

# **THUNDELARRA EXPLORATION LTD**

ABN 74 950 465 654

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 MARCH 2008**

**THUNDELARRA EXPLORATION LTD**  
ABN 74 950 465 654

**HALF-YEAR FINANCIAL REPORT – 31 MARCH 2008**

***CONTENTS***

|                                                            |    |
|------------------------------------------------------------|----|
| Corporate Directory.....                                   | 1  |
| Directors' Report.....                                     | 2  |
| Condensed Income Statement.....                            | 3  |
| Condensed Balance Sheet.....                               | 4  |
| Condensed Cash Flow Statement.....                         | 5  |
| Condensed Statement of Changes in Equity.....              | 6  |
| Condensed Notes to the Half-Year Financial Statements..... | 7  |
| Directors' Declaration.....                                | 12 |
| Independent Auditor's Review Report to the Members.....    | 16 |
| Auditor's Independence Declaration.....                    | 18 |

**THUNDELARRA EXPLORATION LTD**  
**ABN 74 950 465 654**

***CORPORATE DIRECTORY***

**DIRECTORS**

|                    |                          |
|--------------------|--------------------------|
| Philip G Crabb     | (Chairman)               |
| Brett T Lambert    | (Managing Director)      |
| Frank DeMarte      | (Executive Director)     |
| Brian D Richardson | (Executive Director)     |
| Malcolm J Randall  | (Non Executive Director) |

**COMPANY SECRETARY**

Frank DeMarte

**REGISTERED OFFICE**

Suite 2  
Level 3, IBM Building  
1060 Hay Street  
WEST PERTH WA 6005

Telephone: (08) 9321 9680

Facsimile: (08) 9321 9670

Email: perth@thundelarra.com

**SHARE REGISTRY**

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

**AUDITORS**

Stantons International  
Level 1, 1 Havelock Street  
WEST PERTH WA 6005

**SOLICITORS**

Blakiston & Crabb  
1202 Hay Street  
WEST PERTH WA 6005

**STOCK EXCHANGE LISTING**

The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").

Home Exchange: Perth, Western Australia

**ASX CODES**

THX, THXO

**WEB**

[www.thundelarra.com](http://www.thundelarra.com)

## ***DIRECTORS' REPORT***

Your directors submit their report on the Company for the half year ended 31 March 2008.

### **DIRECTORS**

The names of the Company's directors in office during the half year and until the date of this report are:

Philip G Crabb  
Brett T Lambert  
Frank DeMarte  
Brian D Richardson  
Malcolm J Randall

### **RESULT**

The consolidated entity incurred an after tax operating profit for the half year ended 31 March 2008 of \$4,318,599 (half year ended 31 March 2007 loss: \$991,945).

### **PRINCIPAL ACTIVITY**

The principal activities of the consolidated entity during the financial half year were in the exploration for mineral resources in Australia.

### **REVIEW OF OPERATIONS**

During the period, the Company continued its exploration activities in Australia.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

There has not been any matters that have arisen since the end of the half year that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, on the state of the affairs of the Company in future financial years with the exception of any matters mentioned in note 7 of this report.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 18.

Signed in accordance with a resolution of the Directors:



Brett T Lambert  
Director

Perth, 3 June 2008

**CONDENSED INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

|                                                                                   | Note | Consolidated<br>31 March 2008<br>\$ | Half Year Ended<br>31 March 2007<br>\$ |
|-----------------------------------------------------------------------------------|------|-------------------------------------|----------------------------------------|
| <b>CONTINUING OPERATIONS</b>                                                      |      |                                     |                                        |
| Revenue                                                                           | 3    | 9,548,071                           | 195,793                                |
| Other expenses                                                                    | 3    | (2,470,737)                         | (1,187,738)                            |
| <b>Profit/(Loss) from continuing operations before income tax</b>                 |      | 7,077,334                           | (991,945)                              |
| Income tax expense                                                                |      | (2,758,735)                         | -                                      |
| <b>Profit/(Loss) after tax from continuing operations attributable to members</b> |      | 4,318,599                           | (991,945)                              |
| Profit/(Loss) per share attributable to ordinary equity holders:                  |      |                                     |                                        |
| Basic earnings/(loss) for the half year (cents per share)                         | 4    | 3.88                                | (0.99)                                 |
| Diluted earnings/(loss) for the half year (cents per share)                       | 4    | 3.65                                | (0.99)                                 |

The above Condensed Income Statement should be read in conjunction with the accompanying notes.

