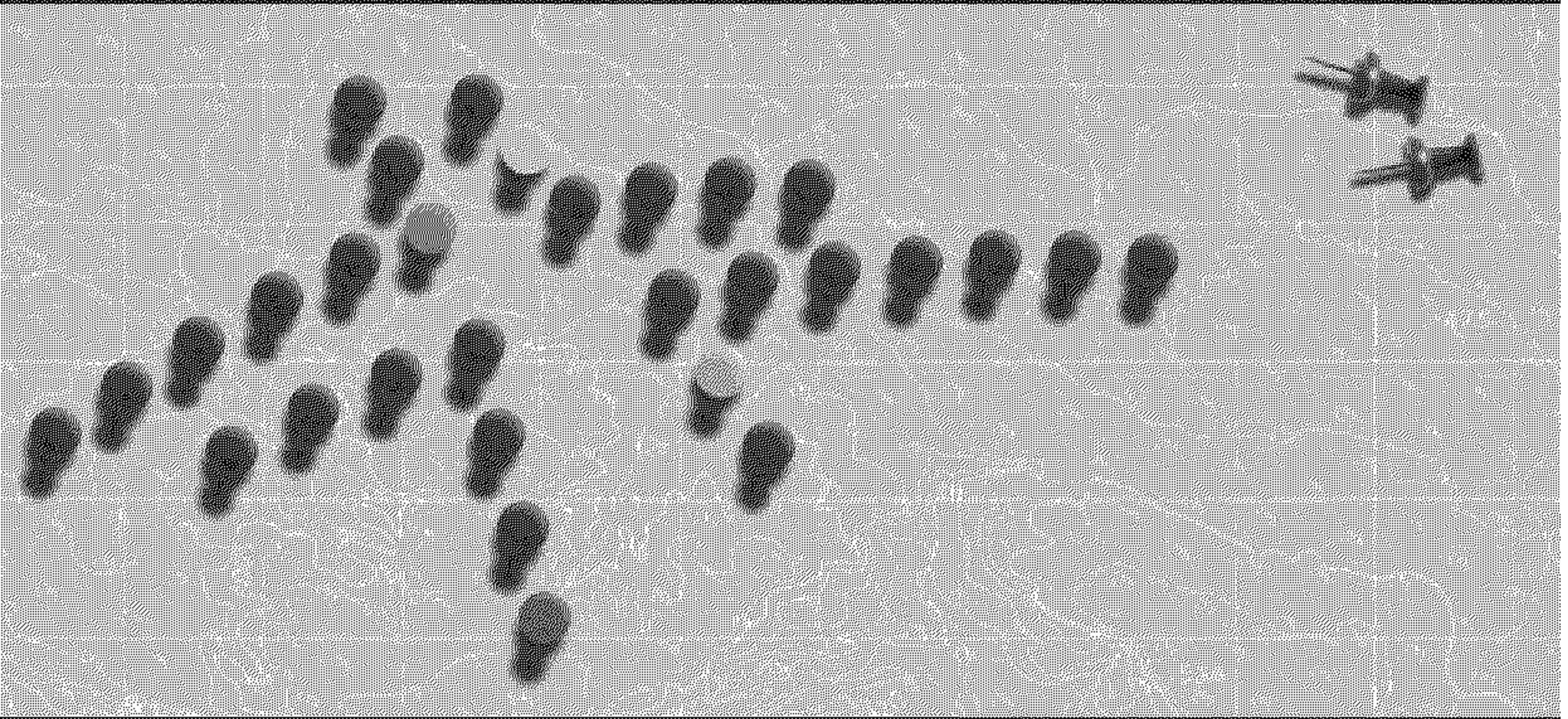
THUNDELARRA EXPLORATION



2003 ANNUAL REPORT

CONTENTS

THUNDELARRA EXPLORATION

CORPORATE DIRECTORY

Directors
Philip Crabb
FAusIMM MAICD
(Chairman)

Frank DeMarte
B.Bus FCIS, MAICD
(Executive Director and Chief Financial Officer)

Brian Richardson
MAusIMM, BSc (Hons)
(Executive Director)

Jeremy C Caddy
Bsc, C Eng, FIMM
(Non Executive Director)

Rick W Crabb
B.Juris (Hons), LLB, MBA
(Non Executive Directory)

Malcolm R J Randall
B.Applied Chem.
(Non Executive Director)

Secretary
Frank DeMarte

Solicitors
Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

Auditors
Stanton Partners
Level 1, 1 Havelock Street
WEST PERTH WA 6005

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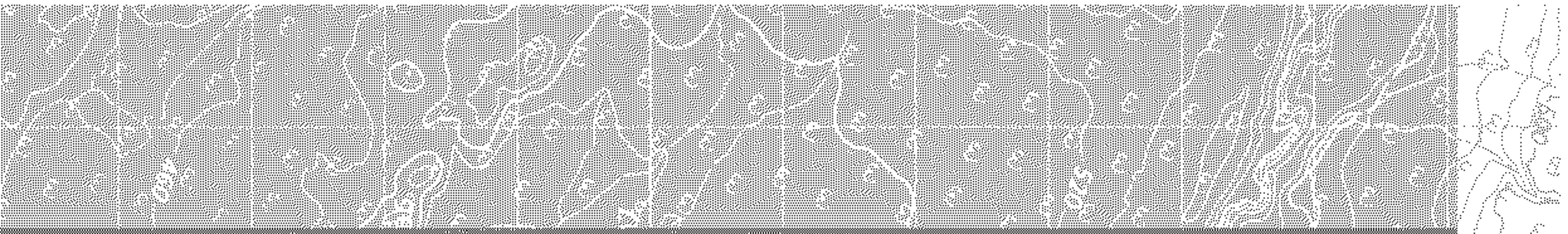
Visitors to our web site will find information on the Company including shareholder reports, press releases, quarterly reports and annual reports.

Share Registry
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Home Exchange
Australian Stock Exchange (Perth) Ltd
Exchange Plaza 2 The Esplanade
PERTH WA 6000

Bankers
National Australia Bank
50 St Georges Terrace
PERTH WA 6000

Scotiabank
1500-885 West Georgia Street
Vancouver BC
CANADA V6C 3E8



focused
ON MINERAL EXPLORATION IN WESTERN AUSTRALIA

Thundelarra has a quality portfolio of exciting nickel, diamonds, gold and platinum projects.

NICKEL

> largest tenement holder in the East Kimberley Halls Creek Orogen, one of Australia's most prospective and under explored nickel sulphide provinces.

> 2,800 square kilometres of tenements containing 50 prospective mafic-ultramafic intrusions and over 100 nickel-copper-platinum group metals occurrences.

> near surface nickel-copper sulphide resource at Copernicus subject to feasibility study by Sally Malay Mining Limited.

> $5 million regional joint venture with LionOre Mining International Limited, one of Australia's most successful nickel and gold explorers.

DIAMONDS

> large tenement holding in Central Kimberley surrounding Aries kimberlite, Australia's largest diamondiferous kimberlite.

> extensive Falcon™ airborne gravity survey flown by joint venture partner Diamond Mines of Australia Pty Ltd identifies new targets.

GOLD

> advanced prospects, resources and new discoveries in the Southern Murchison and Norseman mineral fields.

PLATINUM

> numerous and poorly tested platinum group metal occurrences in East Kimberley and Southern Murchison provinces.

CHAIRMAN'S REPORT

Dear Shareholder

This year was Thundelarra's most successful and rewarding both on the exploration and corporate front. Your Company is now well positioned to take advantage of the very strong global demand for nickel, an increasing gold price and a general improvement in the resource market.

In the East Kimberley, Thundelarra has a very large and prospective tenement holding, covering some 2,800 square kilometres and containing over 100 nickel-copper-platinum group metal occurrences. This region can be regarded as the most prospective and under explored Proterozoic nickel province in Australia and we are one of the major players in the area. In March 2003, an important joint venture agreement was signed with Sally Malay Mining Ltd ("Sally Malay"), to explore, mine and process the Copernicus nickel-copper sulphide resource through the nearby Sally Malay plant. Under the terms of the joint venture, Sally Malay has the right to earn 60% equity in a 1.2 square kilometre mining lease application (MLA80/540), covering the Copernicus resource by completing a Bankable Feasibility Study. This study is scheduled for completion by December next year and production is expected from Copernicus by mid to late 2005.

In October, a strategic agreement was signed with LionOre Mining International Limited ("LionOre") covering Thundelarra's entire East Kimberley project. LionOre is one of Australia's most successful nickel and gold explorers and is also a substantial nickel and gold producer. The agreement involves a regional joint venture, a placement to LionOre of 7,800,000 shares at 0.45¢ to raise $3.5 million and the issuing of 11,000,000 free options exercisable at 0.68¢. LionOre now has the right to earn 60% equity in approximately 1,400 square kilometres of Thundelarra's tenement holding by sole funding the first $5,000,000 of exploration expenditure. Once it has earned this equity, LionOre may increase the joint venture area by spending 150% of Thundelarra's total expenditure on the additional areas. Importantly Thundelarra is free to continue exploring in its own right, on its retained 50% of the total project area.

These two joint ventures and the associated fund raising will facilitate in 2004, the most intensive phase of nickel exploration seen in the East Kimberley since the 1970's. LionOre, Sally Malay and Thundelarra are expected to spend in excess of $3,000,000 on the East Kimberley tenements in 2004 and, if there is early success, substantially more.

Even though the Company focused on its nickel project during the year, exploration continued on the Phillips Range diamond project and the various gold projects at Norseman and in the Southern Murchison. Details of this work and the results are presented in the Review of Operations. Thundelarra's main gold exploration programs will recommence in December following the winding down of the Kimberley operations due to the summer monsoon season.

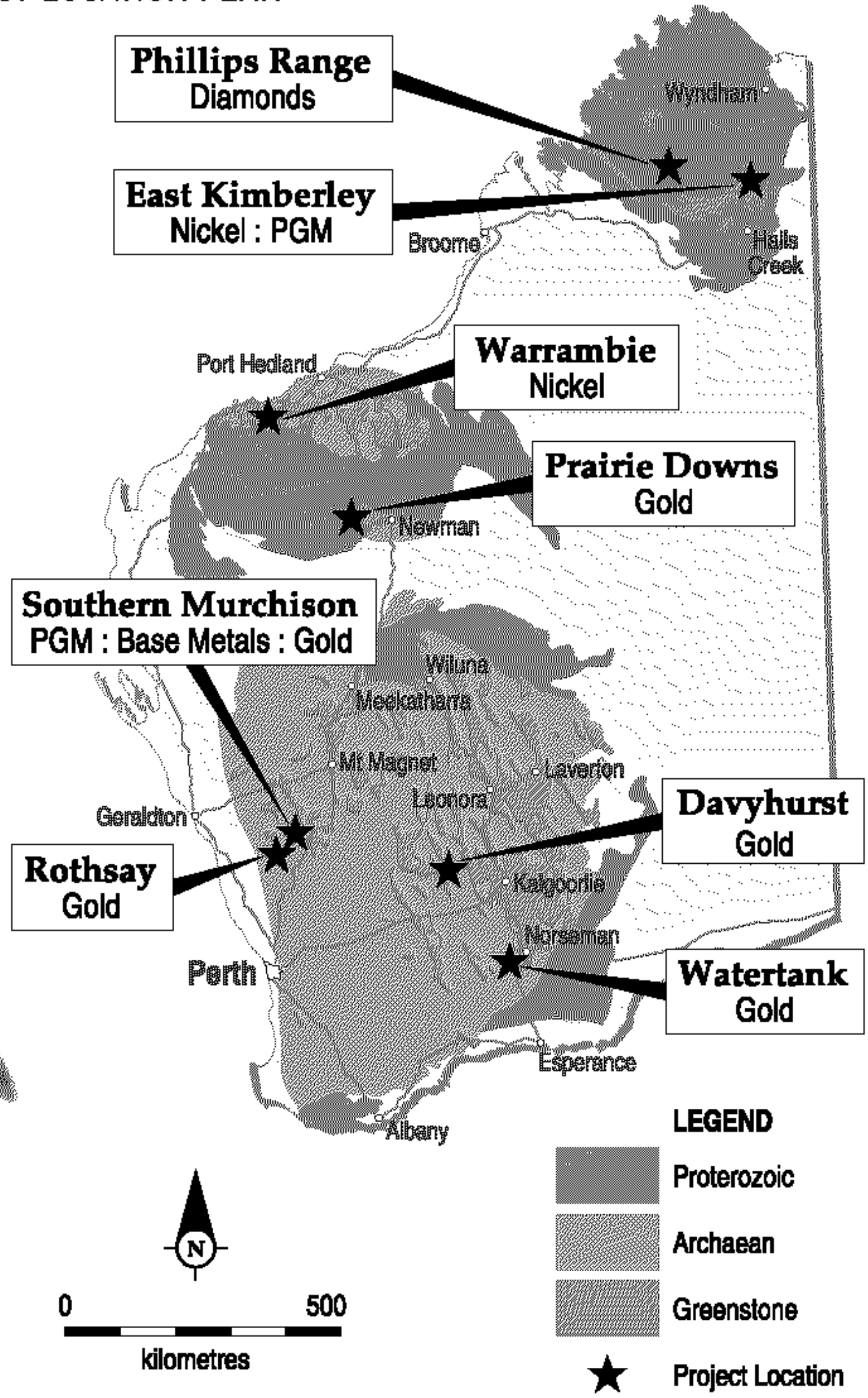
I would like to thank our geological and field staff, Mr Frank DeMarte, our Director/Company Secretary and his office team and my fellow Directors for what has been a demanding but fruitful year for the Company. I personally feel this was the most significant year in the progress of our Company since I became involved and, I would particularly like to thank our loyal shareholders who have contributed so willingly over recent years. Your Company goes forward into 2004, well funded and with a number of very exciting opportunities and I encourage you to closely follow our activities over the coming months.

