

FOURTH QUARTER ACTIVITY & CASHFLOW REPORT 30 SEPTEMBER 2012

HIGHLIGHTS

WESTERN AUSTRALIA

- ✦ **Pyramid Base Metals Prospect, Pilbara Region**
 - *Reverse Circulation drill program completed (2,186m / 17 holes)*
 - *Best results 2m at 5.8% Zn, 31 gpt Ag, 0.6% Pb*
 - *Structural and downhole EM survey targets for follow-up drill testing*

- ✦ **Curara Well Copper Prospect, Gascoyne Region**
 - *Heritage Clearance, preparing for December Quarter RAB drill program*
 - *Targeting potential for DeGrussa-style setting for copper mineralisation*

- ✦ **Rosewood and Azura Copper Prospects, East Kimberley Region**
 - *Mapping, soil sampling and geophysical surveys to define targets for drill testing*

NORTHERN TERRITORY

- ✦ **Allamber Copper Project, Pine Creek Region**
 - *Reverse Circulation drill program completed (2,719m / 23 holes)*
 - *Assays pending for copper, base metals, tin, tungsten, uranium at Quarter end*
 - *Graphitic drill intervals submitted for carbon assay and petrography*

CORPORATE

- ✦ **Private placement of 22 million shares raises \$1.11 million before costs**
- ✦ **Cash position at end of quarter: \$2.210 million**

SUBSEQUENT EVENTS SINCE 30 SEPTEMBER

- ✦ **Rights issue closes. 50% take-up raises \$2.2 million: seeking to place shortfall**
- ✦ **Allamber assays, ground magnetics, generate new targets for follow-up drilling**
- ✦ **Allamber graphite analyses provide encouragement to warrant further evaluation**
- ✦ **WA Spinifex Uranium Project sold: 5 million Resource Star shares + 1.5% NSR**

WESTERN AUSTRALIA

Pyramid Project (THX 100%)

The Pyramid Project is in the Pilbara, about 70km east of Karratha. The current exploration activity is focused on two main areas, at Lightning and at Coppermine Bore. Early exploration results were interpreted as suggesting the area to be prospective for VMS (volcanogenic massive sulphide) style mineralisation and part of the Whim Creek belt that hosts the Whim Creek, Salt Creek and Mons Cupri base metal deposits to the east.

