

**ASX
ANNOUNCEMENT**

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**THUNDELARRA
EXPLORATION**

COPERNICUS FEASIBILITY STUDY

Thundelarra Exploration Ltd is pleased to announce details of the Copernicus Nickel Project^{*} feasibility study.

The feasibility study was prepared by Copernicus Joint Venture Manager, Sally Malay Mining Limited. The development of an open pit mine followed by underground mining of the deeper resource has been evaluated. It is proposed to truck all ore to the existing Sally Malay plant for processing.

A Probable Mining Reserve of 784,000 tonnes grading 1.1% nickel, 0.67% copper and 0.05% cobalt was calculated for the combined open pit and underground development.

Establishment costs are forecast to be low due to the use of existing infrastructure. Thundelarra's share of expenditure required to attain first cash flow has been estimated at \$5.3 million.

The project was evaluated at nickel prices ranging from US\$20,000 to US\$50,000 per tonne. Both the open pit and underground mine demonstrated robust economics at current prices, however the underground component of the project would be sub-economic at the lower end of the price range. Estimates of project NPV for the combined open pit and underground development ranged from \$7 million to \$150 million.

The joint venture has committed to development of the open pit mine and subject to finalisation of statutory approvals, ore production is scheduled to commence in the June quarter of 2008. The underground phase of the project will be reviewed mid next year following completion of additional resource extension drilling and an assessment of metal prices at that time.

Three RC holes were drilled earlier this month to test electro-magnetic anomalies located down plunge from the existing Copernicus resource. Assays are awaited, however all three holes intersected Copernicus style mineralisation.

The latest drilling supports the potential for an expanded resource at Copernicus, which would be expected to further enhance the economics of underground mining. Additional drilling is planned for the current field season.

A more comprehensive summary of the feasibility study results is provided in the following pages.

^{*}The Copernicus Nickel Project is a joint venture between Thundelarra Exploration Ltd (40%) and Sally Malay Mining Limited (60%).

Mineral Resources & Ore Reserves

The Copernicus Mineral Resource has been estimated at 852,000 tonnes grading 1.24% Nickel (see Table 1) 97% of the resource is classified as Measured or Indicated and is situated within 300 metres of the surface.

Table 1 - Mineral Resource Estimate December 2006 (Undiluted, 0.5% Ni Cut-off)

Class	Tonnes	Ni %	Cu %	Co %	Ni Tonnes	Cu Tonnes	Co Tonnes
Measured	373,000	1.13	0.66	0.05	4,220	2,460	190
Indicated	454,000	1.35	0.95	0.05	6,130	4,310	220
Inferred	25,000	0.98	0.69	0.03	250	240	10
Total	852,000	1.24	0.81	0.05	10,600	6,900	420

A Probable Mining Reserve of 784,000 tonnes grading 1.1% nickel has been estimated for the combined open pit and underground development (see Table 2). The reserve incorporates allowances for ore loss and dilution that are considered appropriate for the proposed mining method. The reserve tonnage is included within the reported resource.

Table 2- Probable Mining Reserve April 2007 (Open Pit 0.5% Ni Cut-off, Underground 0.8% Ni Cut-off)

Class	Tonnes	Ni %	Cu %	Co %	Ni Tonnes	Cu Tonnes	Co Tonnes
Open Pit	437,000	1.0	0.65	0.05	4,370	2,840	220
Underground	347,000	1.2	0.70	0.04	4,150	2,420	140
Total	784,000	1.1	0.67	0.05	8,520	5,260	360

Proposed Operations

Development of the project is scheduled to commence in the March quarter of 2008, subject to the receipt of all necessary statutory approvals. A key step in this process is the documentation of a co-existence agreement with the Traditional Owners which is expected to be completed in approximately one month, paving the way for the Copernicus mining lease to be granted.

Open pit mining is scheduled to commence in the June quarter of 2008 and will be carried out by a contractor under the direction of the Joint Venture Manager. The underground resource would be accessed via a decline developed from just above the base of the completed pit. Underground development is tentatively scheduled to commence in late 2008. It is proposed that underground mining will be carried out on an owner-operator basis with personnel employed by the Joint Venture Manager operating equipment owned by the Joint Venture.