Yours faithfully,

THUNDELARRA EXPLORATION LTD

Philip G Crabb
CHAIRMAN

PROJECT LOCATION PLAN



EAST KIMBERLEY NICKEL PROJECTS

Thundelarra Exploration Ltd ("Thundelarra") is the largest landholder in the East Kimberley, one of the most prospective and under explored nickel provinces in Australia. The management of Thundelarra firmly believes that the East Kimberley Proterozoic Halls Creek Orogen ("HCO") has the potential to host significant nickel-copper sulphide deposits of the Voisey's Bay style, associated with mafic-ultramafic intrusions within the Company's extensive tenement holding. During 2003, Thundelarra enjoyed considerable exploration success, defining a shallow nickel-copper resource at Copernicus, discovering a number of new nickel sulphide occurrences and defining numerous as yet untested priority targets. Importantly, the Company formed two joint ventures, one of which may transform Thundelarra from explorer to producer in the short term while the other will facilitate in 2004, the most intensive phase of nickel exploration seen in the East Kimberley since the 1970s.

During 2003, Thundelarra completed the most systematic and comprehensive review of the HCO ever undertaken. All relevant historical reports were assessed, over 300,000 individual assay results from numerous stream-soil-rock sampling and drilling programs were captured and entered into the Company's GIS database along with all available geophysical and geological data sets. This database, still being expanded, has enabled Thundelarra to systematically assess its current tenement holding and to generate over 100 priority targets for on-going exploration. Preliminary field assessment of a few of these targets has already resulted in the discovery of new mineralised intrusions previously unrecognized by earlier explorers.

When Thundelarra applied for its first tenement in the East Kimberley in March 2000, it had three clear objectives:

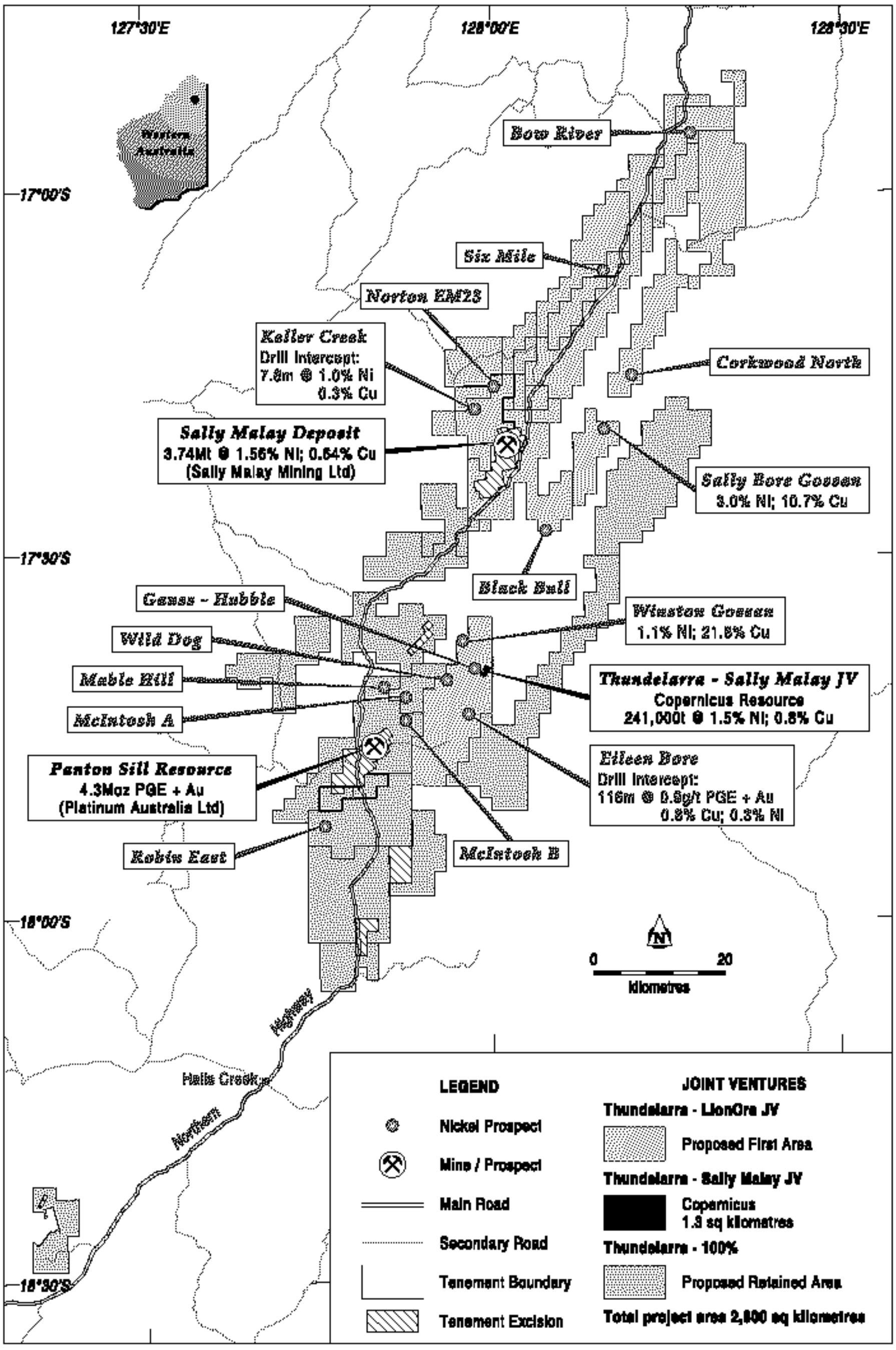
- To acquire a large and highly prospective landholding in Australia's most under rated nickel-copper-platinum group metals ("PGM") province,
- To form a strategic alliance with a major nickel-PGM explorer and producer, and
- To generate a cash flow for the Company in the short to medium term.

At the end of 2003, Thundelarra has achieved the first two objectives and is well on its way of achieving the third. The Company now holds over 2,800 square kilometres of tenements containing approximately 50 prospective mafic-ultramafic intrusions and over 100 nickel-copper-PGM occurrences (see East Kimberley Project map). In October 2003 the Directors of Thundelarra announced the details of a strategic agreement between LionOre Mining International Limited ("LionOre") and Thundelarra on the East Kimberley nickel project. LionOre is one of Australia's most successful nickel and gold explorers and a substantial nickel producer.

To achieve its third objective, Thundelarra entered into a 'production' joint venture with Sally Malay Mining Ltd ("Sally Malay") covering the Copernicus nickel-copper sulphide resource in March 2003. Sally Malay is scheduled to commence production from their namesake deposit in July 2004 with production from Copernicus expected in 2005.

The details of the various joint ventures and prospects are presented on the following pages:

EAST KIMBERLEY PROJECT - TENEMENT LOCATION MAP AND JOINT VENTURE AREAS



East Kimberley Regional Agreement with LionOre

On the 8 October the Directors of Thundelarra announced the details of a strategic agreement between LionOre and Thundelarra on the East Kimberley nickel project. The agreement involves a regional joint venture over the Company's extensive East Kimberley landholding and a placement to LionOre of 7,800,000 shares at 45 cents. The principal terms of the joint venture and placement are presented below:

> LionOre farms into an area approximately 50% of the 2,800 square kilometres ("First Area") held by Thundelarra.

> LionOre will earn a 60% interest on the First Area by sole funding the first $5 million of exploration expenditure over 5 years.

> Thundelarra will conduct its own exploration on its retained areas (approximately 1,400 square kilometres).

> Once LionOre has earned a 60% interest in the First Area, it may elect ("Additional Area Election") to expand the joint venture areas by sole funding joint venture expenditure until it has contributed an amount equal to 150% of Thundelarra's expenditure on the additional areas.

> Thundelarra can then elect to contribute or to dilute in the joint venture area at the standard dilution rate. Thundelarra can also elect at any time to drop to a 20% interest, free carried to decision to mine.

As part of the agreement, Thundelarra has agreed with LionOre that LionOre will take a placement of 7,800,000 Thundelarra shares at 45 cents, raising a total of $3,500,000. A total of 11,000,000 free unlisted options exercisable at 68 cents at any time up to 4 years from the date of grant was also issued to LionOre. Shareholders at a General Meeting held on the 21 November 2003 approved the issue of shares and options.

Copernicus Joint Venture with Sally Malay

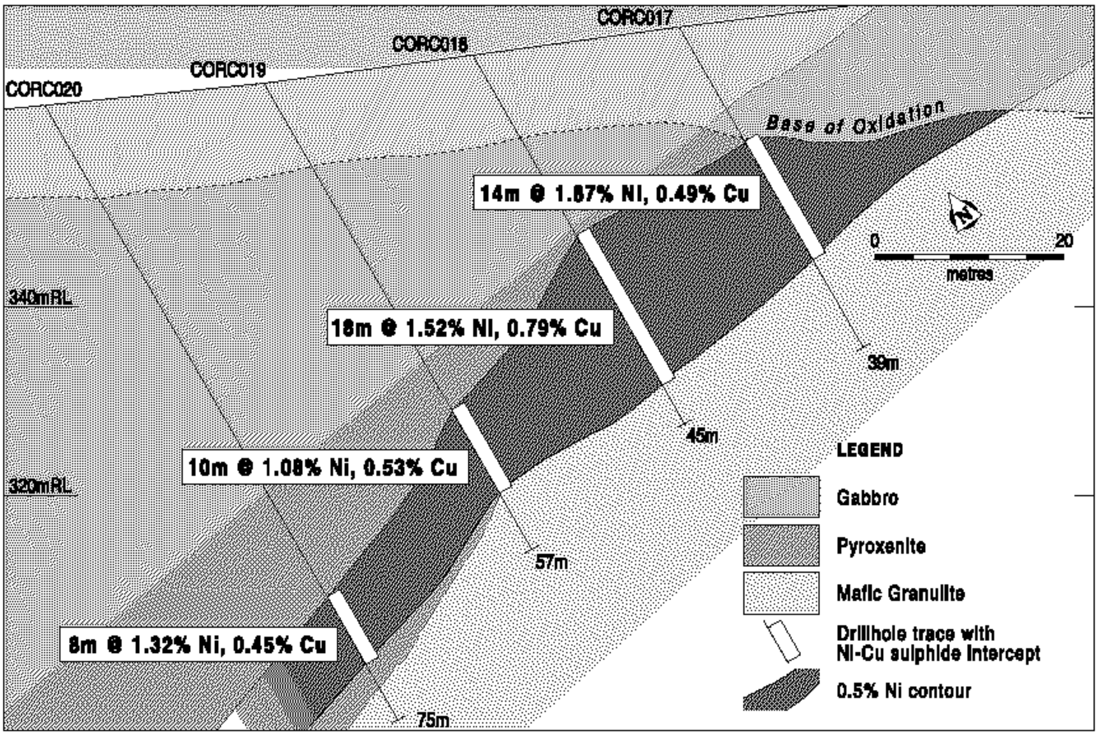
On the 2 March 2003, Thundelarra and Sally Malay entered into the Copernicus Joint Venture covering the Copernicus and Salk North nickel-copper prospects. The Copernicus prospect has an Indicated Resource of 241,000 tonnes at a grade of 1.5% nickel and 0.8% copper using a 1% nickel cut-off grade, containing 3,615 tonnes of nickel.

Under the terms of the joint venture, Sally Malay has the right to earn 60% equity in Mining Lease Application 80/540 (1.2 square kilometres) covering the prospects by completing a bankable feasibility study on mining the resource and processing it through the Sally Malay plant. Copernicus is located only 35 kilometres from the Sally Malay mine and could become an important source of feed for the plant, which has the capacity to treat additional ore during the underground mining phase. Construction has commenced at the mine site and the project is on track for commissioning in July 2004. The Copernicus ore is expected to be mined and treated in mid to late 2005.

The nickel-copper is associated with disseminated, net-textured and massive pyrrhotite-pentlandite-chalcopyrite sulphide mineralisation, hosted by pyroxenite within a mafic-ultramafic intrusion. The intrusion can be traced for approximately 1.4 kilometres within the tenement and contains the 'blind' Salk North prospect to the south and the Kepler prospect to the north.

In August 2003, Sally Malay conducted a 1,200 metre, 21 hole reverse circulation-drilling program to better define the extents of the Copernicus resource ahead of undertaking a study to determine the feasibility of processing the ore through their plant. Exploration drilling was also carried out on the nearby Salk North and Kepler prospects. Results from the drilling program are presented in Table 1. All intercepts are from the sulphide zone. These results are very encouraging and shows the mineralisation at Copernicus to be open at depth to the south (see Copernicus Joint Venture – drill section).

COPERNICUS JOINT VENTURE - DRILL SECTION CORC0117-020



In November 2003, Sally Malay conducted a ground electromagnetic ("EM") survey over most of the tenement area. This survey identified a new EM target immediately to the north of Copernicus. This anomaly appears to be located approximately 100 metres below surface with a possible strike length of some 200 metres, making it potentially larger than Copernicus. Drill testing of this anomaly will commence in December 2003.