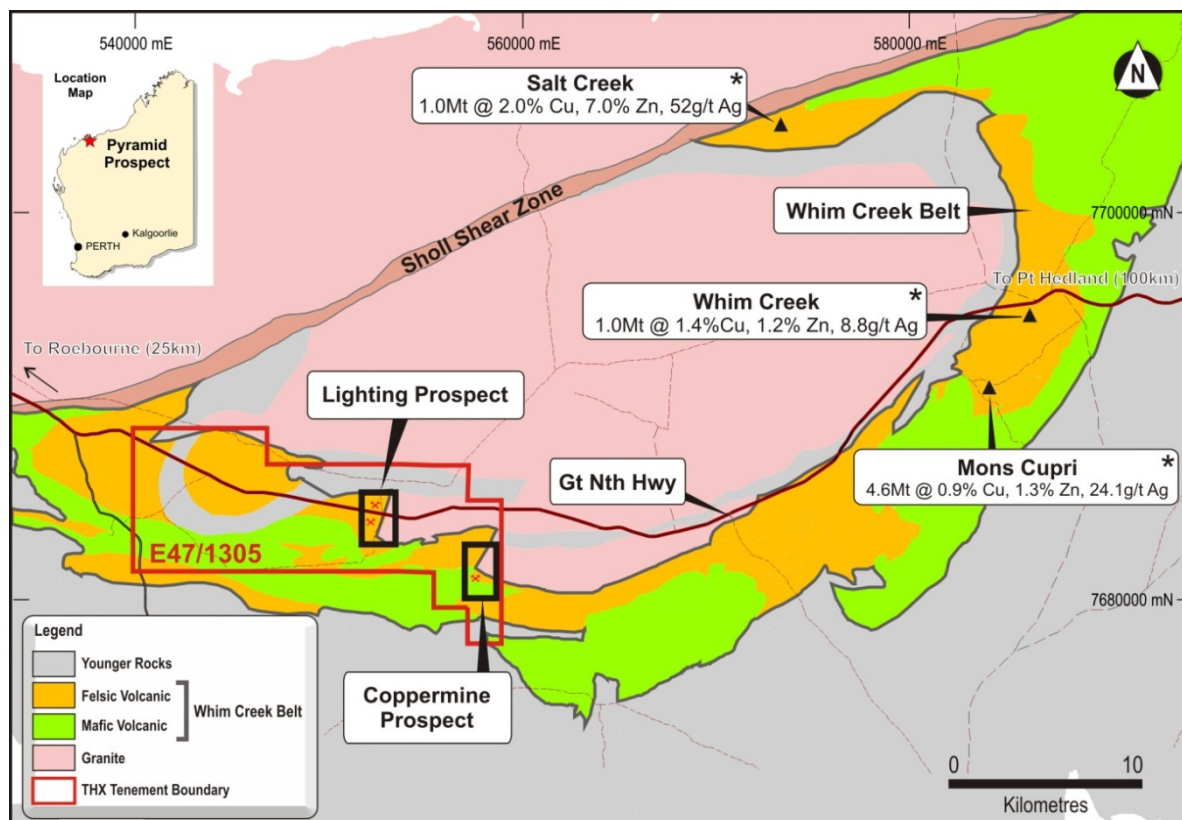


Figure 1. Location of Pyramid Project in the regional Whim Creek setting.

During the quarter a Reverse Circulation drill program of seventeen holes for 2,186m was completed to test targets identified from the results of the previous December 2011 drilling combined with results from a series of follow-up aeromagnetics, ground electromagnetics and soil geochemistry surveys.

In preparation for the drill program, a Heritage Survey was carried out over parts of the tenement. The survey yielded a number of artefacts and several sites of significance, the location of which hindered effective testing of some of the principal targets, notably around the Coppermine Bore itself.

The results (ASX Release 21st September 2012) indicated that the mineralisation potential at the targets tested is mainly structurally related. A program of down-hole electromagnetic surveys (DHEM) is scheduled on a number of the holes drilled. This will identify any nearby conductors that could represent sulphide accumulations which will then be tested as part of a follow-up drill program.

At Lightning, the drill holes testing conductors LC1 and LC2 each intersected a wide sequence of amphibolitic rocks and iron-rich formation with magnetite, pyrite and minor pyrrhotite, which explained the conductors. No anomalous base metal values were recorded.

