



**INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 MARCH 2012**

THUNDELARRA EXPLORATION LTD

ABN 74 950 465 654

INTERIM FINANCIAL STATEMENTS – 31 MARCH 2012

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THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CORPORATE DIRECTORY

DIRECTORS	Malcolm J Randall Frank DeMarte Brian D Richardson John D Hopkins Philip G Crabb	(Chairman) (Executive Director) (Executive Director) (Non-Executive Director) (Non Executive Director)
CHIEF EXECUTIVE OFFICER	Antony Lofthouse	
COMPANY SECRETARY	Frank DeMarte	
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	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 Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue WEST PERTH WA 6005	
SOLICITORS	Gilbert & Tobin 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	

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

DIRECTORS' REPORT

Your directors present financial statements for the half year ended 31 March 2012.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this statement are set out below. The directors were in office for the entire period unless otherwise stated.

Malcolm J Randall	(Chairman)
Brett T Lambert	(Managing Director) (resigned 2 May 2012)
Frank DeMarte	(Executive Director)
Brian D Richardson	(Executive Director)
John D Hopkins	(Non-Executive Director)
Philip G Crabb	(Non-Executive Director)

RESULT

The consolidated entity incurred an after tax operating loss for the half year ended 31 March 2012 of \$3,764,372 (31 March 2011 loss \$12,961,250).

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

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements, that have significantly, or may significantly affect, the state of the affairs or the operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2012 Financial Report:

Issue of Options

In April 2012 the Company issued the following options to the Chief Executive Officer:

- (1) 1,000,000 unquoted options, vesting on 16 April 2013, exercisable at 25 cents per option and expiring on 16 April 2014, and
- (2) 1,000,000 unquoted options vesting on 16 April 2014, exercisable at 45 cents per option and expiring on 16 April 2015.

Dilution in East Kimberley JV

In April 2012, the Company elected not to pay its outstanding East Kimberley JV cash call of \$44,913 and to have the Company's participating interest in the joint venture diluted from 39% to 37.51%.

Dilution in Open Pit portion of Copernicus JV

In May 2012, the Company elected not to pay the outstanding balance of \$2,056,601 in respect of cash calls and accrued interest in relation to the Copernicus open pit and to have its participating interest in the open pit portion of the Copernicus Joint Venture diluted from 40% to 21.99%.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Thundelarra Exploration Ltd is set out on page 3 and forms part of the Directors' Report for the period ended 31 March 2012.

This statement is signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to be 'Frank DeMarte', with a stylized flourish at the end.

Frank DeMarte
Executive Director

Perth, 15 May 2012

15 May 2012

Board of Directors
Thundelarra Exploration Limited
Suite 2
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 half year ended 31 March 2012, 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 faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



J P Van Dieren
Director

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2012**

		Consolidated	
	Notes	31 March 2012 \$	31 March 2011 \$
REVENUE FROM CONTINUING OPERATIONS			
Revenue	3(a)	191,143	527,648
Other income	3(b)	193,309	312,822
		384,452	840,470
EXPENDITURE			
Depreciation and amortisation expenses		(126,305)	(103,364)
Employee benefits expenses	3(c)	(673,519)	(1,958,612)
Exploration expenses	3(d)	(2,555,666)	(11,120,877)
Administration expenses written off	3(e)	(793,334)	(703,813)
Profit/(Loss) from continuing operations before income tax expense		(3,764,372)	(13,046,196)
Research and development tax refund		-	84,946
Income tax expense		-	-
Net Profit/(Loss) from continuing operations for the period		(3,764,372)	(12,961,250)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(3,764,372)	(12,961,250)
Net Profit/(Loss) attributable to: Members of the parent entity		(3,764,372)	(12,961,250)
Comprehensive income/(loss) attributable to: Members of the parent entity		(3,764,372)	(12,961,250)
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the parent entity:			
		<u>Cents per share</u>	<u>Cents per share</u>
Basic earnings/(loss) for the half year	4	(2.43)	(8.47)
Diluted earnings/(loss) for the half year	4	(2.43)	(8.47)

The accompanying condensed notes form part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012**