Thundelarra's 40% equity in the Copernicus joint venture has the potential to generate a significant cash flow for the Company in 2005. Sally Malay will continue with their resource-drilling program early 2004 and are expected to complete the Bankable Feasibility Study by December 2004. At the completion of this study, the Board of Thundelarra will be in a position to decide how best to progress this important joint venture.

Planned Exploration Programs 2004

In 2004, LionOre, Sally Malay and Thundelarra will all conducted nickel exploration on Thundelarra's East Kimberley project. The various companies will spend an estimated $3 million next year with LionOre commencing exploration on the northern tenements, Thundelarra re-commencing exploration on the southern area while Sally Malay completes the BFS on the Copernicus resource.

Table 1 - Copernicus Drill Programme Assay Summary
(based on 0.50% Ni cut-off)

Prospect	Hole No.	E	N	From (m)	To (m)	Int. (m)	Ni%	Cu%	Co%
Copernicus	CORC011	392,981	8,047,282		NSR*				
	CORC012	392,964	8,047,296	31	38	7	1.34	0.98	0.05
	CORC013	392,946	8,047,309	48	54	6	1.52	0.97	0.05
	CORC014	392,928	8,047,322	69	72	3	2.52	1.47	0.08
	CORC015	392,950	8,047,281	25	42	17	1.91	1.45	0.06
	Including			34	39	5	2.32	1.82	0.09
	CORC016	392,919	8,047,304	57	67	10	1.12	0.78	0.04
	CORC017	392,955	8,047,250	14	28	14	1.87	0.49	0.06
	Including			15	24	9	2.28	0.47	0.08
	CORC018	392,937	8,047,262	22	40	18	1.52	0.79	0.04
	Including			28	33	5	2.14	0.92	0.06
	CORC019	392,919	8,047,275	40	50	10	1.08	0.53	0.03
	CORC020	392,901	8,047,289	60	68	8	1.32	0.45	0.04
	CORC021	392,925	8,047,247	22	46	24	1.47	0.73	0.06
	Including			34	39	5	2.04	0.99	0.08
	CORC022	392,933	8,047,224	14	37	23	1.50	0.72	0.06
	CORC023	392,915	8,047,236	38	50	12	1.07	0.53	0.04
	CORC024	392,897	8,047,248	34	47	13	1.33	0.92	0.05
				50	56	6	0.55	0.27	0.03
	CORC025	392,879	8,047,260	52	62	10	0.91	0.57	0.04
	CORC026	392,930	8,047,207	42	46	4	0.57	0.38	0.03
	CORC027	392,922	8,047,194		NSR				
	CORC028	392,898	8,047,230	19	27	8	1.75	1.08	0.06
	Including			20	24	4	2.22	1.21	0.07
Kepler	CONRC001	393,125	8,047,738	12	23	11	0.57	0.85	0.02
	CONRC002	393,106	8,047,753		NSR				
Salk North	SARC008	392,500	8,046,963	57	80	23	0.69	0.45	0.02
	Including			58	62	4	1.38	0.64	0.04
				70	72	2	1.44	0.24	0.05

* NSR – no significant results

CENTRAL KIMBERLEY DIAMOND PROJECT

Phillips Range Project

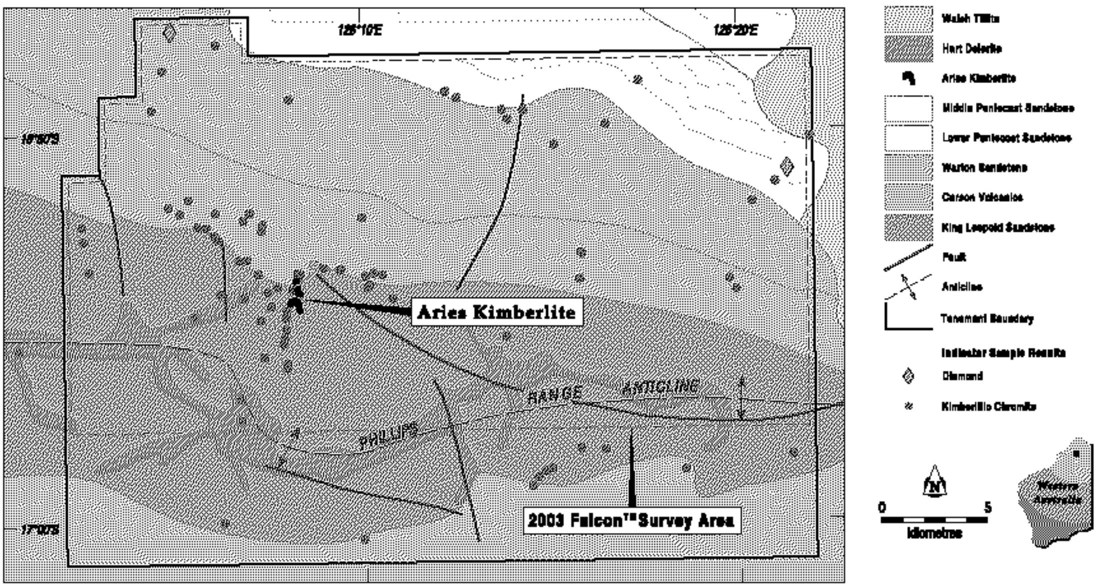
(Thundelarra 95%: Diamond Mines of Australia earning 60%)

The Phillips Range project, comprising approximately 925 square kilometres, is located in the Central Kimberley region of Western Australia, 2,000 kilometres northeast of Perth. The project contains Aries, Australia's largest diamondiferous kimberlite.

The project is a joint venture between Thundelarra and Diamond Mines of Australia Pty Ltd ("DMA"), a company associated with Gravity Capital Limited ("Gravity"). Under the terms of the joint venture, DMA has the right to earn 60% equity in the project by completing a bankable feasibility study ("BFS") within an agreed timeframe. BHP Billiton Limited ("BHPB") has the right to acquire all or part of DMA's equity in the project under certain terms and conditions. DMA has the exclusive right to utilize BHPB's Falcon™ airborne gravity gradiometer system ("Falcon™") in Australia for diamond exploration. Falcon™ is a revolutionary exploration tool developed by BHPB to locate world-class diamond, base-metal and iron ore deposits.

During the 2001-2002 field seasons ground based exploration programs conducted by the joint venture discovered four new satellite diamondiferous kimberlites within the Persephone Valley to the south of the Aries kimberlite. Encouraged by these discoveries, DMA flew a 6,963-line kilometre Falcon™ survey over the majority of the Phillips Range project (see Phillips Range Diamond Project map). A total of 98 targets were identified and 67 were assessed in the field by way of drilling and/or heavy mineral and soil sampling. All samples were submitted for geochemical assays and heavy mineral observation. Results from this work are expected in December.

PHILLIPS RANGE DIAMOND PROJECT - TENEMENT BOUNDARY, INDICATORS ANOMALIES AND FALCON™ SURVEY AREA MAP

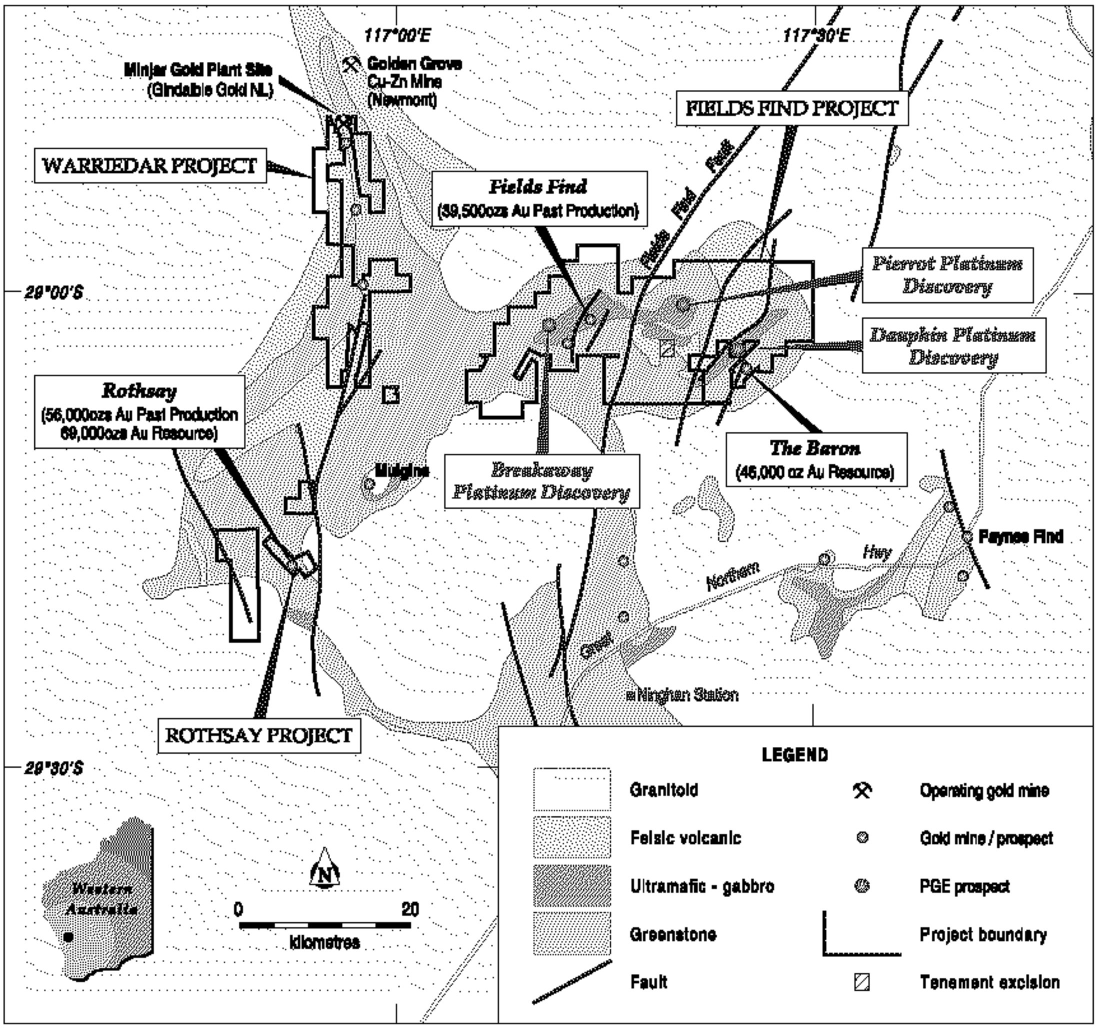


SOUTHERN MURCHISON GOLD PROJECTS

Thundelarra is a large tenement holder in the highly prospective Southern Murchison region of Western Australia (see Southern Murchison Project map). The Company has 4 separate projects of some 500 square kilometres containing the Rothsay and Baron gold resources, numerous gold prospects, the Breakaway-Dauphin platinum-palladium prospects and the Warriedar joint venture with Gindalbie Gold NL ("Gindalbie").

Limited exploration was conducted on the tenements during the year as Thundelarra focused its resources on exploring the extensive East Kimberley nickel project. In December however, and once all current programs are completed in the East Kimberley, exploration will re-commence on the Southern Murchison projects.

SOUTHERN MURCHISON PROJECT - LOCATION MAP



Fields Find Project

(Thundelarra 100%)

This project comprises 20 tenements covering approximately 168 square kilometres and is located 420 north of Perth. The project contains the Baron Rothschild gold resource (46,000 ozs gold Indicated/Inferred Resource), the Fields Find mine (39,500 ozs gold past production) and numerous advanced gold prospects with significant drill intercepts including 7m @ 13.5 g/t gold at the Raven prospect.

The Fields Find project not only has good potential to host gold deposits but also has significant platinum-palladium potential. Systematic mapping, geochemical sampling and limited drilling by Thundelarra in 2002 defined a prospective mafic/ultramafic contact zone that can be traced for over 30 kilometres within the project tenements. Drill testing of only 800m of this strike returned a best intercept of 16m @ 0.58g/t platinum+palladium+gold.

In 2004 Thundelarra will drill a number of the advanced gold prospects and will continue the assessment of the platinum-palladium targets.

Rothsay

(Thundelarra 70%)

The Rothsay gold project is located 35 kilometres southwest of Fields Find and consists of 2 granted mining leases covering 11 square kilometres. The leases contain the Rothsay high-grade gold resource associated with narrow quartz veins.

A number of these veins were mined up to 1994 and have produced approximately 56,000 ozs of gold from open-cut and underground operations. The project has an Indicated/Inferred Resource of 69,000 ozs of gold at an estimated grade of 11g/t using a 7g/t cut-off and a 1.2m minimum mining width.

The Rothsay main reef (A Shear) was mined down to a vertical depth of 120m and over a strike length of approximately 600m. Historical diamond drilling beneath the workings has intersected ore grade intercepts down to 300m vertical depth including 1.5m @ 62.4g/t gold and 2.5m @ 17.7g/t gold. The mineralised A Shear can be traced for at least 2 kilometres to the north of the main workings.

The Rothsay project has the potential to host a gold resource well in excess of the 69,000 ozs already defined beneath the current workings. Thundelarra has commenced an exploration program to assess the northern and southern extensions of the poorly tested A Shear and 4 other parallel mineralised quartz veins.