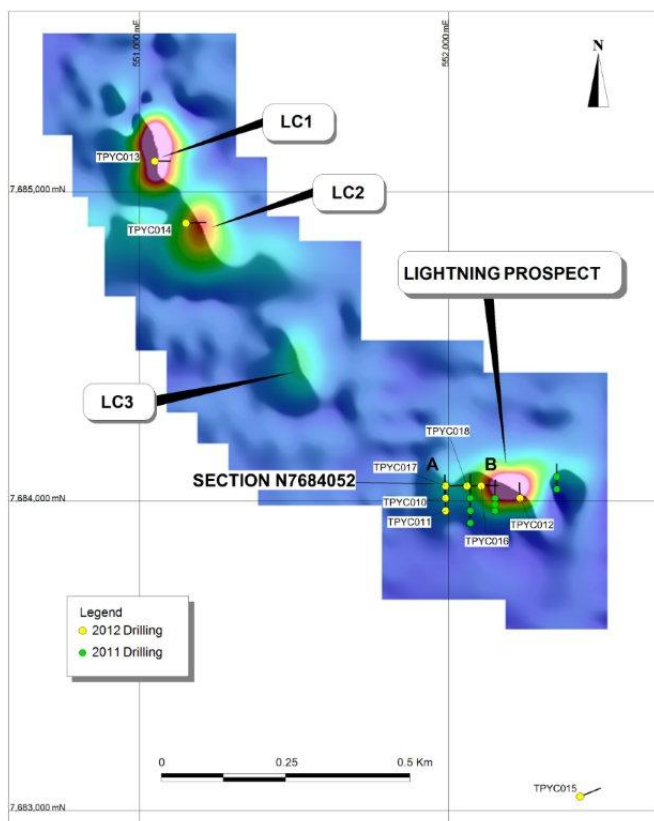


Figure 2. Lightning Prospect: drill collar locations and geophysical targets.

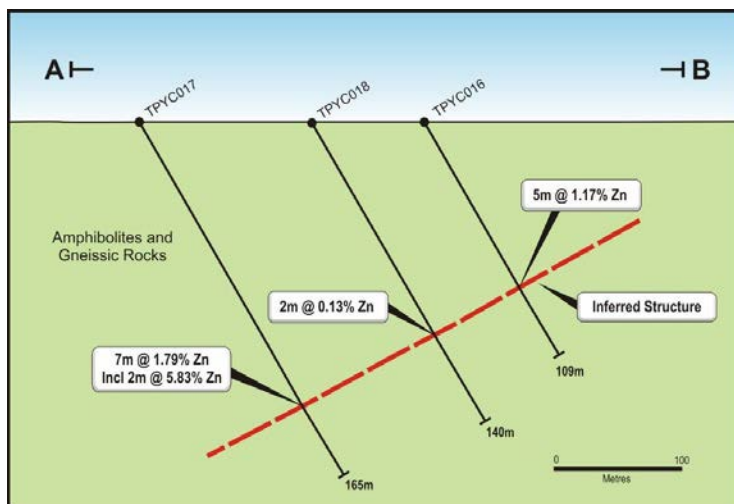


Figure 3. Cross Section at Lightning Prospect showing the inferred conductor interpreted as being a shallow-angled mineralised structure.

Best results were from the TPYC016-018 line which was drilled easterly, to the north of the Lightning prospect (see Figures 2, 3; Table 1).

Hole No	Depth	From	To	Interval	Zn (%)	Ag (g/t)	Pb (%)	Cu (%)
TPYC016	109m	78	83	5m	1.17			
	incl.	78	81	3m	1.76			
	and	78	80	2m		23	0.54	0.17
TPYC017	165m	122	123	1m	1.30		0.31	
		132	139	7m	1.79			
	incl.	132	134	2m	5.83			
	incl.	132	133	1m	6.88	63	1.12	0.37
TPYC018	140m	99	101	2m	0.13			0.17
		104	105	1m	0.28			0.10
TPYC021	113m	1	25	24m	0.52			
	incl.	2	6	4m	1.80	45	1.08	
	and	11	12	1m		97		
	and	17	21	4m	0.37	92	0.40	
TPYC022	117m	30	34	4m	0.53	12	0.12	
		45	54	9m	0.31			
TPYC023	160m	19	30	11m	0.34			

Table 1. Summary of drillholes containing mineralised intervals at Lightning and Coppermine Bore prospects. The remaining 11 drillholes were predominantly unmineralised, with occasional minor anomalous base metal intervals consistent with the approximate location of interpreted geological structures. All holes were drilled at 60° from vertical.

At Coppermine Bore a number of exclusion zones resulting from the Heritage Surveys hindered access to the optimal drill collar locations from which to test the principal targets.

The best mineralisation was intersected in TPYC021 and TPYC022 (see Table 1), where the westerly dipping contact between the granite to the east and the rhyolite to the west was properly tested.