		Consolidated	
	Notes	31 March 2012	30 September 2011
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,824,683	8,025,701
Trade and other receivables		49,487	405,439
Other financial assets		569,315	682,564
Total Current Assets		4,443,485	9,113,704
Non-Current Assets			
Other receivables		1,024,307	940,542
Property, plant and equipment		430,107	500,272
Mine development		317,241	317,241
Intangible asset		75,457	113,234
Total Non-Current Assets		1,847,112	1,871,289
TOTAL ASSETS		6,290,597	10,984,993
LIABILITIES			
Current Liabilities			
Trade and other payables		2,249,717	3,245,213
Provisions		452,221	275,020
Total Current Liabilities		2,701,938	3,520,233
Non-Current Liabilities			
Provisions		382,456	600,385
Total Non-Current Liabilities		382,456	600,385
TOTAL LIABILITIES		3,084,394	4,120,618
NET ASSETS		3,206,203	6,864,375
EQUITY			
Contributed equity	6	39,550,673	39,550,673
Reserves		7,262,725	7,156,525
Accumulated losses		(43,607,195)	(39,842,823)
TOTAL EQUITY		3,206,203	6,864,375

The accompanying condensed notes forms part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2012**

CONSOLIDATED	Issued Capital \$	Accumulated Profit / (losses) \$	Other Reserves \$	Total Equity \$
Balance at 1 October 2011	39,550,673	(39,842,823)	7,156,525	6,864,375
<i>Total comprehensive income for the period</i>				
Profit/(Loss) for the period	-	(3,764,372)	-	(3,764,372)
Other comprehensive income/(loss)	-	-	-	-
<i>Total comprehensive income/(loss) for the period</i>	-	(3,764,372)	-	(3,764,372)
<i>Transactions with owners recorded directly in equity:</i>				
Contributions of equity, net of transaction costs	-	-	-	-
Recognised value of share based payments	-	-	106,200	106,200
Balance at 31 March 2012	39,550,673	(43,607,195)	7,262,725	3,206,203

CONSOLIDATED	Issued Capital \$	Accumulated Profit / (losses) \$	Other reserves \$	Total Equity \$
Balance at 1 October 2010	37,906,877	(15,985,261)	5,597,005	27,518,621
<i>Total comprehensive income for the period</i>				
Profit/(Loss) for the period	-	(12,961,250)	-	(12,961,250)
Other comprehensive income/(loss)	-	-	-	-
<i>Total comprehensive income/(loss) for the period</i>	-	(12,961,250)	-	(12,961,250)
<i>Transactions with owners recorded directly in equity:</i>				
Contributions of equity, net of transaction costs	1,253,246	-	-	1,253,246
Recognised value of share based payments	-	-	1,404,000	1,404,000
Balance at 31 March 2011	39,160,123	(28,946,511)	7,001,005	17,214,617

The accompanying condensed notes forms part of the financial statements.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2012

		Consolidated	
	Notes	31 March 2012	31 March 2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(973,506)	(953,072)
Other revenue received		191,508	88,731
Interest received		210,407	604,318
Interest paid		-	(67)
Net cash flows used in operating activities		(571,591)	(260,090)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(3,527,630)	(4,100,801)
Placement of security deposits		(85,235)	(274,772)
Payments for intangibles		(17,857)	(83,306)
Payments for plant and equipment		(4,432)	(133,452)
Payments for tenements		-	(218,181)
Proceeds from sale of plant and equipment		5,727	-
Proceeds from sale of tenements		-	40,000
Net cash flows from/(used in) investing activities		(3,629,427)	(4,770,512)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		-	733,246
Net cash flows from financing activities		-	733,246
Net increase/(decrease) in cash and cash equivalents		(4,201,018)	(4,297,356)
Cash and cash equivalents at the beginning of the period		8,025,701	19,200,975
Cash and cash equivalents at the end of the period	5	3,824,683	14,903,619

The accompanying condensed notes forms part of the financial statements

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

(1) CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of Thundelarra Exploration Ltd and its controlled entities ("Consolidated Entity or Group").

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

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 Consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 September 2011 and considered together with any public announcements made by Thundelarra Exploration Ltd and its controlled entities during the period ended 31 March 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- AASB Int 14 *Prepayments of a Minimum Funding Requirement (amendment)* effective 1 January 2011
- *Improvements to AASBs* (May 2010)

The adoption of the standards or interpretations is described below:

AASB 124 Related Party Transactions (Amendment)

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 Financial instruments: Presentation (Amendment)

The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

AASB Int 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements; therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to early adopt any of the new standards or amendments that are issued but not yet effective.

Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Thundelarra Exploration Ltd and its subsidiaries as at 31 March 2012 ('the Group').

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial report as at and for the year ended 30 September 2011.

Principles of Consolidation

The interim consolidated financial statements comprise of Thundelarra Exploration Ltd and its subsidiaries (the Group) as at 31 March 2012.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated.

Interests in joint ventures

The Group has interests in joint ventures that are jointly controlled operations.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operations.