All ore will initially be stockpiled at Copernicus before being trucked to the Sally Malay plant by a haulage contractor for processing. Copernicus ore will be batch treated between parcels of Sally Malay ore. Processing of open pit ore is scheduled to commence in the June quarter 2008 and be completed by the June quarter of 2010. Underground production would extend continuous operations through to the March quarter of 2012 based on the existing resource.

Establishment costs are low due to the availability of existing processing facilities and infrastructure and the adoption of contract mining for the open pit mining phase of the project. Based on feasibility study estimates Thundelarra will be required to commit \$5.3 million towards establishment costs and working capital prior to the first receipt of concentrate sales proceeds.

The underground phase of the project would incur higher establishment costs due to the intention to undertake owner mining and the up-front costs associated with developing access to the ore body and installing the on-site infrastructure necessary to support an underground operation. However cash flow from open pit operations is forecast to cover all underground establishment costs and no further capital contributions are anticipated.

Nickel recovery is estimated to average 76% and concentrate containing 6,500 tonnes of nickel, 4,750 tonnes of copper and 220 tonnes of cobalt would be produced over the initial four year life of the open pit and underground mine. For the purposes of the feasibility study it has been assumed that Copernicus concentrate will be sold to the Jinchuan Group of China under the same terms as Sally Malay concentrate.

Project Economics

The Copernicus Nickel Project has been financially modelled at nickel prices ranging from US\$20,000 per tonne to US\$50,000 per tonne. The resulting range of net present values for the open pit alone and the combined open pit and underground mine are shown in Table 3. In each case a copper price of US\$5,500 per tonne and cobalt price of US\$40,000 per tonne were used to calculate minor metal credits. Exchange rates in the range of 0.720 to 0.755 were adopted in line with recent (April 2007) bank forecasts. A discount rate of 8% was used.

Table 3: Copernicus Project NPV - nickel price scenarios

	Project NPV (8%)	
Nickel Price	Open Pit Only	Open Pit & Underground
US\$20,000/t	A\$11 million	A\$7 million
US\$30,000/t	A\$34 million	A\$54 million
US\$40,000/t	A\$62 million	A\$102 million
US\$50,000/t	A\$87 million	A\$150 million

At current metal prices the economics of both the open pit and underground mine are robust, but the viability of developing the current underground resource would be challenged if there was significant price deterioration.

The economics of underground mining at Copernicus are expected to be enhanced through the expansion of reserves which would enable establishment costs to be amortised over a longer period and could potentially result in improved operating economies of scale. Assessment of the underground phase of the project will be updated upon completion of additional resource extension drilling.

Notes:

The resource estimate is based on a 3D Surpac block model utilising a block size of 10m NS x 5m EW x 10m vertical with 2.5m x 1.25m x 2.5m sub-cells. The model contains 12 surface diamond holes and 52 surface RC holes, comprising a total of 9,054m of drilling. All holes have been accurately located using DGPS technology and down hole gyroscopic and Eastman survey instruments. Grade interpolation is by Ordinary Kriging (Ni & Cu) and Inverse Distance (Co) techniques using an oriented search ellipse based on the geometry of the mineralization.

The Mineral Resource is largely classified as Measured or Indicated due to the good continuity of the mineralisation, the adequate drill hole spacing and the confidence gained from QA/QC checks and data validation. A small zone of isolated mineralisation between 400 and 460m below the surface has been classified as Inferred due to uncertainties in continuity of grade and extent.

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr John Hicks. Mr Hicks is a full-time employee of Sally Malay Mining Limited. Mr Hicks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hicks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report relating to Mineral Resources has been either completed by or reviewed by Mr Paul Payne of Resource Evaluations Pty Ltd. Mr Payne is a member of The Australasian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report relating to Mining Studies and Ore Reserves has been provided by Chris Williams and Jon Bayley who are full-time employees of Sally Malay Mining Limited.