DHEM surveys and additional ground geophysics is scheduled and, combined with further Heritage Clearance work where necessary, will identify drill sites from which the entire ~4 km extent of the mineralised tectonic contact can be tested properly and effectively.

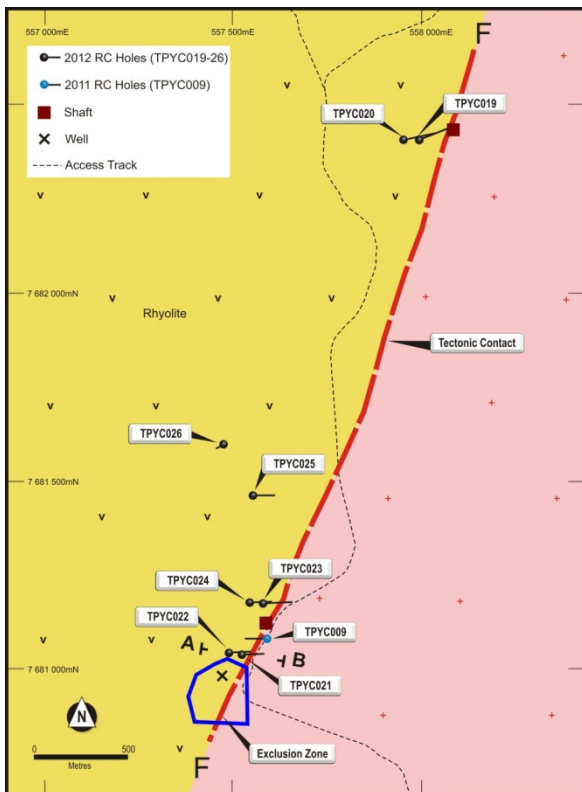


Figure 4. Coppermine Bore: drillhole collar locations.

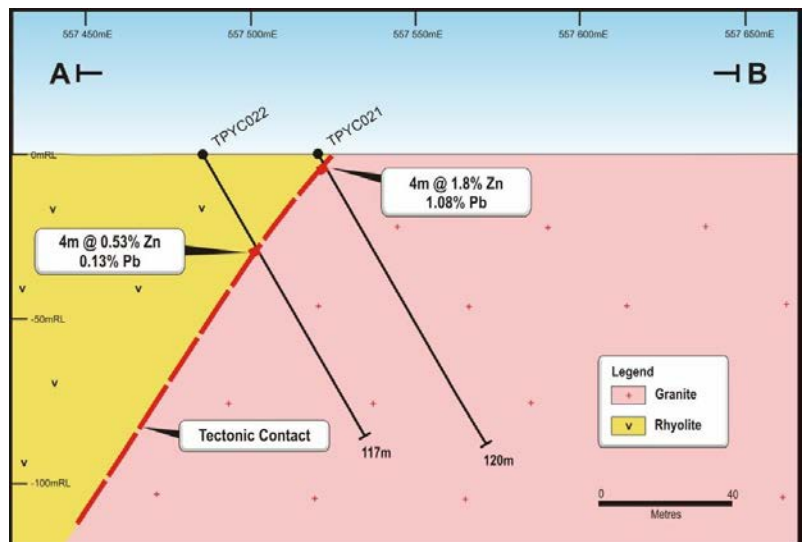


Figure 5. Cross Section at Coppermine Bore showing the mineralised tectonic contact.

Doolgunna Region (THX various interests)

Red Bore (THX earning in to 60%)

Thundelarra delivered a maiden JORC Code compliant indicated resource (ASX 4th May 2012) at the Red Bore prospect, and subsequently lodged the requisite earn-in notice to its joint venture partner claiming satisfaction of the earn-in requirements for a 60% participating interest in the prospect.

As at the end of the September Quarter the relevant paperwork effecting the transfer of the 60% interest to Thundelarra has not been lodged with the Mines Department, despite reminders.