Tax Consolidation

The Company and its wholly owned Australian subsidiaries have formed a tax consolidated group with effect from 1 October 2008. The head entity within the group is Thundelarra Exploration Ltd.

Current income tax expenses/income and deferred tax liabilities and assets are recognised in the separate financial statements of members of the tax consolidated group using the 'separate taxpayer within the group' approach. This approach determines the tax obligations of entities within the tax consolidated group after accounting for any consolidated adjustments.

Any current tax liabilities/(assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

Mineral exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision was made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they may not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

Going Concern

The net loss for the Group for the half year ended 31 March 2012 was \$3,764,372.

The financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern and meet its planned expenditure commitments is subject to raising further equity.

As at the date of this report the Directors have a number of options available to them, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. The following factors have been considered –

- (1) the ability of the Company and Group to secure additional funding; and
- (2) ongoing management of the size and scope of the Company's operating activities including the level of exploration expenditure, in line with funds available to the Group, which may include the disposal of tenements that are not part of the future business plans.

In the event that the Company is unsuccessful with the above, and cannot raise any further equity, the company may not be able to continue as a going concern and may not be able to realise its assets at their stated amounts. The Directors are confident the above measures will be successful or further capital could be raised if required.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

3. REVENUE AND EXPENSES

Revenues and expenses from continuing operations:-

	Consolidated	
	31 March 2012	31 March 2011
	\$	\$
(a) Revenue		
Bank interest received and receivable	191,143	527,648
(b) Other Income		
Rental income	160,479	88,731
Other income	31,029	55,584
Net gain on disposal of assets (note 3(f))	1,801	-
Net gain on disposal of tenements (note 3(g))	-	168,507
	<u>193,309</u>	<u>312,822</u>
Total Revenues	<u>384,452</u>	<u>840,470</u>
(c) Employee Benefits Expense		
Salaries and wages	(567,319)	(554,612)
Share based payments	(106,200)	(1,404,000)
	<u>(673,519)</u>	<u>(1,958,612)</u>
(d) Exploration Expenditure written off		
Exploration costs written off	(2,555,666)	(11,120,877)
(e) Other expenses		
Finance costs	(42)	(67)
Decrease in market value of investments	(113,249)	(4,917)
General and other administrative expenses	(786,243)	(1,253,441)
	<u>(899,534)</u>	<u>(1,258,425)</u>
(f) Net gain on disposal of assets		
Proceeds on sale of plant and equipment	5,727	-
Carrying amount of plant and equipment sold	(3,926)	-
Profit on disposal	<u>1,801</u>	<u>-</u>
(g) Net gain on disposal of tenements		
Proceeds on sale of tenements	-	170,000
Carrying amounts of tenements sold	-	(1,493)
Profit on disposal	<u>-</u>	<u>168,507</u>

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

4. EARNINGS / (LOSS) PER SHARE

	Consolidated	
	31 March 2012	31 March 2011
	\$	\$
Basic earnings/(loss) (cents per share)	(2.43)	(8.47)
Diluted earnings/(loss) (cents per share)	(2.43)	(8.47)
Weighted average number of ordinary shares on issue during the period used in the calculation of:		
• Basic earnings per share	154,828,927	152,996,223
• Diluted earnings per share	154,828,927	152,996,223

5. CASH AND CASH EQUIVALENTS

For the purposes of the half year Condensed Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	Consolidated	
	31 March 2012	30 September 2011
	\$	\$
Cash at bank and in hand	232,345	307,737
Short-term deposits	3,592,338	7,717,964
	<u>3,824,683</u>	<u>8,025,701</u>

6. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Consolidated	
	31 March 2012	30 September 2011
	\$	\$
Ordinary shares		
Issued and fully paid	<u>39,550,673</u>	<u>39,550,673</u>

(b) Movement in ordinary shares on issue

	Number of	Issue Price	Total
	Shares	\$	\$
1/10/2011 Opening Balance	154,828,927	-	39,550,673
movement	-	-	-
At 31 March 2012	<u>154,828,927</u>		<u>39,550,673</u>

(c) Movement in options on issue

	Number of Options
	31 March 2012
(i) Unquoted options exercisable at 47 cents, on or before 31 December 2011	
At 1 October 2011	350,000
Options issued	-
Options exercised	-
Options lapsed	(350,000)
At 31 March 2012	<u>-</u>