**CONDENSED BALANCE SHEET**  
**AS AT 31 MARCH 2008**

|                                        | Note | Consolidated<br>31 March 2008<br>\$ | Consolidated<br>30 September 2007<br>\$ |
|----------------------------------------|------|-------------------------------------|-----------------------------------------|
| <b>ASSETS</b>                          |      |                                     |                                         |
| <b>Current Assets</b>                  |      |                                     |                                         |
| Cash and cash equivalents              | 9    | 10,431,714                          | 2,814,510                               |
| Trade and other receivables            |      | 112,640                             | 140,276                                 |
| Other financial assets                 |      | 617,107                             | 752,500                                 |
| <b>Total Current Assets</b>            |      | <u>11,161,461</u>                   | <u>3,707,286</u>                        |
| <b>Non-Current Assets</b>              |      |                                     |                                         |
| Receivables                            |      | 125,396                             | 127,581                                 |
| Other financial assets                 |      | 26,520,000                          | 27,820,589                              |
| Property, plant and equipment          |      | 376,171                             | 258,770                                 |
| Exploration and evaluation expenditure |      | 11,864,233                          | 7,550,037                               |
| Deferred tax asset                     |      | 4,163,795                           | 5,718,206                               |
| <b>Total Non-Current Assets</b>        |      | <u>43,049,595</u>                   | <u>41,475,183</u>                       |
| <b>TOTAL ASSETS</b>                    |      | <u>54,211,056</u>                   | <u>45,182,469</u>                       |
| <b>LIABILITIES</b>                     |      |                                     |                                         |
| <b>Current Liabilities</b>             |      |                                     |                                         |
| Trade and other payables               |      | 173,364                             | 161,401                                 |
| Provisions                             |      | 128,331                             | 89,282                                  |
| <b>Total Current Liabilities</b>       |      | <u>301,695</u>                      | <u>250,683</u>                          |
| <b>Non Current Liabilities</b>         |      |                                     |                                         |
| Provisions                             |      | 60,270                              | 22,197                                  |
| Deferred tax liability                 |      | 10,658,021                          | 9,718,606                               |
| <b>Total Non Current Liabilities</b>   |      | <u>10,718,291</u>                   | <u>9,740,803</u>                        |
| <b>TOTAL LIABILITIES</b>               |      | <u>11,019,986</u>                   | <u>9,991,486</u>                        |
| <b>NET ASSETS</b>                      |      | <u>43,191,070</u>                   | <u>35,190,983</u>                       |
| <b>EQUITY</b>                          |      |                                     |                                         |
| Contributed Equity                     | 5    | 32,791,061                          | 30,408,499                              |
| Other reserves                         |      | 20,736,135                          | 19,437,209                              |
| Accumulated losses                     |      | (10,336,126)                        | (14,654,725)                            |
| <b>TOTAL EQUITY</b>                    |      | <u>43,191,070</u>                   | <u>35,190,983</u>                       |

The above Condensed Balance Sheet should be read in conjunction with the accompanying notes.

