




THIRD QUARTER ACTIVITY & CASHFLOW REPORT 30 JUNE 2012

HIGHLIGHTS


WESTERN AUSTRALIA

-  **Lightning Base Metals Prospect, Pilbara Region**
 - 2,210 line km aeromagnetic survey flown; 344 station Ground EM survey completed
 - 48 discrete magnetic features and 3 potential conductors identified for follow-up
 - Program of Work approved and Heritage Clearance survey completed
 - Reverse Circulation drill program (~3,000m / 25 holes) scheduled for July 2012



-  **Red Bore Copper Prospect, Doolgunna Region, Gascoyne Region**
 - Maiden JORC Code Compliant Indicated Resource: 48,000t at 3.6% Cu to 140m depth
 - Equity earn-in notice lodged with JV partner

-  **Rosewood Copper Prospect, East Kimberley Region**
 - DMP Co-Funded exploration drilling grant of \$129,600 awarded

NORTHERN TERRITORY

-  **Allamber Copper Project, Pine Creek Region**
 - New gossan identified for follow-up: 0.56% Zn in rock chip
 - MMP lodged and approved for September Quarter drill program

CORPORATE

-  **Strategic review delivers annual overhead savings of ~\$0.850 million**
-  **Cash position at end of quarter: \$2.124 million**

SUBSEQUENT EVENTS SINCE 30 JUNE

-  **Private placement raises \$1.110 million for drilling and general working capital**
-  **Drilling underway at Pyramid and Allamber**

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. The area is prospective for VMS (volcanogenic massive sulphide) style mineralisation and is part of the Whim Creek belt that hosts the Whim Creek, Salt Creek and Mons Cupri base metal deposits to the east.