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	<u>Number of Options 31 March 2012</u>
(ii) Unquoted options exercisable at 50 cents, on or before 28 February 2013	
At 1 October 2011	4,250,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>4,250,000</u>
(iii) Unquoted options exercisable at 52 cents, on or before 30 June 2012	
At 1 October 2011	260,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>260,000</u>
(iv) Unquoted options exercisable at 20 cents, on or before 28 February 2014	
At 1 October 2011	4,250,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>4,250,000</u>
(v) Unquoted options exercisable at 32 cents, on or before 30 September 2012	
At 1 October 2011	280,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>280,000</u>
(vi) Unquoted options exercisable at 64 cents, on or before 25 February 2015	
At 1 October 2011	6,750,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>6,750,000</u>

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

6. CONTRIBUTED EQUITY (continued)

(c) Movement in options on issue

	<u>Number of Options 31 March 2012</u>
(vii) Unquoted options exercisable at 96 cents, on or before 20 September 2013	
At 1 October 2011	1,610,000
Options issued	-
Options exercised	-
Options lapsed	(450,000)
At 31 March 2012	<u>1,160,000</u>
(viii) Unquoted options exercisable at 84 cents, on or before 27 February 2016	
At 1 October 2011	6,750,000
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>6,750,000</u>
(ix) Unquoted options exercisable at 39 cents on or before 30 June 2014	
At 1 October 2011	1,620,000
Options issued	-
Options exercised	-
Options lapsed	(495,000)
At 31 March 2012	<u>1,125,000</u>
(x) Unquoted options exercisable at 23 cents on or before 28 February 2017	
At 1 October 2011	-
Options issued	2,000,000
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>2,000,000</u>
(xi) Quoted options exercisable at 20 cents, on or before 29 March 2013	
At 1 October 2011	6,778,130
Options issued	-
Options exercised	-
Options lapsed	-
At 31 March 2012	<u>6,778,130</u>

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

7. SEGMENT INFORMATION

Thundelarra Exploration Ltd operates within the exploration industry in Australia.

8. SUBSEQUENT EVENTS

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements, that have significantly, or may significantly affect, the state of the affairs or the operations of the Group in the future financial periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2012 Financial Report:

Issue of Options

In April 2012 the Company issued the following options to the Chief Executive Officer:

- (1) 1,000,000 unquoted options, vesting on 16 April 2013, exercisable at 25 cents per option and expiring on 16 April 2014, and
- (2) 1,000,000 unquoted options vesting on 16 April 2014, exercisable at 45 cents per option and expiring on 16 April 2015.

Dilution in East Kimberley JV

In April 2012, the Company elected not to pay its outstanding East Kimberley JV cash call of \$44,913 and to have the Company's participating interest in the joint venture diluted from 39% to 37.51%.

Dilution in Open Pit portion of Copernicus JV

In May 2012, the Company elected not to pay the outstanding balance of \$2,056,601 in respect of cash calls and accrued interest in relation to the Copernicus open pit and to have its participating interest in the open pit portion of the Copernicus Joint Venture diluted from 40% to 21.99%.

9. CONTINGENT LIABILITIES

In the opinion of the Directors, there are no contingent liabilities as at 31 March 2012, and none have arisen as at the date of this financial report.

10. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

The expense recognised for services received during the period is shown in the table below:

	Consolidated	
	31 March 2012	31 March 2011
	\$	\$
Expense arising from options issued to Directors, employees and contractors	106,200	1,404,000

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

10. SHARE BASED PAYMENTS (continued)

(b) Issue of Directors Options

The Company has an Employee Share Option Plan in place which was approved by shareholders on 27 February 2009. During the 6 months ended 31 March 2012, 2,000,000 (2011: 6,750,000) unquoted options exercisable at 23 cents (2011: 84 cents) each were issued to Directors.

(c) Directors, Employee and Vendor Options

The following table illustrates the number and weighted average exercise price of and the movements in share options issued during the period:

	Consolidated Number of Options	WAEP \$
Outstanding at beginning of the period	26,120,000	0.59
Granted during the period	2,000,000	0.23
Exercised during the period	-	-
Lapsed during the period	(1,295,000)	0.61
Outstanding at end of the period	26,825,000	0.57
Exercisable at the end of the period	26,825,000	0.57

The terms and conditions of the options issued during the period are as follows:

- (i) 2,000,000 unquoted options issued to Directors, at an exercise price of 23 cents each and an expiry date of 28 February 2017. The fair value of the options at the grant date 29 February 2012 was 5.31 cents per option. The fair value of the options has been calculated using the Black-Scholes Option Pricing Model applying the following inputs:

Exercise price (cents)	23 cents
Life of the options (years)	5 years
Share price at grant date (cents)	13.5 cents
Expected share price volatility (%)	80%
Risk free interest rate (%)	3.68%

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 2012 and 2011:

Related party		Fees charged by related parties \$	Amounts owed to related parties \$	Amounts received from related parties \$
Royal Resources Limited	2012	-	-	109,338
	2011	21,175	-	112,046
Aldershot Resources Ltd	2012			2,217
	2011	4,243	-	4,954
Ragged Range Mining Pty Ltd	2012	-	-	-
	2011	4,664	2,034	553

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

11. RELATED PARTY DISCLOSURES (continued)

Fees received in the normal course of business in 2012 for office rental, administrative and employee services totalling \$109,338 were received from companies of which B Richardson, F DeMarte, P G Crabb and Malcolm Randall are directors and shareholders.