**CONDENSED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

|                                                                    | Note | Consolidated Half<br>Year Ended<br>31 March 2008<br>\$ | Consolidated<br>Half Year Ended<br>31 March 2007<br>\$ |
|--------------------------------------------------------------------|------|--------------------------------------------------------|--------------------------------------------------------|
| <b>Cash flows from operating activities</b>                        |      |                                                        |                                                        |
| Other revenue received                                             |      | 11,759                                                 | 606                                                    |
| Payments to suppliers and employees                                |      | (771,000)                                              | (764,134)                                              |
| Interest received                                                  |      | 174,890                                                | 80,785                                                 |
| <b>Net cash flows used in operating activities</b>                 |      | <u>(584,351)</u>                                       | <u>(682,743)</u>                                       |
| <b>Cash flows from investing activities</b>                        |      |                                                        |                                                        |
| Exploration and evaluation expenditure                             |      | (1,412,211)                                            | (1,236,148)                                            |
| Proceeds from sale of plant and equipment                          |      | 3,500                                                  | 1,950                                                  |
| Proceeds from sale of investments                                  |      | 9,473,483                                              | -                                                      |
| Payments for plant and equipment                                   |      | (161,959)                                              | (29,798)                                               |
| Payments for investments                                           |      | (76,320)                                               | (344,446)                                              |
| <b>Net cash flows (used in)/from investing activities</b>          |      | <u>7,826,493</u>                                       | <u>(1,608,442)</u>                                     |
| <b>Cash flows from financing activities</b>                        |      |                                                        |                                                        |
| Net proceeds from issue of shares                                  |      | 375,062                                                | 2,906,144                                              |
| <b>Net cash flows from/(used in) financing activities</b>          |      | <u>375,062</u>                                         | <u>2,906,144</u>                                       |
| <b>Net increase/(decrease) in cash and cash equivalents held</b>   |      | 7,617,204                                              | 614,959                                                |
| <b>Cash and cash equivalents at the beginning of the half year</b> |      | 2,814,510                                              | 2,751,544                                              |
| <b>Cash and cash equivalents at the end of the half year</b>       | 9    | <u>10,431,714</u>                                      | <u>3,366,503</u>                                       |

The above Condensed Cash Flow Statement should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

| <b>CONSOLIDATED</b>                                 | <b>Issued<br/>capital<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Other<br/>reserves<br/>\$</b> | <b>Total<br/>equity<br/>\$</b> |
|-----------------------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------|
| <b>At 1 October 2006</b>                            | 26,695,050                       | (15,801,109)                         | 2,901,872                        | 13,795,813                     |
| Issue of shares                                     | 3,092,908                        | -                                    | -                                | 3,092,908                      |
| Cost of share issues                                | (186,764)                        | -                                    | -                                | (186,764)                      |
| Cost of share based payments                        | -                                | -                                    | 235,036                          | 235,036                        |
| Net gains on available for sale<br>financial assets | -                                | -                                    | 6,060,967                        | 6,060,967                      |
| Loss for the period                                 | -                                | (991,945)                            | -                                | (991,945)                      |
|                                                     | 2,906,144                        | (991,945)                            | 6,296,003                        | 8,210,202                      |
| <b>At 31 March 2007</b>                             | 29,601,194                       | (16,793,054)                         | 9,197,875                        | 22,006,015                     |

| <b>CONSOLIDATED</b>                                    | <b>Issued<br/>Capital<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Other<br/>reserves<br/>\$</b> | <b>Total<br/>equity<br/>\$</b> |
|--------------------------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------|
| <b>At 1 October 2007</b>                               | 30,408,499                       | (14,654,725)                         | 19,437,209                       | 35,190,983                     |
| Issue of shares                                        | 2,382,562                        | -                                    | -                                | 2,382,562                      |
| Cost of share issues                                   | -                                | -                                    | -                                | -                              |
| Cost of share based payments                           | -                                | -                                    | 1,847,602                        | 1,847,602                      |
| Net gains on available for sale<br>financial assets    | -                                | -                                    | 7,344,000                        | 7,344,000                      |
| Deferred tax on items recognised<br>directly in equity | -                                | -                                    | 264,908                          | 264,908                        |
| Transfer of fair value reserve to<br>income            | -                                | -                                    | (8,157,584)                      | (8,157,584)                    |
| Profit /(Loss) for the period                          | -                                | 4,318,599                            | -                                | 4,318,599                      |
|                                                        | 2,382,562                        | 4,318,599                            | 1,298,926                        | 8,000,087                      |
| <b>At 31 March 2008</b>                                | 32,791,061                       | (10,336,126)                         | 20,736,135                       | 43,191,070                     |

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 MARCH 2008**

**1. CORPORATE INFORMATION**

The financial report of Thundelarra Exploration Ltd (the Company) for the half-year ended 31 March 2008 was authorised for issue in accordance with a resolution of the director's on 3 June 2008. Thundelarra Exploration Ltd is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd.

The nature of the operations and principal activities of the Group are described in the Review of Operations in the Directors' report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

This general-purpose condensed financial report for the half year reporting period ended 31 March 2008 has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of the Thundelarra Exploration Ltd for the year ended 30 September 2007 together with any public announcements made by the Company during the half year ended 31 March 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 September 2007.