Thundelarra, supported by legal opinions, maintains that it has earned its 60% participating interest in Red Bore under the terms of the original Option Agreement and intends to pursue all necessary avenues to ensure the protection of its shareholders' interest in the Red Bore prospect.

Curara Well (THX 100%)

This prospect is strategically placed ~2.5km to the east-north-east of Sandfire's DeGrussa deposit along the trend of the Jenkins Fault, considered an important structural feature controlling the mineralising systems in the region. At the end of the September Quarter Aboriginal Heritage Clearance programs were being arranged in preparation for a planned RAB drilling program of approximately 5,000m in the December Quarter to test targets identified from soil geochemistry, VTEM surveys, mapping and rock chip sampling programs. Main target at Curara Well is potential copper mineralisation to explain the soil anomalies. The geological setting as it is currently understood presents the possibility of conditions suitable to host DeGrussa-style mineralisation. The planned program will test this thesis.

Rosewood (THX 100%)

Field mapping, XRF and soil sampling conducted during the Quarter formed the basis for a planned IP geophysical survey in the December Quarter, the results of which will assist Thundelarra in planning a suitable program for the \$129,600 DMP (Department of Mines and Petroleum) grant for co-funded exploration drilling. Rosewood is located in the East Kimberley and is prospective for sediment-hosted and structurally-controlled copper-silver mineralisation.

Azura (Frank Hill) (THX 100%)

Field mapping, XRF and soil sampling was carried out during the Quarter. Previous drilling by Panoramic Resources failed to intersect the main shear zone located west of the area tested. Recent assessments, including petrographic studies of rock samples, suggest that primary copper mineralisation is present along this main structural feature. An IP geophysical survey is scheduled for the December quarter, designed to identify concealed conductors within the north to north-easterly trending corridor.

NORTHERN TERRITORY

During the quarter a twenty-three hole reverse circulation drill program for 2,179m was completed at the Allamber Project to test targets at five separate prospects. Various intervals were sampled and submitted for assay.

Additional field activities included regional mapping at several prospects and soil sampling using hand-held XRF units for assay indications. Rehabilitation work continued at a number of locations.

Ngalia Uranium Project (THX various interests)

No field work was carried out on the Ngalia Project during the Quarter. Preparations were made for a gravity survey to be undertaken over various tenements in the December Quarter. Statutory reporting was completed for a number of the project tenements.

Thundelarra has interests in approximately 7,000 km² of tenure in the Ngalia Basin Project. To date some 600 line kilometres of interpreted prospective Tertiary palaeochannels have been identified.

The Ngalia Basin palaeochannel system represents an exploration target of significant scale and potential. Thundelarra continues to evaluate ways to deliver optimal value to shareholders for our uranium exposure, consistent with our medium term view of a recovery in the uranium market.

Allamber Project (THX various interests)

Mapping, rock chip sampling and soil sampling were used to define drill targets at five prospects. These were tested by a 23 hole, 2,719m RC drill program. The holes were logged and provisional indications of grade determined by hand-held XRF analysis were used as a basis for sampling intervals for submission to laboratories for assay. Results had not been received at Quarter end.

Visual sulphides were observed in drill chips from holes along the Tarpon to South Brumby trend. Hand-held scintillometer readings from holes at Cliff South indicated the presence of uranium mineralisation, as anticipated at that location. All assays were pending at Quarter end.