Monti Cristo Project

(Thundelarra 50%)

The Monti Cristo project, comprising 5 tenements covering 8 square kilometres, is located 30 kilometres southeast of Yalgoo. The tenements cover approximately 3 kilometres strike of a northwest trending mineralised structure marked by a number of small gold workings and shafts. Historical drilling on the project has returned a number of significant results including 12m @ 4.6g/t gold from 76m and 5m @ 5.8g/t gold from 59m.

Thundelarra will continue the exploration of this project in 2004.

Warriedar Project

(Thundelarra 100% - Gindalbie earning 60%)

The Warriedar project consists of 5 tenements comprising 197 square kilometres located 20 kilometres west of Fields Find. The project is a joint venture between Gindalbie and Thundelarra, where Gindalbie sole funds exploration until a 50,000oz gold resource is defined. Thundelarra will retain a 40% equity in any resource defined and has the option to participate in any mining operation on the joint venture area. Gindalbie are currently producing gold from their Minjar gold operation on tenements contiguous with the Warriedar project.

No significant results were returned from Gindalbie's exploration programs conducted over the tenements during the year. Exploration is continuing.

EASTERN GOLDFIELDS GOLD PROJECTS

Water Tank Project

(Thundelarra earning 100%)

The Water Tank project comprises 3 prospecting licenses (350ha) located 5 kilometres east of Norseman. The tenements contain a number of prospective fault structures that are important in localizing gold mineralisation in the Norseman area.

During the year, Thundelarra discovered a new gold mineralised structure beneath 20m of transported cover at the Jezabeel Prospect. A vertical aircore drilling program defined a regolith anomaly of approximately 700m in length associated with broad zones of biotite alteration and low order gold mineralisation (500ppb). A follow-up reverse circulation drilling program returned best intercepts of 6m @ 2.11g/t gold from 24m and 8m @ 3.24g/t gold from 32m.

Thundelarra will re-commence exploration at Water Tank in early 2004.

Davyhurst

(Thundelarra 100%)

The Davyhurst tenement, E16/175, is located 110 kilometres northwest of Kalgoorlie and covers 7 kilometres strike of the prospective Zulieka Shear. Perilya Limited conducted an extensive drilling program on the project before withdrawing from the joint venture during the year. No significant results were reported and no further gold exploration is planned at this stage.

NEW PROJECTS

Thundelarra continues to acquire new projects in Western Australia. In the past year these have included the nickel project at Warrambie in the West Pilbara and the South Murchison Tallering gold and base metal project. Preliminary exploration will be undertaken on these projects in 2004 once the tenements are granted.

for the year ended 30 September 2003

Your Directors present their report on the consolidated entity, consisting of Thundelarra Exploration Limited and the entity it controlled at the end of, or during, the year ended 30 September 2003.

Directors

The names and details of the Directors in office at the date of this report are:

Name	Qualifications, experience and special responsibilities	Securities held in Parent Company	
DIRECTORS		**Shares**	**Options**
Philip G Crabb (Chairman)	*FAusIMM, MAICD* Mr Crabb is a Fellow of the Australasian Institute of of Mining and Metallurgy and Institute of Company Directors. Mr Crabb has been actively engaged in mineral exploration and mining activities for the past thirty (33) years in both publicly listed and private exploration companies. He has considerable experience in field activities, having been a drilling contractor, quarry manager and mining contractor. Mr Crabb also has extensive experience with Australian publicly listed companies. Mr Crabb is also a director of Gemini Mining Pty Ltd, a gold producer in Western Australia.	15,678,815	450,000
Jeremy C Caddy (Formerly Chief Executive Director)	*BSc, CEng, FIMM* Mr Caddy graduated as a mining engineer from the Royal School of Mines, London and has over thirty (30) of experience in the mining industry. Mr Caddy is a Chartered member of the Institute of Professional Engineers (UK) and the Institution of Mining & Metallurgy (UK). Through his personal company, Jeremy Caddy & Associates, Mr Caddy specialises in restructuring mining companies and locating financing for their growth. Mr Caddy is also a director and officer of Aldershot Resources Ltd.	85,042	350,000
Frank DeMarte (Finance Director and Company Secretary)	*BBus, FCIS, MAICD* Mr DeMarte has over sixteen (18) years of experience in the mining and exploration industry in Western Australia. Mr DeMarte has held executive positions with a number of listed mining and exploration companies and is currently an Executive Director and Chief Financial Officer of the Company. Mr DeMarte is experienced in areas of secretarial practice, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Secretaries of Australia.	1,454,726	900,000

for the year ended 30 September 2003

Name	Qualifications, experience and special responsibilities	Securities held in Parent Company	
DIRECTORS		**Shares**	**Options**
Brian Richardson (Executive Director)	*BSc (Hons), MAusIMM* Mr Richardson has over twenty (20) years of experience in the mining industry in Western Australia and the Northern Territory. He was Exploration Manager of Miralga Mining NL and involved in the early exploration of Sulphur Springs base metals – gold project. He was also involved in the generation of various projects for Gascoyne Gold Mines NL. In this role he discovered the Southern Star Mine in 1994/95. From 1997 through to 2000 he was the Managing Director of Resource Exploration NL (now Mawson West Limited) an Australian listed junior exploration company.	1,036,581	500,000
Rick W Crabb (Non-Executive Director)	*BJuris (Hons), LLB, MBA* Mr Rick Crabb is a solicitor and is a partner with the law firm Blakiston & Crabb. He holds a Bachelor of Jurisprudence (Hons), Bachelor of Law and Master of Business Administration from the University of Western Australia. Mr Rick Crabb specialises in mining, corporate and commercial law and has extensive Australian and overseas experience in legal issues arising in resource development including contract negotiation and financing. Mr Rick Crabb is a director of investment bank, Chatsworth Stirling Pty Ltd and is also a director of listed companies Paladin Resources Limited, ST Synergy Limited, Port Bouvard Limited, Ashburton Minerals Limited, Deep Yellow Limited and Alcaston Mining NL.	1,158,330	250,000
Malcolm J Randall (Non-Executive Director)	*B.Applied Chem* Mr Randall has had extensive experience in management and marketing in the resource sector with the Rio Tinto group of companies. This has included senior technical and commercial roles in Hamersley Iron Pty Ltd and business development activities for Argyle Diamonds in China, Thailand and India and establishment of Argyle's Antwerp sales office for polished stones. From 1993 to 1996 he was Managing Director of Biron Corporation following which he has undertaken consultancy roles for Ocean Resources NL for the first diamond Contract of Work awarded in Indonesia, consultant to Golden Tiger Resources NL on their Vietnamese mineral opportunities and commercial advisor to the Hope Downs Iron Ore Project. Mr Randall is also a director of Titan Resources NL and a non-executive director of Consolidated Minerals Limited.	257,300	250,000
Mr Ross J Glanville	Former Non Executive Director resigned from the board in July 2003.	-	-

Principal activities

The principal activities of the corporations in the consolidated entity during the year were mineral exploration. Other than the foregoing, there were no significant changes in those activities during the year.

Result of operations

The net loss, after tax, of the consolidated entity for the financial year was $1,663,149 (2002 - $1,036,897).

Dividends

No dividends were paid during the 2002/2003 year. The Directors have not recommended a dividend for the 2002/2003 year.

Significant changes in state of affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:-

(a) At the request of the board of directors, the shares of the Company were delisted from the TSX Venture Exchange on 10 January 2003 with due regard to its infrequent trading, fewer than 10% of the total shares are owned by Canadian residents and the costs associated with maintaining a listing on two Stock Exchanges.

(b) With effect from 8 September 2003, it was resolved that the place of incorporation and registration of the Company be removed from Yukon, Canada to Western Australia and adoption of a new constitution. As a result, the Company's financial reporting currency has been changed to Australian dollars and the Company is now governed under reporting requirements in Australia. The Company is no longer required to comply with the requirements of the British Columbia Securities Act and the Alberta Securities Act.

(c) Details of important developments and explorations occurring in the financial year under review have been covered in the Review of Operations, which is set out at the beginning of the Annual Report.

(d) An increase in contributed equity of $3,365,876 after capital raising costs (from $14,941,185 to $18,307,061) as a result of:-

(i) The Company issued 3,154,883 fully paid ordinary shares at $0.23 each raising $725,623 through a share purchase plan. The funds raised were used towards various exploration projects and general working capital.

(ii) Pursuant to the prospectus issued by the Company dated 20 March 2003, the Company further issued 3,532,644 fully paid ordinary shares with 3,532,644 attaching free options (at an exercise price of $0.23 each for each option on or before 30 April 2005) at $0.23 each raising $812,508 on 8 May 2003. The funds raised are being used towards various exploration projects and general working capital.

(iii) On 25 September 2003, the Company allotted and issued 7,595,185 fully paid ordinary shares at $0.26 each raising $1,974,748 from various institutional and sophisticated investors. The funds raised will be used for further exploration in the Company's nickel and copper projects in the East Kimberley.

(e) The Company's wholly owned subsidiary, Magmatic Metals Ltd, was deregistered on 26 August 2003 under Section 601AA (4) of the Corporations Act 2001.

Except for the above, there were no significant changes in the state of affairs of the consolidated entity during the year.

for the year ended 30 September 2003

Review of operations and likely developments

In the opinion of the Directors, the operations of the parent entity for the financial year, likely developments in the operations of the consolidated entity and the expected results of those operations known at the date of this report have been covered generally in the Review of Operations, which is set out elsewhere in the Annual Report. The consolidated entity's future profitability may be affected by unforeseen factors, such as movements in the metal prices and exchange rates, government actions and policies, native title constraints and the resumption or otherwise of income-producing operations.

The Company will continue to actively explore for minerals, and any significant information or data will be released in the market and to shareholders pursuant to the Continuous Disclosure rules as and when they are to hand.

Environmental issues and regulations

The consolidated entity has interests in mining tenements (including prospecting, exploration and mining leases). The leases and licence conditions contain environmental obligations. To the best of the knowledge of the Directors, the consolidated entity has not contravened any environmental obligations and no claims have been made of any breaches.

Post balance date events

Other than as mentioned in Note 22 to the accounts, circumstances have not arisen since the end of the financial year that have affected or may significantly affect in subsequent financial years:

(i) the operations of the consolidated entity;

(ii) the result of those operations; or

(iii) the state of affairs of the consolidated entity.

The likely developments in the operations of the consolidated entity in subsequent financial years are that the consolidated entity will continue to explore its Western Australian mineral tenement areas of interest, and to utilise its cash reserves and expertise to add value to exploration activities.

Corporate governance

The Company's corporate governance polices and practices are set out separately in this document.

Directors' benefits

Other than as noted in Note 18 to the financial statements, since the end of the previous financial year no Director of the parent entity has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts or consolidated entity accounts, or the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the parent entity or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director is a member, or with a company in which the Director has a substantial financial interest.

Remuneration of Directors and executives

Emoluments of Directors and senior executives are set by reference to payments made by other mining and exploration companies of similar size, and by reference to the skills and experience of the Directors and executives. The emoluments are not linked to performance.

Details of the nature and amount of each element of the emoluments of each Director of Thundelarra Exploration Limited of the consolidated entity and parent entity receiving the highest emoluments are set out in the following table:

Directors of Thundelarra Exploration Limited

Name	Base Salary $	Superannuation $	Consultancy Fees $	Other Benefits $	Total $
P G Crabb, *Chairman*	84,808	21,833	-	40,230	146,871
F DeMarte, *Executive Director*	97,846	24,000	-	31,290	153,136
B Richardson, *Executive Director*	65,150	14,800	39,996	31,290	151,236
R W Crabb, *Non Executive Director*	22,938	2,064	57,310	13,410	95,722
M J Randall, *Non Executive Director*	-	-	21,736	13,410	35,146
J C Caddy, *(former CEO)*	-	-	39,800	13,410	53,210
R Glanville, *(former Non Executive Director)*	-	-	-	4,470	4,470

Other than directors, there were no other executive officers in the Company.

The other benefits disclosed above which comprise remuneration relating to share options, are the assessed fair values of options at the date they were granted to executive directors during the year ended 30 September 2003. Fair values have been independently determined using Black Scholes Option methodology. The following assumptions have been used in the valuation of the options:

> Exercise price of 35 cents each expiring on 28 March 2008
> Price of underlying security was 23.22 cents per share
> 50% expected volatility of the share price
> A risk free interest rate of 5.5%

Information on options issued as part of the remuneration of Directors of the Company and the consolidated entity receiving the highest emoluments are set out in the next section of this report.

Share options granted to Directors and most highly remunerated officers

Options over unissued ordinary shares of Thundelarra Exploration Limited granted during or since the end of the financial year to any of the Directors of the Company and consolidated entity as part of their remunerations were as follows:

Directors	Date Options Granted	Options Issued *(Expire 28 March 2008 exercisable at 35 cents each)*
P G Crabb	28 March 2003	450,000
F DeMarte	28 March 2003	350,000
B Richardson	28 March 2003	350,000
R W Crabb	28 March 2003	150,000
M J Randall	28 March 2003	150,000
J C Caddy	28 March 2003	150,000
R Glanville	28 March 2003	50,000
		1,650,000

Other than directors, there were no other executive officers in the Company.

for the year ended 30 September 2003

Options Outstanding

In March 2003, 1,950,000 share option offers were issued to directors and employees, exercisable at 35 cents per share, and expiring on 28 March 2008. In May 2003, a further 3,532,644 listed options were issued, exercisable at 23 cents each and expiring 30 April 2005.