**(b) Changes in accounting policies**

Since 1 October 2007, the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007. Adoption of these standards and Interpretations did not have any effect on the financial performance or position of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132,101,114,117,133,139,1,4, 1023 and 1038)
- ASB 2007-04 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 and 108)

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 MARCH 2008**

**3. REVENUE, INCOME AND EXPENSES**

Profit/(Loss) before income tax has been arrived at after including:-

|                                                       | Consolidated<br>31 March 2008<br>\$ | Consolidated<br>31 March 2007<br>\$ |
|-------------------------------------------------------|-------------------------------------|-------------------------------------|
| REVENUE                                               |                                     |                                     |
| Interest revenue                                      | 202,926                             | 80,785                              |
| Sundry income                                         | 11,759                              | 606                                 |
| Increase in net market value of investments           | -                                   | 114,153                             |
|                                                       | <u>214,685</u>                      | <u>195,544</u>                      |
| Proceeds from sale of plant & equipment               | 3,500                               | 1,950                               |
| Cost of plant & equipment sold                        | (1,264)                             | (1,701)                             |
| Net gain on disposal of plant & equipment             | <u>2,236</u>                        | <u>249</u>                          |
| Net gain on disposal of investments<br>comprises:     |                                     |                                     |
| Transfer of fair value reserve to income<br>statement | 8,157,584                           | -                                   |
| Gain on disposal of investments                       | 1,173,566                           | -                                   |
| Net gain on disposal of investments                   | <u>9,331,150</u>                    | <u>-</u>                            |
| Total Revenue                                         | <u>9,548,071</u>                    | <u>195,793</u>                      |
| OTHER EXPENSES                                        |                                     |                                     |
| Depreciation                                          | (43,293)                            | (35,652)                            |
| Exploration expenditure written off                   | (267,166)                           | (314,113)                           |
| Share based payment expenses                          | (726,102)                           | (235,036)                           |
| Legal costs                                           | -                                   | (6,574)                             |
| Borrowing costs                                       | -                                   | (2,021)                             |
| Employee benefits expenses                            | (491,984)                           | (211,523)                           |
| Other operating expenses                              | <u>(942,192)</u>                    | <u>(382,819)</u>                    |
| Total Expenses                                        | <u>(2,470,737)</u>                  | <u>(1,187,738)</u>                  |
| Proceeds from sale of investments                     | 9,473,483                           | -                                   |
| Cost of investments sold                              | <u>(142,333)</u>                    | <u>-</u>                            |
| Net Gain on disposal of investments                   | <u>9,331,150</u>                    | <u>-</u>                            |

**4. EARNINGS PER SHARE**

|                                                                                                        |             |            |
|--------------------------------------------------------------------------------------------------------|-------------|------------|
| Basic earnings/(loss) (cents per share)                                                                | 3.88        | (0.99)     |
| Diluted earnings/(loss) (cents per share)                                                              | 3.65        | (0.99)     |
| Weighted average number of ordinary shares<br>outstanding during the half year used in the calculation |             |            |
| ▪ Basic earnings per share                                                                             | 111,376,048 | 99,769,404 |
| ▪ Diluted earnings per share                                                                           | 6,872,034   | 99,769,404 |

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**5. CONTRIBUTED EQUITY**

**(a) Issued and paid up capital**

|                                                       | Consolidated<br>31 March 2008<br>\$ | Consolidated<br>30 September 2007<br>\$ |
|-------------------------------------------------------|-------------------------------------|-----------------------------------------|
| <b>Ordinary shares</b>                                |                                     |                                         |
| Issued and fully paid 113,897,809 (2007: 108,042,150) | <u>32,791,061</u>                   | <u>30,408,499</u>                       |