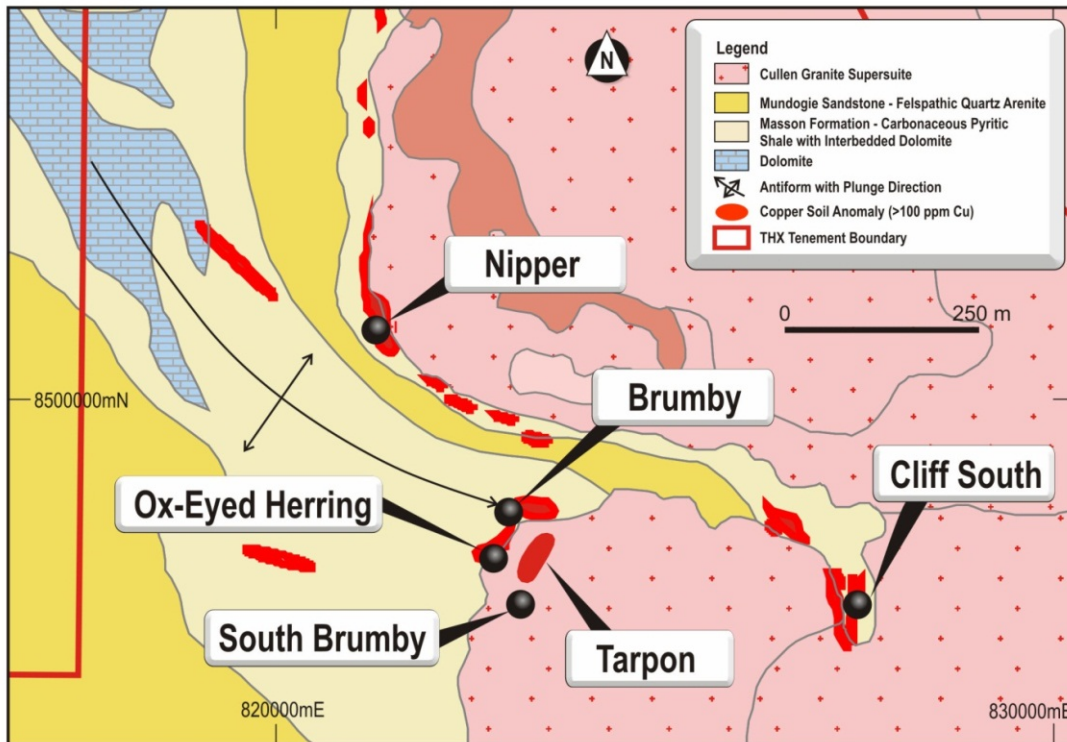


Figure 6. Southern part of Allamber: indicative geology and target prospect locations.

Additional field work included a ground magnetics survey to aid in the interpretation of the local geology and of possible structures that may be contributing to mineralisation control. DHEM (downhole geophysical surveying) is also contemplated for the December Quarter on a number of the holes drilled. The results of these additional surveys, together with the drilling assays, will govern the planning of follow-up drilling before the end of the December Quarter, weather permitting.

Given the interest that investors have shown this year in graphite occurrences, Thundelarra collected a number of samples from graphitic intervals observed in previous drilling at Hatrick and Cliff South. These were submitted for total graphitic carbon assay and petrographic examination. The geology at Allamber offers significant potential for the occurrence of graphite, but the grade and morphology needs to be evaluated before any significance can be attributed to the occurrences.

Hayes Creek, including Priscilla Line (THX various interests)

No exploration field work was carried out at Hayes Creek or Priscilla during the Quarter. Further rehabilitation was carried out at a number of drill sites from previous work programs as per NT Department of Resources requirements.

CORPORATE

During the September Quarter the Company completed a share placement of 22.2 million fully paid ordinary shares at 5 cents each to sophisticated investors to raise \$1.11 million before costs. A further 1.0 million shares were issued at the same deemed price of 5 cents as an underwriting fee.

The Company also announced a non-renounceable one for two rights issue at the same pricing as the placement - 5 cents per share - to allow all shareholders the opportunity to participate at the same attractive price level. After receiving feedback from a number of shareholders stating that the documentation had not been received in timely fashion, the closing date was extended into October.

Thundelarra continues to evaluate a number of corporate approaches, consistent with our strategy to rationalise our extensive portfolio of exploration tenure. The level of interest shown in our prospects reinforces the Board's view that Thundelarra's portfolio represents a significant value proposition in the current depressed market.