Outstanding share options at the date of this report are:

Number	Exercisable Price	Expiry Date
1,975,000	50 cents	28 February 2007
422,000	68 cents	28 April 2004
1,480,000	35 cents	28 March 2008
181,250	CAN 61 cents	30 April 2004
3,442,644	23 cents	30 April 2005
11,000,000	68 cents	20 November 2007

During or since the end of the financial year, 560,000 fully paid ordinary shares were issued pursuant to the exercise of options granted by the Company.

No person entitled to exercise the option had, or has any right by virtue of the option to participate in any share issue of any other body corporate.

Meeting of Directors

During the financial year, 7 meeting of directors were held. Attendees were:

Name	Directors Meetings	
	No. eligible to attend	*Number attended*
P G Crabb	7	7
F DeMarte	7	7
B Richardson	7	7
R W Crabb	7	7
M J Randall	7	7
J C Caddy	7	1
R Glanville	6	-

Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Insurance of Directors and officers

During the financial year, Thundelarra Exploration Limited paid a premium of $13,750 to insure the Directors of the Company and its controlled entity. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as officers of entities in the consolidated entity.

Dated at Perth this 18th of December 2003.

Signed in accordance with a resolution of Directors.

PG CRABB
Director

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. The board has also established a framework for the management of the Company including setting levels of remuneration for directors and other personnel, and overall framework of internal control and the establishment of appropriate ethical standards.

The Board regularly reviews operational and financial performance and reviews and approves detailed budgets and investment opportunities. Being a small company at present, the Board works closely with operational personnel to identify and manage operational, financial and legislative risk. Corporate Governance policies and procedures have been in place since incorporation.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Company including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

Composition of the Board

The Composition of the Board is determined using the following principles:

> The Board must be comprised of a minimum of four directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises.

> The Board must comprise directors with a broad range of expertise. Qualification and experience of directors are set out in the directors' report.

> There is no requirement for any share holding qualification.

At the date of the directors' report, the Board comprises of six directors, all of whom with the exception of Mr Phillip Crabb, Mr Frank DeMarte and Mr Brian Richardson, are non-executive directors. Details of the directors are set out in the directors' report.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from services of a new director with particular skills, the Board selects a candidate or panel of candidates with appropriate expertise and experience. The most suitable candidate will then be selected subject to the approval at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

Audit Committee

There is no separate audit committee because the directors do not believe that the size of the company warrants it. The board carries out the functions of an audit committee.

Ethical Standards

The Board seeks to ensure that the directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Directors, officers and employees must:

> Comply with the law;

> Act in the best interests of the Company;

> Be responsible and accountable for their actions; and

> Operate ethically at all times, which will include disclosure of potential conflicts of interest.

Independent Professional Advice

Each director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chair (or if no Chair has been appointed, an executive director) is required, which must not be unreasonably withheld. A copy of advice received by the director must be made available to all other members of the Board.

Continuous Disclosure

The Company is a "Disclosing Entity" within the meaning of section 111AC of the Corporations Act 2001. As such, regular reporting and disclosure obligations will require the Company to disclose to ASX information of which it is, or becomes, aware which concerns the Company which a reasonable person would expect to have a material effect on the price or value of the Company unless certain exceptions from the obligation to disclose apply.

Communication to Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. In addition to complying with the continuous disclosure rules of the ASX, information is communicated to the shareholders through:

> the annual report which is distributed to all shareholders;

> the quarterly summary being lodged with the ASX; and

the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

STATEMENTS OF FINANCIAL PERFORMANCE

for the year ended 30 September 2003

	Notes	CONSOLIDATED ENTITY 2003 $	2002 $	PARENT ENTITY 2003 $	2002 $
Revenues from ordinary activities	2	**103,821**	75,836	**103,821**	75,836
Expenses from ordinary activities					
Administrative costs		**(5,094)**	(11,270)	**(5,094)**	(11,270)
Depreciation and amortisation		**(49,987)**	(56,903)	**(49,987)**	(56,903)
Office and miscellaneous		**(217,776)**	(213,407)	**(217,776)**	(213,407)
Professional fees		**(226,299)**	(182,872)	**(226,299)**	(182,872)
Regulatory and trust company fees		**(60,911)**	(62,512)	**(60,911)**	(62,512)
Shareholder and investor relations		**(64,448)**	(128,203)	**(64,448)**	(128,203)
Travelling expenses		**(69,727)**	(77,140)	**(69,727)**	(77,140)
Employee benefits expense		**(407,916)**	(224,835)	**(407,916)**	(224,835)
Exploration expenditures written off		**(628,449)**	(389)	**(628,449)**	(389)
Foreign exchange loss		**(4,653)**	(148,673)	**(4,653)**	(148,673)
Other operating expenses		**(31,710)**	(6,529)	**(34,033)**	(6,529)
Loss from ordinary activities before income tax expense	3	**(1,663,149)**	(1,036,897)	**(1,665,472)**	(1,036,897)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after income tax expense attributable to members of Thundelarra Exploration Limited		**(1,663,149)**	(1,036,897)	**(1,665,472)**	(1,036,897)
Total changes in equity other than those resulting from transactions with owners as owners		**(1,663,149)**	(1,036,897)	**(1,665,472)**	(1,036,897)
Basic earnings per share (cents per share)	20	**(3.46)**	(2.44)	**(3.47)**	(2.44)

Notes to and forming part of the Statements of Financial Performance are attached.

STATEMENTS OF FINANCIAL POSITION

for the year ended 30 September 2003

	Notes	CONSOLIDATED ENTITY 2003 $	CONSOLIDATED ENTITY 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
CURRENT ASSETS					
Cash assets		**2,107,106**	633,200	**2,107,106**	632,839
Receivables	5	**30,988**	35,218	**30,988**	35,218
TOTAL CURRENT ASSETS		**2,138,094**	668,418	**2,138,094**	668,057
NON CURRENT ASSETS					
Receivables	6	**130,000**	50,000	**130,000**	50,000
Investments	7	**-**	-	**-**	1,994
Plant, equipment, and vehicles	8	**155,700**	172,785	**155,700**	172,785
Exploration and evaluation expenditure	9	**6,973,567**	6,634,084	**6,973,567**	6,633,904
TOTAL NON-CURRENT ASSETS		**7,259,267**	6,856,869	**7,259,267**	6,858,683
TOTAL ASSETS		**9,397,361**	7,525,287	**9,397,361**	7,526,740
CURRENT LIABILITIES					
Payables	10	**221,790**	85,868	**221,790**	84,998
Provisions	11	**39,166**	21,182	**39,166**	21,182
TOTAL CURRENT LIABILITIES		**260,956**	107,050	**260,956**	106,180
NON CURRENT LIABILITIES					
Provisions	11	**15,441**	-	**15,441**	-
TOTAL NON CURRENT LIABILITIES		**15,441**	-	**15,441**	-
TOTAL LIABILITIES		**276,397**	107,050	**276,397**	106,180
NET ASSETS		**9,120,964**	7,418,237	**9,120,964**	7,420,560
EQUITY					
Parent entity interest					
Contributed equity	12	**18,307,061**	14,941,185	**18,307,061**	14,941,185
Accumulated losses	13	**(9,186,097)**	(7,522,948)	**(9,186,097)**	(7,520,625)
Equity attributable to members of Thundelarra Exploration Limited		**9,120,964**	7,418,237	**9,120,964**	7,420,560
TOTAL EQUITY		**9,120,964**	7,418,237	**9,120,964**	7,420,560

Notes to and forming part of the Statements of Financial Position are attached.

STATEMENTS OF CASH FLOWS

for the year ended 30 September 2003

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Cash flows from operating activities				
Other revenue received	**68,469**	24,376	**68,469**	24,376
Payment to suppliers and employees	**(985,575)**	(1,041,945)	**(985,214)**	(1,040,948)
Interest received	**21,760**	44,570	**21,760**	44,570
Net cash outflow from operating activities	**(895,346)**	(972,999)	**(894,985)**	(972,002)
Cash flows from investing activities				
Payments for investment in subsidiary	**-**	-	**-**	(1,150)
Net payments on liquidation of subsidiary	**(4,220)**	-	**(4,220)**	-
Payments for plant, equipment and vehicles	**(55,114)**	(56,116)	**(55,114)**	(56,116)
Proceeds from sale of plant, equipment and vehicles	**17,822**	6,890	**17,822**	6,890
Exploration and evaluation expenditure	**(968,112)**	(1,442,797)	**(968,112)**	(1,442,617)
Net cash outflow from investment activities	**(1,009,624)**	(1,492,023)	**(1,009,624)**	(1,492,993)
Cash flows from financing activities				
Net proceeds from issue of shares	**3,365,876**	1,596,203	**3,365,876**	1,596,203
Proceeds received from oversubscribed shares	**13,000**	-	**13,000**	-
Net cash inflow from financing activities	**3,378,876**	1,596,203	**3,378,876**	1,596,203
Net increase/(decrease) in cash held	**1,473,906**	(868,819)	**1,474,267**	(868,792)
Cash at the beginning of the financial year	**633,200**	1,502,019	**632,839**	1,501,631
Cash at the end of the financial year	**2,107,106**	633,200	**2,107,106**	632,839

Notes to and forming part of the Statements of Cash Flows are attached.

STATEMENTS OF CASH FLOWS (continued)

for the year ended 30 September 2003

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Reconciliation of net cash provided by operating activities to operating loss after income tax				
Operating loss after income tax	**(1,663,149)**	(1,036,897)	**(1,665,472)**	(1,036,897)
Non cash flows in operating loss				
Capitalised exploration expenditure written-off or provided for	**628,449**	389	**628,449**	389
Depreciation and amortisation	**49,987**	56,903	**49,987**	56,903
Provision for employee entitlements	**33,425**	6,278	**33,425**	6,278
Loss on liquidation of a subsidiary	**3,292**	-	**6,214**	-
Loss (profit) on sale of plant, equipment and vehicles	**4,390**	(361)	**4,390**	(361)
Change in assets and liabilities net of effect of disposal of subsidiary				
Increase in payables and accruals	**64,030**	1,875	**63,792**	2,972
Increase in receivables	**(15,770)**	(1,186)	**(15,770)**	(1,286)
Net cash outflow from operating activities	**(895,346)**	(972,999)	**(894,985)**	(972,002)
Cash represents:				
Cash on hand	**8**	133	**8**	133
Cash at bank	**2,003,228**	1,609	**2,003,228**	1,248
Cash on deposit	**103,870**	631,458	**103,870**	631,458
	2,107,106	633,200	**2,107,106**	632,839

Notes to and forming part of the Statements of Cash Flows are attached.

1. Summary of accounting policies

Basis of accounting

The general purpose financial report has been prepared on a going concern basis, on the accruals basis and in accordance with the historical cost convention. The financial report has been prepared in accordance with the provisions of the Corporations Act 2001, applicable accounting standards and other mandatory professional reporting requirements in Australia.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Thundelarra Exploration Limited ("parent entity") as at 30 September 2003 and the results of all controlled entities for the year then ended. Thundelarra Exploration Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Where applicable, outside equity interests in the results and equity of controlled entities are shown separately in the consolidated Statement of Financial Performance and Statement of Financial Position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Income tax

The consolidated entity follows the policy of tax effect accounting. Under this method the income tax expense for the year is related to operating profit before tax after allowing for permanently non-allowable and non-assessable items. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The eventual payment of the liability and recoverability of the asset are contingent upon the future profitability of the particular company's operations, continued compliance with the conditions for deductibility imposed by the law and the taxation law itself not changing in a manner which would adversely affect asset recoverability or which would extinguish the liability.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

Plant, equipment and vehicles

The cost of each item of plant, equipment and vehicles is written off over its expected economic life. Each item's economic life has due regard both to its own physical life limitations and to present assessments of economically recoverable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The total net carrying values of plant, equipment and vehicles at each mine property are reviewed regularly and, to the extent to which these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

The expected useful lives are as follows:

Plant and equipment	15%	-	50%
Office furniture and equipment	20%	-	40%
Vehicles	22.5%	-	30%

Mine properties

Mine properties represent the accumulation of all exploration, evaluation, and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method, separate calculations being made where appropriate for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising both measured and indicated mineral resources).

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount that excess is fully provided against in the financial year in which this is determined.

Pre-stripping costs (included under mine properties) are amortised over the estimated ore tonnages from the date of commencement of commercial production.

Royalties and other mining imposts

Ad valorem royalties and other mining imposts are accrued and charged against earnings when the liability from production or sale of the mineral crystallises. Profit-based royalties are accrued on a basis which matches the annual royalty expense with the profits on which the royalties are assessed (after allowing for permanent differences).

Valuation of inventories

Raw materials, stores and gold stocks are valued at the lower of cost and net realisable value. Cost is determined on an average basis and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure.

Employee benefits

(i) *Wages and salaries, annual leave and leave-in-lieu*

Liabilities for wages and salaries, annual leave and leave-in-lieu are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. No liabilities are provided for non-vested sick leave.

(ii) *Long Service Leave*

A liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee entitlements and is measured in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(iii) *Equity-based or compensated benefits*

Equity-based compensation benefits are provided to employees via the Employee Share Option Plan. Information relating to this is set out in Note 23.

No accounting entries are made in relation to the employee option plan until options are exercised, at which time the amounts receivable from employees are recognised in the Statement of Financial Position as share capital.