**(b) Movement in ordinary shares on issue**

|                                          | Number of<br>Shares | Issue<br>Price<br>\$ | Total<br>\$       |
|------------------------------------------|---------------------|----------------------|-------------------|
| 1/10/2007 Opening Balance                | 108,042,150         |                      | 30,408,499        |
| 19/10/2007 Issue on exercise of options  | 192,250             | 0.19                 | 36,527            |
| 30/10/2007 Issue on exercise of options  | 37,026              | 0.19                 | 7,035             |
| 12/11/2007 Acquisition of tenement       | 106,383             | 0.47                 | 50,000            |
| 30/11/2007 Acquisition of uranium rights | 4,500,000           | 0.435                | 1,957,500         |
| 26/03/2008 Issue on exercise of options  | 50,000              | 0.325                | 16,250            |
| 28/03/2008 Issue on exercise of options  | 970,000             | 0.325                | 315,250           |
| <b>Balance at 31 March 2008</b>          | <u>113,897,809</u>  |                      | <u>32,791,061</u> |

**(c) Movement in options on issue**

|                                                                            | Number of<br>Options<br><br>31 March 2008 |
|----------------------------------------------------------------------------|-------------------------------------------|
| (i) Unquoted options exercisable at 32.5 cents, on or before 28 March 2008 |                                           |
| Opening balance                                                            | 1,095,000                                 |
| Issued during the half year                                                | -                                         |
| Exercised during the half year                                             | (1,020,000)                               |
| Options lapsed during the half year                                        | <u>(75,000)</u>                           |
| Balance at the end of the half year                                        | <u>-</u>                                  |

During the half year 1,020,000 options above were exercised raising \$331,500 in contributed equity.

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**5. CONTRIBUTED EQUITY (continued)**

**(c) Movement in options on issue (continued)**

|                                                                                 | <b>Number of<br/>Options</b> |
|---------------------------------------------------------------------------------|------------------------------|
|                                                                                 | <b>31 March 2008</b>         |
| (ii) Unquoted options exercisable at 65.5 cents, on or before 20 November 2007  |                              |
| Opening balance                                                                 | 11,000,000                   |
| Issued during the half year                                                     | -                            |
| Exercised during the half year                                                  | -                            |
| Options lapsed during the half year                                             | (11,000,000)                 |
| Balance at the end of the half year                                             | <u>-</u>                     |
| (iii) Unquoted options exercisable at 67.5 cents, on or before 26 February 2009 |                              |
| Opening balance                                                                 | 1,970,000                    |
| Issued during the half year                                                     | -                            |
| Exercised during the half year                                                  | -                            |
| Options lapsed during the half year                                             | -                            |
| Balance at the end of the half year                                             | <u>1,970,000</u>             |
| (iv) Unquoted options exercisable at 22 cents, on or before 31 May 2009         |                              |
| Opening balance                                                                 | 350,000                      |
| Issued during the half year                                                     | -                            |
| Exercised during the half year                                                  | -                            |
| Options lapsed during the half year                                             | -                            |
| Balance at the end of the half year                                             | <u>350,000</u>               |
| (v) Unquoted options exercisable at 40 cents, on or before 12 April 2009        |                              |
| Opening balance                                                                 | 2,500,000                    |
| Issued during the half year                                                     | -                            |
| Exercised during the half year                                                  | -                            |
| Options lapsed during the half year                                             | -                            |
| Balance at the end of the half year                                             | <u>2,500,000</u>             |
| (vi) Unquoted options exercisable at 55 cents, on or before 28 February 2010    |                              |
| Opening balance                                                                 | 200,000                      |
| Issued during the half year                                                     | -                            |
| Exercised during the half year                                                  | -                            |
| Options lapsed during the half year                                             | -                            |
| Balance at the end of the half year                                             | <u>200,000</u>               |

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**5. CONTRIBUTED EQUITY (continued)**