12. INTEREST IN JOINT VENTURES

The Consolidated Entity also has a number of interests in joint ventures to explore for uranium and other minerals. The Consolidated Entity's share of expenditure in respect to these exploration and evaluation activities is either expensed or capitalised depending on the stage of development and no revenue is generated.

The Consolidated Entity's share in these joint venture activities is as follows:

Joint Venture	Principal Activities	Percentage Interest 31/3/2012	Percentage Interest 30/9/2011
Copernicus JV	Base metals	40%	40%
East Kimberley JV	Base metals	39%	39%
Pindan JV (1)	Base metals	20%	20%
Great Gold Mines JV	Base metals	80%	80%
Lewis JV	Base metals	80%	80%
Richmond JV	Base metals	-	-
GBS JV	Uranium	70%	70%
Cullen JV	Uranium	-	-
Allamber JV	Uranium	100%	100%
Alara JV	Uranium		-

(1) Previously known as the Breakaway Joint Venture

13. COMMITMENTS

In the opinion of the directors, there are no outstanding commitments or contingencies at 31 March 2012 and none were incurred in the interval between the period end and the date of this interim financial report other than:

(a) Mineral tenement expenditure commitments

	Consolidated 31 March 2012	30 September 2011
	\$	\$
Within one year	2,611,755	3,006,681
After one year but not more than five years	3,130,780	4,482,373
More than five years	976,858	1,076,196
	6,719,393	8,565,250

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2012**

13. COMMITMENTS (continued)

The Group has expenditure obligations with respect to mineral tenements and minimum expenditure requirements on mineral tenements that have not been recognised as a liability or payable in the financial statements.

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Western Australian and Northern Territory Mines Department attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

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

These are necessary in order to maintain the tenements in which the Group and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Western Australia and the Northern Territory.

(b) Operating Lease Commitments

	Consolidated	
	31 March 2012	30 September 2011
	\$	\$
Within one year	403,873	263,822
After one year but not more than five years	74,573	345,372
More than five years	-	-
	<u>478,446</u>	<u>609,194</u>

The Company has a commercial sub-lease on its corporate office premises. This is a non-cancellable lease expiring 30 June 2013 that has not been recognised as liability or payable in the financial statements.

(c) Bank Guarantee

As at the 31 March 2012, the Company has outstanding \$175,031 (2011: \$175,031) as a non-current guarantee provided by the Company's bank for corporate office lease.

(d) Bonds

As at the 31 March 2012, the Company has outstanding \$823,549 (2011: \$617,188) as non-current bonds provided by the Company's bank for mineral tenements in Australia.

THUNDELARRA EXPLORATION LTD
ABN 74 950 465 654

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (1) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position as at 31 March 2012 and the performance for the half-year ended on that date of the consolidated entity; and
 - (b) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (2) 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 15 May 2012.



Frank DeMarte
Executive Director

Perth, Western Australia

**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 condensed statement of financial position as at 31 March 2012, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Thundelarra Exploration Limited (the consolidated entity). The consolidated entity comprises both Thundelarra Exploration Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Thundelarra Exploration Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half year 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 2012 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.

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

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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 15 May 2012.

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 2012 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.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 2 to the financial statements, the financial statements have been prepared on the going concern basis. At 31 March 2012 the entity had working capital of \$1,741,547 and had incurred a loss for the half-year of \$3,764,372. It was noted that a loan payable in respect of cash calls and the accrued interest with a total outstanding balance of \$2,056,601 in relation to the Copernicus open pit were included in the calculation of the working capital as at 31 March 2012 as mentioned above. In May 2012, the Company elected not to pay the outstanding balance and to have its participating interest in the open pit portion of the Copernicus Joint Venture diluted from 40% to 21.99%. The ability of the entity to continue as a going concern is subject to the successful recapitalisation of the Company. In the event that the Board is not successful in recapitalising the Company and in raising further funds, the entity may not be able to continue in its present form and may not be able to meet its planned commitments.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting 15 May 2012


John P Van Dieren
Director

West Perth, Western Australia
15 May 2012