Exploration, development and joint venture expenditure

Exploration, development and joint venture expenditure carried forward represents an accumulation of net costs incurred in relation to separate areas of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively by its sale, or

(ii) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

Accumulated costs in respect of areas of interest, which are abandoned are written off in the Statement of Financial Performance in the year in which the area is abandoned.

The net carrying value of each property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount that excess is fully provided against in the financial year in which this is determined.

Comparative figures

Where appropriate, prior year figures have been re-classified to correspond with current year figures. In prior years the financial statements were prepared in Canadian currency. The comparatives have been restated into Australian dollars in the following manner:-

(i) Australian assets and liabilities are reported in their original base currency;

(ii) Canadian assets and liabilities are translated to Australian dollars at rates of exchange ruling at the balance date of the prior financial year;

(iii) The results of operations are converted at the average exchange rates in the prior financial year; and

(iv) Opening balance of equities (i.e. contributed equity and accumulated losses) are translated into Australian dollars at rates of exchange approximate to those ruling at the dates of transactions occurred (i.e. historical rates).

Foreign currency transactions and balances

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at year end.

The gains and losses from these conversions of short and long term balances, whether realised or unrealised, are included in operating results. The assets and liabilities of any overseas controlled entity are translated at year-end rates, and operating results are translated at the rates of exchange applicable at the dates of the transaction. Profits and losses arising on translation are written off to the Statement of Financial Performance.

Cash

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

Joint Ventures

Unincorporated

The consolidated entity's interest in joint ventures is brought to account by including in their respective categories the amount of:

(i) the share of the individual assets employed in the joint ventures;

(ii) liabilities incurred in relation to the joint ventures including the share of liabilities for which the consolidated entity is jointly and/or severally liable; and

(iii) the share of expenses incurred in relation to the joint ventures.

Incorporated

(i) the investment in the share capital of the joint venture company; and

(ii) the amount of the carrying value of receivables and/or amounts owing from/to the joint venture company.

Restoration, rehabilitation and environmental expenditure

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations is accrued when the need for such expenditure is established, and then written off as part of the cost of production of the mine property concerned. Significant restoration, rehabilitation and environmental expenditure to be incurred subsequent to the cessation of production at each mine property is accrued, in proportion to production, when its extent can be reasonably estimated.

The consolidated entity has certain obligations for restoration and rehabilitation of mining areas following the completion of production. Such obligations are being accrued in proportion to production and the accrual will be adequate to meet those obligations once production from the mineral resource is completed.

Restoration, rehabilitation, and environmental obligations recognised include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment. Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology. Estimated costs are reassessed annually. Changes in estimates of costs relating to producing areas are dealt with prospectively over the remaining mine life.

Investments

Investments in listed and unlisted securities, other than controlled entities in the consolidated accounts, are brought to account at cost, and dividend income is recognised in the Statement of Financial Performance when received.

Maintenance and repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

for the year ended 30 September 2003

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
2. Revenues from ordinary activities				
Operating activities				
Interest received	**21,760**	44,570	**21,760**	44,570
Other revenues	**64,239**	24,376	**64,239**	24,376
	85,999	68,946	**85,999**	68,946
Non-operating activities				
Proceeds on disposal of plant, equipment and vehicles	**17,822**	6,890	**17,822**	6,890
Total revenues from ordinary activities	**103,821**	75,836	**103,821**	75,836
3. Loss from ordinary activities is after the following:				
Depreciation of plant, equipment and vehicles	**49,987**	56,903	**49,987**	56,903
Exploration expenditure written-off or provided for	**628,449**	389	**628,449**	389
Amounts set aside to provisions for employee entitlements	**33,425**	6,278	**33,425**	6,278
Loss/(gain) on disposal of plant, equipment and vehicles	**4,390**	(361)	**4,390**	(361)
Bad debt written off	**2,094**	-	**2,094**	-
Loss on liquidation of subsidiary	**3,292**	-	**6,214**	-
Foreign exchange losses	**4,653**	148,673	**4,653**	148,673
Costs of plant, equipment and vehicles sold	**22,212**	6,529	**22,212**	6,529
4. Income tax				
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The difference is reconciled as follows:				
Operating loss before income tax	**(1,663,149)**	(1,036,897)	**(1,665,472)**	(1,036,897)
Income tax calculated at 30%	**(498,945)**	(311,069)	**(499,642)**	(311,069)
Tax effect of permanent differences:				
Tax benefit of Canadian losses not likely to be recoverable	**43,808**	79,899	**43,808**	79,899
Loss on liquidation of subsidiary	**988**	-	**1,864**	-
Result of subsidiary not subject to tax	**179**	-	**-**	-
Income tax adjusted for permanent differences	**(453,970)**	(231,170)	**(453,970)**	(231,170)
Tax effect of:				
Exploration expenditure incurred and written off	**(101,899)**	(432,722)	**(101,899)**	(432,668)
Increase in employment entitlement provisions	**10,028**	1,883	**10,028**	1,883
Capital raising costs incurred	**(8,820)**	-	**(8,820)**	-
Estimated future income tax benefit in respect of tax losses not brought to account	**554,661**	662,009	**554,661**	661,935
	-	-	**-**	-

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
4. Income tax (cont'd)				
Future income tax benefit not taken into account				
The directors estimate that the potential future income tax benefit in respect of tax losses not brought to account at an income tax rate of 30% is	**1,977,150**	1,422,489	**1,977,150**	1,442,489

The potential future income tax benefit arising from tax losses have not been recognised as an asset because recovery of tax losses is not virtually certain:

The potential future income tax benefit will be obtainable by the company only if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised;

(b) the company continues to comply with the conditions for deductibility imposed by income tax law; and

(c) no changes in income tax legislation adversely affects the company in realising the benefit of the deduction for the loss.

The estimated potential future income tax benefits on tax losses have not taken account of the tax losses incurred on the Canadian division, which is governed under separate tax legislation regime. It is of the Directors' opinion that the likelihood of its recoverability is highly unlikely with due regards to the management's decision to focusing its exploration, evaluation and development of mines and tenements in Australia.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
5. Receivables (current)				
Trade receivables	**19,650**	5,880	**19,650**	5,880
Other amounts receivable	**8,984**	18,400	**8,984**	18,400
Security deposits/bonds	**-**	3,165	**-**	3,165
Amounts receivable from directors and director related entities	**2,354**	7,773	**2,354**	7,773
30,988	**35,218**	30,988	**35,218**	

The amounts receivable from directors and director related entities are unsecured, interest free and have no fixed terms of repayment

6. Receivables (non-current)				
Security deposits / bonds	**130,000**	50,000	**130,000**	50,000
7. Investments (non-current)				
The following investment is valued at cost less write down to fair market value				
Shares in controlled entity - unlisted			**-**	1,994

The Company owned 100% shares in Magmatic Metals Ltd, a company incorporated in Australia. The company was subsequently deregistered on 26 August 2003 under section 601AA (4) of the Corporations Act 2001. The cost of investment and expenses incurred in the deregistration process amounting to $6,214 were written off. The subsidiary was deconsolidated with effect from 26 August 2003 resulting in a net loss of $3,292 in the consolidated statement of financial performance.

for the year ended 30 September 2003

	CONSOLIDATED & PARENT ENTITY	
	2003	2002
	$	$
8. Plant, equipment, and vehicles		
Plant and equipment		
At cost	**24,177**	19,481
Less: Accumulated depreciation	**(9,002)**	(4,633)
	15,175	14,848
Office equipment		
At cost	**62,802**	56,573
Less: Accumulated depreciation	**(35,677)**	(25,309)
	27,125	31,264
Motor vehicles		
At cost	**172,021**	161,335
Less: Accumulated depreciation	**(58,621)**	(34,662)
	113,400	126,673
Total carrying amount	**155,700**	172,785

Reconciliation

Reconciliation of the carrying amounts of each class of plant, equipment and vehicles at the beginning and end of the current financial year are set out below

	2003	2002
Plant and equipment		
Carrying amount at 1 October	**14,848**	16,729
Additions	**4,696**	4,037
Disposals	**-**	(1,187)
Depreciation	**(4,369)**	(4,731)
Carrying amount at 30 September	**15,175**	14,848
Office equipment		
Carrying amount at 1 October	**31,264**	42,671
Additions	**9,732**	4,891
Disposals	**(1,663)**	-
Depreciation	**(12,208)**	(16,298)
Carrying amount at 30 September	**27,125**	31,264
Motor vehicles		
Carrying amount at 1 October	**126,673**	120,701
Additions	**40,686**	47,188
Disposals	**(20,549)**	(5,342)
Depreciation	**(33,410)**	(35,874)
Carrying amount at 30 September	**113,400**	126,673
Total carrying amount	**155,700**	172,785

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
9. Exploration and evaluation expenditure (non-current)				
Exploration and evaluation expenditure in respect of areas of interest still in the exploration and/or evaluation phase (refer to Note 19)				
Balance at 1 October	**6,634,084**	5,191,676	**6,633,904**	5,191,676
Current year's expenditure net of recoveries	**968,112**	1,442,797	**968,112**	1,442,617
Expenditure provided or written off in current year	**(628,449)**	(389)	**(628,449)**	(389)
Amount deconsolidated	**(180)**	-	-	-
Balance at 30 September	**6,973,567**	6,634,084	**6,973,567**	6,633,904

Recoverability of the parent entity's and consolidated entity's interests in property, plant, equipment, vehicles and capitalised exploration and development expenditure is subject to the successful development and exploitation of the projects owned by the consolidated entity and/or sale of the parent entity's and consolidated entity's interests therein at amounts at least equal to book values.

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT 2003 $	PARENT 2002 $
10. Payables (current)				
Trade creditors and accruals	**148,790**	60,868	**148,790**	59,998
Other creditors	**-**	25,000	**-**	25,000
Amounts owing to director related entities	**73,000**	-	**73,000**	-
	221,790	85,868	**221,790**	84,998

The current accounts with director related entities are unsecured, interest free and have no fixed terms of repayments.

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT 2003 $	PARENT 2002 $
11. Provisions				
Employee entitlements (current)	**39,166**	21,182	**39,166**	21,182
Employee entitlements (non-current)	**15,441**	-	**15,441**	-
	54,607	21,182	**54,607**	21,182
Number of Employees at year end	**10**	9	**10**	9
12. Contributed equity				
Issued and paid up capital				
58,229,751 ordinary fully paid shares				
(2002: 43,947,039)			**18,307,061**	14,941,185

for the year ended 30 September 2003

	CONSOLIDATED ENTITY & PARENT ENTITY			
	2003		2002	
	Number	Amount	Number	Amount
Movement in issued capital				
Balance at beginning of year	**43,947,039**	**14,941,185**	40,380,539	13,344,983
Issue on exercise of options	-	-	1,290,000	383,580
Issue on exercise of warrants (options)	-	-	990,000	394,020
Private placement of shares	**7,595,185**	**1,974,748**	1,206,500	820,420
Public placement of shares	**3,532,644**	**812,508**	-	-
Issues for mineral claims	-	-	80,000	27,200
Issue under share purchase plan	**3,154,883**	**725,623**	-	-
	58,229,751	**18,454,064**	43,947,039	14,970,203
Less: Share issues costs	-	**(147,003)**	-	(29,018)
	58,229,751	**18,307,061**	43,947,039	14,941,185

Options

The parent entity had share options outstanding at 30 September 2003 as follows:

Number	Exercise Price	Expiry Date
181,250	CAN$0.61	30 April 2004
422,000	68 cents	28 April 2004
1,975,000	50 cents	28 February 2007
3,532,644	23 cents	30 April 2005
1,950,000	35 cents	28 March 2008

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$
13. Accumulated losses				
Accumulated losses at the beginning of the year	**7,522,948**	6,486,051	**7,520,625**	6,483,728
Net loss attributable to members of the parent entity	**1,663,149**	1,036,897	**1,665,472**	1,036,897
Accumulated losses at the end of the year	**9,186,097**	7,522,948	**9,186,097**	7,520,625

14. Commitments and contingencies

(i) Exploration commitments

In order to maintain current rights of tenure to exploration tenements, the consolidated and parent entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:-

	CONSOLIDATED & PARENT ENTITY	
	2003	2002
	$	$
Within one year	**2,034,293**	1,485,434
Later than one year but not later than five years	**8,137,172**	5,941,736
Later than five years	**760,000**	912,000
	10,931,465	8,339,170

If the company decides to relinquish certain tenements and / or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sole transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

In addition to the above, the parent entity has also established minimum exploration commitments through joint ventures. They are as follows:-

	CONSOLIDATED & PARENT ENTITY	
	2003	2002
	$	$
Within one year	**-**	350,000

(ii) Operating lease commitments

Operating lease commitments are as follows:-

Office rental		
Within one year	**91,280**	-
Later than one year but not later than five years	**114,100**	-
	205,380	-

(iii) Native Title

At the date of this report, claims had been lodged in relation to tenements held by the consolidated entity. The effect (if any) that these claims will have, or which future claims will have on the consolidated entity's tenements is not yet known.