**(c) Movement in options on issue (continued)**

|        |                                                                                                   | Number of Options |
|--------|---------------------------------------------------------------------------------------------------|-------------------|
|        |                                                                                                   | 31 March 2008     |
| (vii)  | Unquoted options exercisable at 50 cents, on or before 28 February 2010                           |                   |
|        | Opening balance                                                                                   | 1,500,000         |
|        | Issued during the half year                                                                       | -                 |
|        | Exercised during the half year                                                                    | -                 |
|        | Options lapsed during the half year                                                               | -                 |
|        | Balance at the end of the half year                                                               | <u>1,500,000</u>  |
| (viii) | Unquoted options exercisable at 50 cents, on or before 31 May 2010                                |                   |
|        | Opening balance                                                                                   | 1,000,000         |
|        | Issued during the half year                                                                       | -                 |
|        | Exercised during the half year                                                                    | -                 |
|        | Options lapsed during the half year                                                               | -                 |
|        | Balance at the end of the half year                                                               | <u>1,000,000</u>  |
| (xi)   | Unquoted options exercisable at 68 cents, on or before 31 May 2011                                |                   |
|        | Opening balance                                                                                   | 1,000,000         |
|        | Issued during the half year                                                                       | -                 |
|        | Exercised during the half year                                                                    | -                 |
|        | Options lapsed during the half year                                                               | -                 |
|        | Balance at the end of the half year                                                               | <u>1,000,000</u>  |
| (x)    | Unquoted options exercisable at 52 cents, on or before 30 June 2011                               |                   |
|        | Opening balance                                                                                   | 360,000           |
|        | Issued during the half year                                                                       | -                 |
|        | Exercised during the half year                                                                    | -                 |
|        | Options lapsed during the half year                                                               | -                 |
|        | Balance at the end of the half year                                                               | <u>360,000</u>    |
| (xi)   | Quoted options exercisable at 19 cents, on or before 30 June 2009                                 |                   |
|        | Opening balance                                                                                   | 12,103,220        |
|        | Issued during the half year                                                                       | -                 |
|        | Exercised during the half year                                                                    | (229,276)         |
|        | Options lapsed during the half year                                                               | -                 |
|        | Balance at the end of the half year                                                               | <u>11,873,944</u> |
|        | During the half year 229,276 options above were exercised raising \$43,562 in contributed equity. |                   |

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 MARCH 2008**

**5. CONTRIBUTED EQUITY (continued)**

**(c) Movement in options on issue (continued)**

|        |                                                                         | Number of Options |
|--------|-------------------------------------------------------------------------|-------------------|
|        |                                                                         | 31 March 2008     |
| (xii)  | Unquoted options exercisable at 45 cents, on or before 30 November 2010 |                   |
|        | Opening balance                                                         | -                 |
|        | Issued during the half year                                             | 4,500,000         |
|        | Exercised during the half year                                          | -                 |
|        | Options lapsed during the half year                                     | -                 |
|        | Balance at the end of the half year                                     | <u>4,500,000</u>  |
| (xiii) | Unquoted options exercisable at 47 cents, on or before 31 December 2011 |                   |
|        | Opening balance                                                         | -                 |
|        | Issued during the half year                                             | 350,000           |
|        | Exercised during the half year                                          | -                 |
|        | Options lapsed during the half year                                     | -                 |
|        | Balance at the end of the half year                                     | <u>350,000</u>    |
| (xiv)  | Unquoted options exercisable at 50 cents, on or before 31 December 2013 |                   |
|        | Opening balance                                                         | -                 |
|        | Issued during the half year                                             | 4,250,000         |
|        | Exercised during the half year                                          | -                 |
|        | Options lapsed during the half year                                     | -                 |
|        | Balance at the end of the half year                                     | <u>4,250,000</u>  |

**6. SEGMENT INFORMATION**

Thundelarra Exploration Ltd operates within the exploration industry in Australia.

**7. SUBSEQUENT EVENTS**

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity subsequent to the half year ended 31 March 2008 with the exception of the following matter:

- In May 2008 approval to develop and mine the Copernicus nickel project was granted by the Department of Industry and Resources.

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 MARCH 2008**

**8. CONTINGENT LIABILITIES**

In the opinion of the Directors, there are no contingent liabilities as at 31 March 2008, and none have arisen as at the date of this financial report.