At 30th September 2012, Thundelarra's cash balance was \$2.210 million.

SUBSEQUENT EVENTS

Since the end of the September Quarter Thundelarra has announced:

Assay results from the RC drilling program at Allamber (ASX Release 4th October 2012). Uranium, tin and tungsten assays are still pending.

Results of graphite analyses and petrography (ASX Release 10th October 2012).

Close of the Rights Issue having achieved a 50% take-up to raise \$2.2 million (ASX Release 17th October 2012). Directors are currently considering various alternatives to place the shortfall.

Sale of the Spinifex Uranium Project in WA to Resource Star Ltd (ASX:RSL) for 5 million fully paid shares and a 1.5% NSR royalty on production (ASX Release 29th October 2012). This is consistent with Thundelarra's strategy to limit its uranium exposure to those Australian states and territories that already have established uranium production.

Tony Lofthouse
Chief Executive Officer

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ASX CODES: THX & THXOA

Issued Shares: 222.2M
(as at 30 October 2012)

Market Cap: \$12M

Competent Persons' Statements

The details contained in this report that pertain to Exploration Results, Mineral Resources or Ore Reserves, are based upon information compiled by Mr Costica Vieru, a Member of the Australian Institute of Geoscientists and an employee of the Company. Mr Vieru has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Vieru consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

THUNDELARRA EXPLORATION LTD

ABN

74 950 465 654

Quarter ended ("current quarter")

30 SEPTEMBER 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,174)	(5,587)
(b) development	-	-
(c) production	-	-
(d) administration	(520)	(1,817)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	310
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – employee termination payments	-	(256)
– research and development refund	725	725
Net Operating Cash Flows	(932)	(6,625)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(18)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	15	22
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Redemption of security deposits	-	102
– Placement of security deposits	-	(283)
– Payment of intangibles	-	(18)
Net investing cash flows	14	(195)
1.13 Total operating and investing cash flows (carried forward)	(918)	(6,820)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(918)	(6,820)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,110	1,110
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(106)	(106)
	Net financing cash flows	1,004	1,004
	Net increase (decrease) in cash held	86	(5,816)
1.20	Cash at beginning of quarter/year to date	2,124	8,026
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,210	2,210

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	179
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Thundelarra's financial year is from 1 October 2011 to 30 September 2012.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	450
Total	950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	700	124
5.2 Deposits at call	1,510	2,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,210	2,124

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E52/2262	-	100%	Nil
	E80/2290	-	100%	Nil
	E80/3975	-	100%	Nil
	E80/4266	-	100%	Nil
	P52/1413	-	100%	Nil
6.2 Interests in mining tenements acquired or increased	EL29260	-	Nil	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	178,028,927	178,028,927		
7.4 Changes during quarter				
(a) Increases through issues	22,200,000	22,200,000	\$0.05	-
(b) Decreases through returns of capital, buy-backs	1,000,000	1,000,000	-	-
	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	6,778,130	6,778,130	<i>Exercise price</i>	<i>Expiry date</i>
	4,250,000	-	\$0.20	29/03/2013
	4,250,000	-	\$0.50	28/02/2013
	6,750,000	-	\$0.20	26/02/2014
	660,000	-	\$0.64	25/02/2015
	6,750,000	-	\$0.96	20/09/2013
	725,000	-	\$0.84	27/02/2015
	2,000,000	-	\$0.39	30/06/2014
	1,000,000	-	\$0.23	28/02/2017
	1,000,000	-	\$0.25	16/04/2014
	1,000,000	-	\$0.45	16/04/2015
	-	-	-	-
7.8 Issued during quarter	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	280,000	-	\$0.32	30/09/2012
		500,000	-	\$0.96	20/09/2013
		300,000	-	\$0.39	30/06/2014
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 30 October 2012

(Director/Company secretary)

Print name:

FRANK DEMARTE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.