(iv) Contingent liabilities

There are no known material contingent liabilities as at 30 September 2003.

for the year ended 30 September 2003

15. Remuneration of Directors and Executives

The numbers of Directors (excluding alternate directors) of the parent entity who received, or were due to receive remuneration, brokerage, commissions, bonuses, and salaries directly or indirectly (including fees paid to director related entities), from the parent entity or any related corporation during the financial year as shown in the following bands, were:

			CONSOLIDATED & PARENT ENTITY	
			2003	2002
$0	-	$9,999	**1**	1
$10,000	-	$19,999	**-**	2
$30,000	-	$39,999	**1**	-
$40,000	-	$49,999	**-**	1
$50,000	-	$59,999	**1**	-
$60,000	-	$69,999	**-**	2
$80,000	-	$89,999	**-**	1
$90,000	-	$99,999	**1**	-
$140,000	-	$149,999	**1**	-
$150,000	-	$159,999	**2**	-

The total of all remuneration, benefits, superannuation, bonuses, and salaries paid or payable or otherwise made available to Directors (excluding the fair value of options granted and fees paid to director related entities), by entities in the consolidated entity and related parties, in connection with the management by officers of the parent entity or its controlled entities was $394,975 (2002 $167,478). The fair value of options granted to directors in the year ended 30 June 2003 amounted to $147,510.

	CONSOLIDATED & PARENT ENTITY	
	2003	2002
Executive Remuneration		
Remuneration received or due and receivable by executive officers (including executive directors) of the consolidated entity (excluding share options), from entities in the consolidated entity and any related entities for management of the affairs of the consolidated entity, whose remuneration is $100,000 or more.	**3**	NIL
Retirement and Superannuation Payments		
Amounts of a prescribed benefit given during year by the parent entity or a related party to a Director or a prescribed superannuation fund in a connection with the retirement from a prescribed office totalled.	**62,697**	19,400

16. Segment information

The consolidated entity operates predominantly in the mining industry and principally within the geographical areas of Australia and Canada. Geographic segment information is as follows:-

	AUSTRALIA $	CANADA $	TOTAL $
(i) 2003			
Revenue from operating activities	102,246	1,575	103,821
Consolidated entity operating loss after income tax	(1,517,122)	(146,027)	(1,663,149)
Exploration and evaluation expenditure	6,973,567	-	6,973,567
Other assets	2,408,055	15,739	2,423,794
Segment assets	9,381,622	15,739	9,397,361
Segment liabilities	276,397	-	276,397
Acquisition of plant, equipment, vehicles, and exploration and evaluation expenditure	1,023,226	-	1,023,226
Depreciation and amortisation	49,468	519	49,987
Other non-cash expenses	667,260	-	667,260
(ii) 2002			
Revenue from operating activities	69,334	6,502	75,836
Consolidated entity operating loss after income tax	(770,567)	(266,330)	(1,036,897)
Exploration and evaluation expenditure	6,624,817	9,267	6,634,084
Other assets	650,641	240,562	891,203
Segment assets	7,275,458	249,829	7,525,287
Segment liabilities	107,050	-	107,050
Acquisition of plant, equipment, vehicles, and exploration and evaluation expenditure	1,498,913	-	1,498,913
Deprecation and amortisation	55,582	1,321	56,903
Other non-cash expenses	6,667	-	6,667

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2003 $	2002 $	**2003** $	2002 $
17. Remuneration of auditors				
The following total remuneration was received or receivable by				
> The auditors of the parent entity in respect of:				
Auditing or reviewing the Financial Report	**10,000**	7,710	**10,000**	7,710

for the year ended 30 September 2003

18. Related party transactions

Directors and Director Related Entities

(a) The Directors of the Company during the year were:

> Phillip G Crabb
> Frank DeMarte
> Brian Richardson
> Rick W Crabb
> Malcolm J Randall
> Jeremy C Caddy
> Ross J Glanville *(resigned in July 2003)*

(b) The following related party transactions occurred during the year:

(i) Directors' remuneration as disclosed in Note 15.

(ii) The parent entity has taken out Directors and Officers liability insurance at cost of $13,750.

(iii) Legal fees of $57,310 (2002 - $65,239) were paid to Blakiston & Crabb, a legal firm in which Mr R W Crabb is a partner.

(iv) Consulting fees of $46,331 (2002 - $39,996) were paid to REM Pty Ltd, a company in which Mr B D Richardson has a substantial interest.

(v) Office administration fees were paid to Gemini Mining Pty Ltd and Ragged Range mining Pty Ltd of $9,483 and $1,350 respectively for the year ended 30 September 2002. Mr Phillip Crabb has a substantial interests in both companies. No such costs were incurred in this financial year as it was compensated as part of his remunerations in this financial year.

(vi) The parent entity entered into an Option to Purchase Agreement with Darkdale Pty Ltd, a company in which Mr Phillip Crabb has a substantial interest, to acquire 100% interest in the Water Tank tenements for 750,000 ordinary shares and 375,000 options, exercisable at 50 cents each. To the date of this report, the option has not been exercised by the Company.

(c) Directors' Holdings of Shares and Options

The interests of the directors and their director related entities in shares and share options of entities within the consolidated entity at year end are set out below.

	NUMBER HELD 2003	NUMBER HELD 2002
Thundelarra Exploration Limited		
- Fully paid ordinary shares	**18,427,422**	18,887,566
- options over 35 cents ordinary shares expiring on 28 March 2008	**1,650,000**	-
- options over 50 cents ordinary shares expiring on 28 February 2007	**1,250,000**	1,650,000

19. Interest in joint ventures

The consolidated entity has interests in joint ventures as follows:

JOINT VENTURE	PRINCIPAL ACTIVITIES	PERCENTAGE INTEREST 2003	PERCENTAGE INTEREST 2002	EXPENDITURE CAPITALISED AT 30/9/03 $
Unincorporated				
Phillip Range Project	Diamonds	Diluting to 55%	Diluting to 55%	2,650,206
Rothsay (Central West)	Gold	Earning 70%	Earning 70%	319,283
Monti Cristo JV	Gold	50%	50%	50,450
Warriedar JV	Gold	Diluting to 40%	Diluting to 40%	78,317
Davyhurst JV	Gold	Diluting to 65%	Diluting to 65%	14,940
Water Tank Option	Gold	Earning 100%	Earning 100%	212,934
Copernicus/Salk ML JV	Nickel/Copper	Diluting to 40%	100%	642,687
				3,968,817

	CONSOLIDATED & PARENT ENTITY 2003 $	CONSOLIDATED & PARENT ENTITY 2002 $
20. Earnings per share		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	**47,987,012**	42,414,947

The diluted earnings per share (cents per share) has not been disclosed as it does not result in an inferior position to both the consolidated entity and parent entity.

21. Financial instruments

2003	Floating Interest Rate $	FIXED INTEREST RATE MATURING: 1 year or less $	FIXED INTEREST RATE MATURING: Over 1-5 years $	Non interest bearing $	Total $
Financial Assets					
Cash	2,003,228	103,870	-	8	2,107,106
Receivables	-	130,000	-	30,988	160,988
Total Financial Assets	2,003,228	233,870	-	30,996	2,268,094
Financial Liabilities					
Payables	-	-	-	(221,790)	(221,790)
Total Financial Liabilities	-	-	-	(221,790)	(221,790)
Net Financial Assets/(Liabilities)	2,003,228	233,870	-	(190,794)	2,046,304
Weighted Average Interest Rate	3.4%	4.3%	-	-	

for the year ended 30 September 2003

2002	Floating Interest Rate $	FIXED INTEREST RATE MATURING 1 year or less $	Over 1-5 years $	Non interest bearing $	Total $
21. Financial instruments (cont'd)					
Financial Assets					
Cash	1,609	631,458	-	133	633,200
Receivables	-	50,000	-	35,218	85,218
Total Financial Assets	1,609	681,458	-	35,351	718,418
Financial Liabilities					
Payables	-	-	-	(85,868)	(85,868)
Total Financial Liabilities	-	-	-	(85,868)	(85,868)
Net Financial Assets/(Liabilities)	1,609	681,458	-	(50,517)	632,550
Weighted Average Interest Rate	4.68%	4.73%	-	-	

Reconciliation of Net Financial Assets/(Liabilities) to Net Assets	**2003** **$**	2002 $
Net Financial Assets/(Liabilities)	**2,046,304**	632,550
Plant, Equipment and Vehicles	**155,700**	172,785
Exploration and Evaluation Expenditure	**6,973,567**	6,634,084
Provisions	**(54,607)**	(21,182)
Net Assets	**9,120,964**	7,418,237

(a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(b) Net Fair Values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

22. Post balance date events

Since the end of the financial year, the following transactions and events in the opinion of directors, are likely to effect significantly the operations of the Company, the results of these operations or the state of affairs of the Company:

(a) Since the end of the financial year, 560,000 fully paid ordinary shares were issued pursuant to the exercise of options granted by the Company.

(b) On 7 October 2003 the parent entity entered into a farm out and joint venture agreement with Lionore Mining International Limited in respect of its East Kimberly Nickel tenements. The principal terms include:

(i) Lionore farms into an area of approximately 50% of the 2,800 sq km ("First Area") held by Thundelarra.

(ii) Lionore will earn a 60% interest on the First Area by sole funding the first $5 million of exploration expenditures over 5 years.

(iii) Thundelarra will conduct its own exploration on its retained areas.

(c) At a general meeting held on 21 November 2003, it was resolved that the Company issue 7,800,000 fully paid ordinary shares at 45 cents, raising a total of $3,510,000 to Lionore. The shares were issued on 3 December 2003. A total of 11,000,000 free unlisted options, each to acquire 1 share at 68 cents on or before the 20 November 2007 were also issued to Lionore.

(d) At a general meeting held on 21 November 2003, it was resolved that the Company issue up to 5,878,975 Shortfall Shares at 36 cents each to Phillip Crabb, a director of Thundelarra, or his nominees, contemplated in the rights issue mentioned in paragraph (e). The approval of the resolution does not oblige Mr Crabb to participate in the issue of the Shortfall Shares, but gives him the right, should he wish to assist in the fundraising contemplated in the right issue. On 11 December 2003, Mr Crabb took up his rights and acquired 359,530 fully paid ordinary shares from the Shortfall shares and contributed approximately $129,431 to the total funds raised of $2,116,641 via the rights issues.

(e) On 1 December 2003 the Company raised approximately $2,116,641 by issuing 5,878,975 fully paid ordinary shares by way of a 1 for 10 renounceable right issue, at an issue price of 36 cents per share.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

23. Options issued to Directors, employees and consultants

At 30 September 2003 there were 3,955,000 options outstanding that had been issued to Directors, employees and consultants of the Company.

(1) The principal terms and conditions of 1,975,000 of these options are as follows:

> expiry 28 February 2007;

> exercisable into 1 ordinary share per option;

> exercise price of 50 cents per ordinary share;

> options not listed, but transferable;

(2) The principal terms and conditions of 1,950,000 of these options are as follows:

> expiry 28 March 2008;

> exercisable into 1 ordinary share per option;

> exercise price of 35 cents per ordinary share;

> options not listed, but transferable;

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(1) the financial statements and notes, as set out on pages 21 to 39:

(a) comply with Australian Accounting Standards and the Corporations Act 2001; and

(b) give a true and fair view of the financial position as at 30 September 2003 and of the performance of the Company and consolidated entity, as represented by the results of their operations and their cash flows, for the year ended on that date;

(2) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors.

PHILIP G CRABB
Director

18 December 2003

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THUNDELARRA EXPLORATION LIMITED

STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH WA 6005
TELEPHONE: (08) 9481 3188
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SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Thundelarra Exploration Limited (the Company) and the consolidated entity for the year ended 30 September 2003. The consolidated entity comprises both the company and the entities it controlled during the year. The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

> examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

> assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Thundelarra Exploration Limited is in accordance with:

a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 September 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTON PARTNERS

Stanton Partners

J P Van Dieren
Partner
Perth, Western Australia

18 December 2003

ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 15 December 2003 required by the Australian Stock Exchange Ltd is as follows:

1. Distribution of listed ordinary shares and options

DISTRIBUTION	NUMBER OF SHAREHOLDERS	NUMBER OF OPTION HOLDERS
1 - 1,000	107	-
1,001 - 5,000	450	-
5,001 - 10,000	318	19
10,001 - 100,000	652	35
100,001 and over	106	6
	1,633	60

(a) There were 68 shareholders holding less than a marketable parcel.

(b) The percentage of the total of the twenty largest holders of ordinary shares was 53.35 %.