**9. CASH AND CASH EQUIVALENTS**

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following:

|                          | <b>Consolidated<br/>31 March<br/>2008<br/>\$</b> | <b>Consolidated<br/>31 March<br/>2007<br/>\$</b> |
|--------------------------|--------------------------------------------------|--------------------------------------------------|
| Cash at bank and in hand | 601,944                                          | 2,016,509                                        |
| Short-term deposits      | 9,899,740                                        | 1,436,896                                        |
| Bank overdraft           | (69,970)                                         | (86,902)                                         |
|                          | <u>10,431,714</u>                                | <u>3,366,503</u>                                 |

**10. SHARE BASED PAYMENTS**

The following options were granted during the reporting period:

- (1) In November 2007, 4,500,000 share options were granted to GBS Holdings Pty Ltd pursuant to the Pine Creek Tenements Uranium Exploration Agreement dated 17 September 2007 to acquire 70% joint venture interest and secure the exclusive right to explore for uranium on specific tenements located within the Pine Creek Orogen in the Northern Territory of Australia. The options expire on 30 November 2010. The exercise price of the options is 45 cents. The fair value is estimated at the date of grant using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model.

|                               |            |
|-------------------------------|------------|
| Dividend yield (%)            | -          |
| Expected volatility (%)       | 84.25%     |
| Risk-free interest rate (%)   | 6.67%      |
| Period of option              | 3 years    |
| Discount for unlisted options | -          |
| Market price at grant date    | 43.5 cents |

The estimated fair value of each option at grant date is 24.9 cents.

- (2) In January 2008, 350,000 share options were granted to employees under the Employee Share Option Plan. The options are exercisable 12 months from the date of grant and expire on 31 December 2011. The exercise price of the options is 47 cents. The fair value is estimated at the date of grant using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model.

|                               |          |
|-------------------------------|----------|
| Dividend yield (%)            | -        |
| Expected volatility (%)       | 73.68%   |
| Risk-free interest rate (%)   | 6.38%    |
| Period of option              | 3 years  |
| Discount for unlisted options | 30%      |
| Market price at grant date    | 45 cents |

The estimated fair value of each option at grant date is 18.4 cents.

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 MARCH 2008**

**10. SHARE BASED PAYMENTS (continued)**

- (3) In February 2008, 4,250,000 share options were granted to directors. The options are exercisable from date of grant and expire on 28 February 2013. The exercise price of the options is 50 cents. The fair value is estimated at the date of grant using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model.

|                               |          |
|-------------------------------|----------|
| Dividend yield (%)            | -        |
| Expected volatility (%)       | 77.81%   |
| Risk-free interest rate (%)   | 6.58%    |
| Period of option              | 5 years  |
| Discount for unlisted options | 30%      |
| Market price at grant date    | 36 cents |

The estimated fair value of each option at grant date is 15.5 cents.

**11. RELATED PARTY DISCLOSURES**

The following table provides the total amount of transactions that were entered into with related parties for the half year ended 31 March 2008 and 2007:

| Related party                            |      | Fees charged<br>by related<br>parties<br>\$ | Amounts owed<br>to related<br>parties<br>\$ |
|------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| Key management personnel of the Company: |      |                                             |                                             |
| Ragged Range Mining Pty Ltd              | 2008 | 500                                         | -                                           |
|                                          | 2007 | 8,667                                       | -                                           |
| REM Pty Ltd                              | 2008 | 4,091                                       | -                                           |
|                                          | 2007 | 24,996                                      | 4,167                                       |

Mr Philip G Crabb is a director and shareholder of Ragged Range Mining Pty Ltd which has provided drilling and exploration services to the Company on normal terms and conditions.

Mr Brian D Richardson is a director and shareholder of REM Pty Ltd which has provided geological services to the Company on normal terms and conditions.



## ***DIRECTORS' DECLARATION***

In accordance with a resolution of the directors of Thundelarra Exploration Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 March 2008 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Dated at Perth this 3 June 2008.



Brett T Lambert  
Director

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF THUNDELARRA EXPLORATION LIMITED

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Thundelarra Exploration Limited, which comprises the consolidated condensed balance sheet as at 31 March 2008, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Thundelarra Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Thundelarra Exploration Limited on 3 June 2008.

#### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Thundelarra Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**

*Stantons International*  
  
**K Lingard**  
Director

West Perth, Western Australia  
3 June 2008

3 June 2008

Board of Directors  
Thundelarra Exploration Limited  
Level 3, IBM Building  
1060 Hay Street  
WEST PERTH WA 6005

Dear Sirs

**RE: THUNDELARRA EXPLORATION LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Thundelarra Exploration Limited.

As Audit Director for the review of the financial statements of Thundelarra Exploration Limited for the six months ended 31 March 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**

  
**K Lingard**  
**Director**