2. Twenty largest shareholders and option holders

The names of the twenty largest shareholders are listed below:

NAME	NUMBER OF SHARES HELD	%
Ragged Range Mining Pty Ltd & Associates	15,357,065	21.19
Lionore Australia Pty Ltd	7,800,000	10.76
ANZ Nominees Limited	4,193,755	5.79
AMP Life Limited	1,615,524	2.23
Mr Frank DeMarte & Associates	1,454,726	2.01
Cogent Nominees Pty Ltd (SMP Accounts)	1,085,475	1.50
Mr Brian Richardson	1,025,581	1.42
CDS & Co (NCI Account)	775,873	1.07
Rick W Crabb & Carol J Crabb (Intermax Fund Account)	711,565	0.98
Gurravembi Investments Pty Ltd	660,000	0.91
Mrs Olive J Dunstan	572,000	0.79
Mr Simon Attwell	550,000	0.76
NEFCO Nominees Pty Ltd	500,000	0.69
Mr John Falconer	449,088	0.62
Equitas Nominees Pty Limited	390,000	0.54
National Nominees Limited	346,964	0.48
Westessa Holdings Pty Ltd	346,895	0.48
Mr Ross Spencer	279,000	0.38
Kimley Pty Ltd	275,000	0.38
J W Crabb & Co Pty Ltd	270,000	0.37
Total	38,658,511	53.35

The names of the twenty largest listed option holders are listed below:

NAME	NUMBER OF OPTIONS HELD	%
Mr Stacey A Radford	370,000	10.75
M Burton Pty Limited (Super Fund Account)	220,000	6.39
J W Crabb & Co Pty Ltd	200,000	5.81
S C Biggs Pty Ltd	200,000	5.81
Michael Angelakis Nominees Pty Ltd	187,944	5.46
P S Consulting Pty Ltd	130,000	3.78
Planet Capital Pty Ltd	100,000	2.90
Splicer Nominees Pty Ltd	100,000	2.90
Stopher Superannuation Pty Ltd	100,000	2.90
Super 1136 Pty Ltd	100,000	2.90
Sutton Nominees Pty Ltd	100,000	2.90
Bethania Trading Co Pty Ltd (Investment Account)	95,000	2.76
Mr Terry R Moore	90,000	2.61
Westglade Pty Ltd	90,000	2.61
Fair Choice Limited	86,700	2.52
Ms Charlotte Crabb	80,000	2.32
Mrs Kerry Boothey	67,000	1.95
Lincris Investments Pty Limited	60,000	1.74
Geared Investments Pty Ltd	50,000	1.45
Total	2,526,644	73.36

3. **Substantial shareholders**

An extract from the Company's register of substantial shareholders is set out below:

NAME	NUMBER OF SHARES HELD	%
Ragged Range Mining Pty Ltd & Associates	15,357,065	21.19
Lionore Australia Pty Ltd	7,800,000	10.76
ANZ Nominees Limited	4,193,755	5.79

4. **Voting rights**

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The Company's options have no voting rights.

5. **Stock exchange listing**

Thundelarra Exploration Limited ordinary shares on all member exchanges of the Australian Stock Exchange Limited. The home exchange is the Australian Stock Exchange (Perth) Limited.

6. **Restricted securities**

There are no ordinary shares on issue that have been classified by the Australian Stock Exchange Limited, Perth as restricted securities.

SCHEDULE OF TENEMENTS

TENEMENT NUMBER AND TYPE	TENEMENT NAME	HOLDER/APPLICANT	SHARES HELD	STATUS
CENTRAL KIMBERLEY				
E80/1499	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 17/02/92
E80/2306	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 13/11/97
E80/2307	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 13/11/97
E80/2486	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 06/04/00
E80/2462	Phillips Range	RRM THX	55/100ths 44/100ths	Pending (applied 10/03/99)
E80/2510	Phillips Range	RRM THX	56/100ths 44/100ths	Pending (applied 03/09/99)
E80/2561	Phillips Range	RRM THX	56/100ths 44/100ths	Pending (applied 22/00/00)
E80/2630	Phillips Range	RRM THX	5/100ths 95/100ths	Pending (applied 25/08/00)
E80/2650	Phillips Range	RRM THX	5/100ths 95/100ths	Pending (applied 27/10/00)
E80/2652	Phillips Range	RRM THX	5/100ths 95/100ths	Pending (applied 08/11/00)
E80/2684	Phillips Range	RRM THX	5/100ths 95/100ths	Pending (applied 22/12/00)
ELA80/2699	Phillips Range	RRM THX	5/100ths 95/100ths	Pending (applied 18/01/01)
M80/329	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 26/07/91
M80/331	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 21/12/91
ML80/489	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 27/07/98
MLA80/545	Phillips Range	RRM THX	5/100ths 95/100ths	Pending (applied 09/09/03)
P80/1294	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 28/07/94
P80/1295	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 28/07/94
PLA80/1375	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 20/11/02
P80/1376	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 20/11/02
P80/1377	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 20/11/02
P80/1378	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 20/11/02
P80/1379	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 20/11/02
P80/1380	Phillips Range	RRM THX	5/100ths 95/100ths	Granted 20/11/02
P80/1500	Phillips Range	RRM THX	56/100ths 44/100ths	Granted 4/12/02
P80/1501	Phillips Range	RRM THX	56/100ths 44/100ths	Granted 4/12/02

TENEMENT NUMBER AND TYPE	TENEMENT NAME	HOLDER/APPLICANT	SHARES HELD	STATUS
EAST KIMBERLEY				
E80/2569	Big Ben	THX	100/100ths	Granted 23/08/01
E80/2578	Alice Hill North	THX	100/100ths	Granted 23/08/01
ELA80/3268	Armanda River	THX	100/100ths	Pending (applied 06/10/03)
ELA80/3276	Turkey Hill	THX	100/100ths	Pending (applied 23/10/03)
ELA80/3283	Turner Spring	THX	100/100ths	Pending (applied 05/11/03)
ELA80/3284	Chinamans	THX	100/100ths	Pending (applied 07/11/03)
ELA80/3293	Spring Creek Fork	THX	100/100ths	Pending (applied 19/11/03)
ELA80/3294	West Spring Creek	THX	100/100ths	Pending (applied 19/11/03)
P80/1494	Billymac Yard	THX	100/100ths	Pending (applied 13/02/02)
E80/2572	Billymac Yard	Attgold	100/100ths	Granted 23/07/02
E80/2601	Lamboo	Attgold	100/100ths	Granted 29/07/02
E80/2607	Corkwood South	Attgold	100/100ths	Granted 23/05/02
E80/2565	West McIntosh	B Wasse	0/100ths	Granted 15/03/02
E80/2579	Togo	Am-Aust, Wasse, Voermans	0/100ths	Granted 15/03/02
E80/2634	Nine Mile	THX	100/100ths	Granted 02/10/01
E80/3233	Turkey Creek South	THX	100/100ths	Pending (applied 05/06/03)
PLA80/1502	Corkwood South	THX	100/100ths	Pending (applied 28/02/02)
E80/2635	Corkwood North	Attgold	100/100ths	Granted 23/05/02
E80/2290	Panton North	THX KMN	35/100ths 65/100ths	Granted 24/06/98
E80/2751	Turkey Creek	THX	100/100ths	Granted 03/09/02
E80/2750	Bow River East	THX	100/100ths	Granted 03/09/02
E80/2749	Sally Downs Well	THX	100/100ths	Pending (applied 03/04/01)
E80/2748	Dave Hill	THX	100/100ths	Pending (applied 03/04/01)
E80/2746	Nortons	THX	100/100ths	Granted 18/06/02
PLA80/1519	Nortons	THX	100/100ths	Pending (applied 01/04/03)
E80/2716	Eileen Bore	THX	100/100ths	Granted 08/02/02
P80/1426	Eileen Bore	THX	100/100ths	Granted 20/02/02

SCHEDULE OF TENEMENTS (continued)

TENEMENT NUMBER AND TYPE	TENEMENT NAME	HOLDER/APPLICANT	SHARES HELD	STATUS
P80/1427	Eileen Bore	THX	100/100ths	Granted 20/02/02
P80/1505	Eileen Bore	Hamdorf Geo Services	0/100ths	Granted 17/06/03
P80/1506	Eileen Bore	THX	100/100ths	Granted 17/06/03
ELA80/2720	Panton South	THX	100/100ths	Pending (applied 15/03/01)
PLA80/1496	Panton South	THX	100/100ths	Pending (applied 13/02/02)
ELA/2805	Panton West	THX	100/100ths	Pending (applied 12/09/01)
ELA80/2817	Mable Downs	THX	100/100ths	Pending (applied 13/11/01)
E80/2824	Mable West	THX	100/100ths	Granted 03/09/02
E80/2827	Bow River West	THX	100/100ths	Granted 07/10/02
E80/2835	McKenzie Spring	THX	100/100ths	Granted 07/10/02
ELA80/2836	Frog Hollow	THX	100/100ths	Pending (applied 24/01/02)
ELA80/2838	Edle Creek	THX	100/100ths	Pending (applied 29/01/02)
E80/2865	Fletcher Creek	THX	100/100ths	Granted 07/10/02
ELA80/2866	Warmun	THX	100/100ths	Pending (applied 07/02/02)
MLA80/2867	Warmun	THX	100/100ths	Pending (applied 07/02/02)
ELA80/2878	Fish Hole	THX	100/100ths	Pending (applied 07/02/02)
MLA80/540	Copernicus	THX	100/100ths	Pending (applied 16/06/03)
SOUTHERN MURCHISON				
E59/807	Jarabee Well	THX	100/100ths	Granted 13/10/97
M59/63	Baron	THX FXL	100/100ths	Granted 13/10/87
E59/1108	Baron	THX	100/100ths	Pending (applied 23/04/02)
P59/1620	Baron	THX	100/100ths	Pending (applied 23/04/02)
P59/1621	Baron	THX	100/100ths	Pending (applied 23/04/02)
P59/1622	Baron	THX	100/100ths	Pending (applied 23/04/02)
P59/1623	Baron	THX	100/100ths	Pending (applied 23/04/02)
P59/1624	Baron	THX	100/100ths	Pending (applied 23/04/02)
P59/1530	Gabyon	King, Lee & Mulcahy	0/100ths	Granted 09/08/00

SCHEDULE OF TENEMENTS (continued)

TENEMENT NUMBER AND TYPE	TENEMENT NAME	HOLDER/APPLICANT	SHARES HELD	STATUS
P59/1369	Pinyalling	THX	100/100ths	Granted 21/02/95
P59/1370	Pinyalling	THX	100/100ths	Granted 21/02/95
P59/1371	Pinyalling	THX	100/100ths	Granted 21/02/95
P59/1372	Pinyalling	THX	100/100ths	Granted 21/02/95
P59/1373	Pinyalling	THX	100/100ths	Granted 21/02/95
MLA59/518	Pinyalling	THX	100/100ths	Pending (applied 17/02/99)
L59/24	Rothsay	CWG/THX	70/100ths	Granted 22/08/89
M59/39	Rothsay	CWG/THX	70/100ths	Granted 04/12/86
M59/40	Rothsay	CWG/THX	70/100ths	Granted 04/12/86
E59/631	Fields Find	THX	100/100ths	Granted 29/08/95
E59/633	Fields Find	THX	100/100ths	Granted 19/10/95
E59/846	Fields Find	THX	100/100ths	Granted 01/07/99
E59/848	Fields Find	THX	100/100ths	Granted 01/07/99
E59/1149	Fields Find	THX	100./100ths	Pending (applied 16/10/03)
P59/1186	Fields Find	THX	100/100ths	Granted 23/03/93
MLA59/456	Fields Find	THX	100/100ths	Pending (marked out 20/03/97)
MLA59/581	Warriedar	THX	100/100ths	Pending (applied 12/02/03)
MLA59/583	Warriedar	THX	100/100ths	Pending (applied 22/05/03)
E59/723	Warriedar	THX	100/100ths	Granted 16/01/97
E59/849	Warriedar	THX	100/100ths	Granted 21/01/00
E59/850	Warriedar	THX	100/100ths	Granted 15/12/99
E59/887	Warriedar	MWE	100/100ths	Pending (applied 28/07/98)
E59/888	Warriedar	MWE	100/100ths	Pending (applied 28/07/98)
E59/935	Warriedar	MWE	100/100ths	Pending (applied 28/01/99)
EASTERN GOLDFIELDS				
E16/175	Davyhurst	THX	100/100ths	Granted 16/01/02
MLA63/333	Watertank	DAR	100/100ths	Pending (applied 28/11/95)

SCHEDULE OF TENEMENTS (continued)

TENEMENT NUMBER AND TYPE	TENEMENT NAME	HOLDER/APPLICANT	SHARES HELD	STATUS
P63/713	Watertank	DAR	0/100ths	Granted 03/12/91
P63/714	Watertank	DAR	0/100ths	Granted 03/12/91
P63/715	Watertank	DAR	0/100ths	Granted 03/12/91
WEST PILBARA				
ELA47/1304	Warrambie	THX	100/100ths	Pending (applied 18/09/03)
ELA47/1305	Warrambie	THX	100/100ths	Pending (applied 18/09/03
OTHER				
ELA52/1604	Prairie Downs	THX	100/100ths	Pending (applied 08/01/02)
ELA59/1117	Tallering	THX	100/100ths	Pending (applied 30/07/02)
ELA77/1204	Jilbadji	THX	100/100ths	Pending (applied 20/11/03)
P59/1545	Monti Cristo	THX BYR	48/100ths 48/100ths	Granted 09/08/02
P59/1546	Monti Cristo	THX BYR	48/100ths 48/100ths	Granted 09/08/02
P59/1547	Monti Cristo	THX BYR	48/100ths 48/100ths	Granted 09/08/02
P59/1548	Monti Cristo	THX BYR	48/100ths 48/100ths	Granted 09/08/02
ELA59/1125	Monti Cristo	THX	100/100ths	Pending (applied 16/10/02)

Key to Tenement Type:

E	=	Exploration License
ELA	=	Exploration License Application
L	=	Miscellaneous License
M	=	Mining Lease
MLA	=	Mining Lease Application
P	=	Prospecting License
PLA	=	Prospecting License Application

Key to Parties:

Attgold	=	Attgold Pty Ltd
CWG	=	Central West Gold
FXL	=	Mawson West Limited
RRM	=	Ragged Range Mining Pty Ltd
THX	=	Thundelarra Exploration Limited
KMN	=	Kimberley Mining NL
DAR	=	Darkdale Pty Ltd
BYR	=	Byron Exploration Pty Ltd

www.thundelarra.com

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