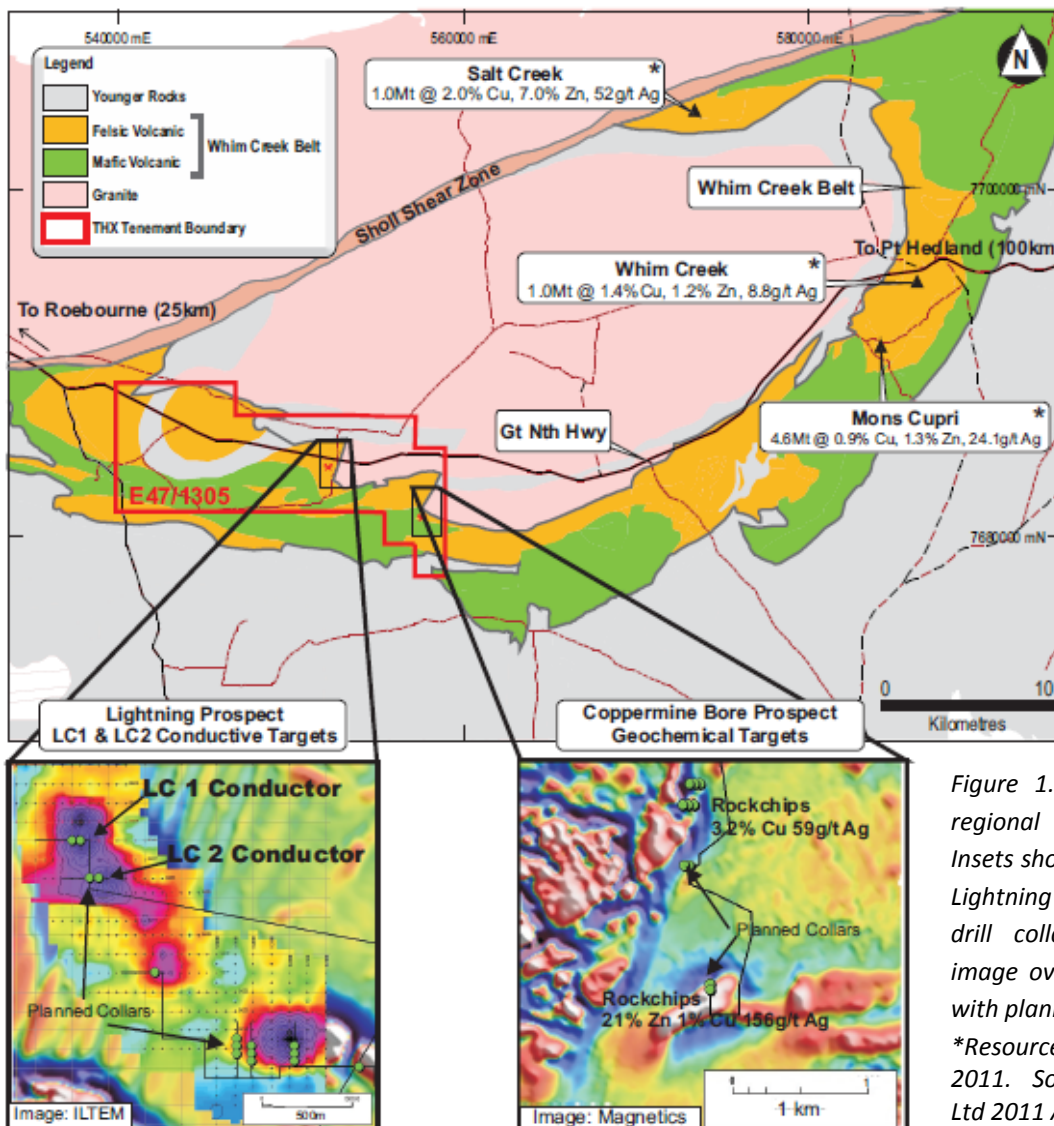


Figure 1. Pyramid Project in the regional Whim Creek setting. Insets show MLTEM image over the Lightning Prospect with planned drill collars; and Aeromagnetics image over Coppermine Bore area with planned drill collars. *Resources as at 1 September 2011. Source: Venturex Resources Ltd 2011 Annual Report.

During the quarter an aeromagnetic survey was flown over the tenement, totalling approximately 2,210 line kilometres at 100m line spacing in the western area and 50m line spacing in the east. The survey identified 48 discrete magnetic features for follow-up. This work was complemented by soil sampling surveys that contributed a further 308 data points, mainly around the Coppermine Bore northern area, and by a Ground Electromagnetic (MLTEM) survey that comprised 344 stations.

The new data were collated with the previous exploration results, including those from the three fences of drillholes completed in December 2011, to outline drill targets for testing in the drill

program planned for the September 2012 quarter. The targets will include two potential conductors identified by the MLTEM survey at the Lightning Prospect.

A Heritage Survey was carried out over areas of the tenement with the participation and assistance of the Ngarluma Aboriginal Corporation. The Ngarluma People are the Traditional Owners of the land on which the Pyramid tenement and the Lightning and Coppermine Bore prospects lie. The survey identified a number of artefacts and located several sites of significance. All such occurrences are logged and reported in accordance with the Aboriginal Heritage Act 1972 (WA).

Upon completion of the Heritage Survey, a program of reverse circulation drilling comprising about 25 drillholes for approximately 3,000m will to test accessible targets identified by the soil geochemistry and geophysical surveys at the Lightning and Coppermine Bore prospects. The program is designed to be flexible to allow appropriate response to the geology encountered. The final size and extent of the drilling program is therefore likely to differ from the original estimates.

Doolgunna Region (THX various interests)

Red Bore (THX earning in to 60%)

During the quarter, Thundelarra reported a maiden JORC Code compliant indicated resource at the Red Bore prospect, in which Thundelarra is earning an equity interest by sole-funding exploration.

Table 1: Red Bore Classified Resource at a 1% Cu cut-off (May 2012)

Classification	Material	Tonnes	Bulk Density	Cu (%)	Au (g/t)	Cu Tonnes	Au Ounces
Indicated	Oxide	20,000	3.2	2.9	0.4	600	270
Indicated	Transitional	12,000	3.2	4.2	0.5	480	180
Indicated	Fresh	16,000	3.1	4.0	0.4	660	190
Total/average		48,000	3.2	3.6	0.4	1,740	650

NB: Resource Estimation Parameters used in this Resource Estimate were reported in ASX release dated 4th May 2012.

The Mineral Resource Estimate was completed by Runge Limited, a leading international mining consultancy and acknowledged expert in the field of resource estimation, based on exploration activities carried out by Thundelarra since 2010. These activities included:

- 5 diamond and 57 RC drillholes for a total of 10,482m of drilling;
- soil and rock geochemistry and petrology;
- ground electromagnetic, ground magnetics, ground gravity and induced polarisation geophysical surveys; and
- analysis of 50m airborne magnetics data.

The mineralisation was modelled to a depth of approximately 140m below surface.

The Mining Lease containing the Red Bore prospect covers 2 square kilometres. It is situated 500m south-east of Sandfire's DeGrussa deposit and is approximately 200m from the Conductor 5 ore body, as displayed in Figure 2 below.

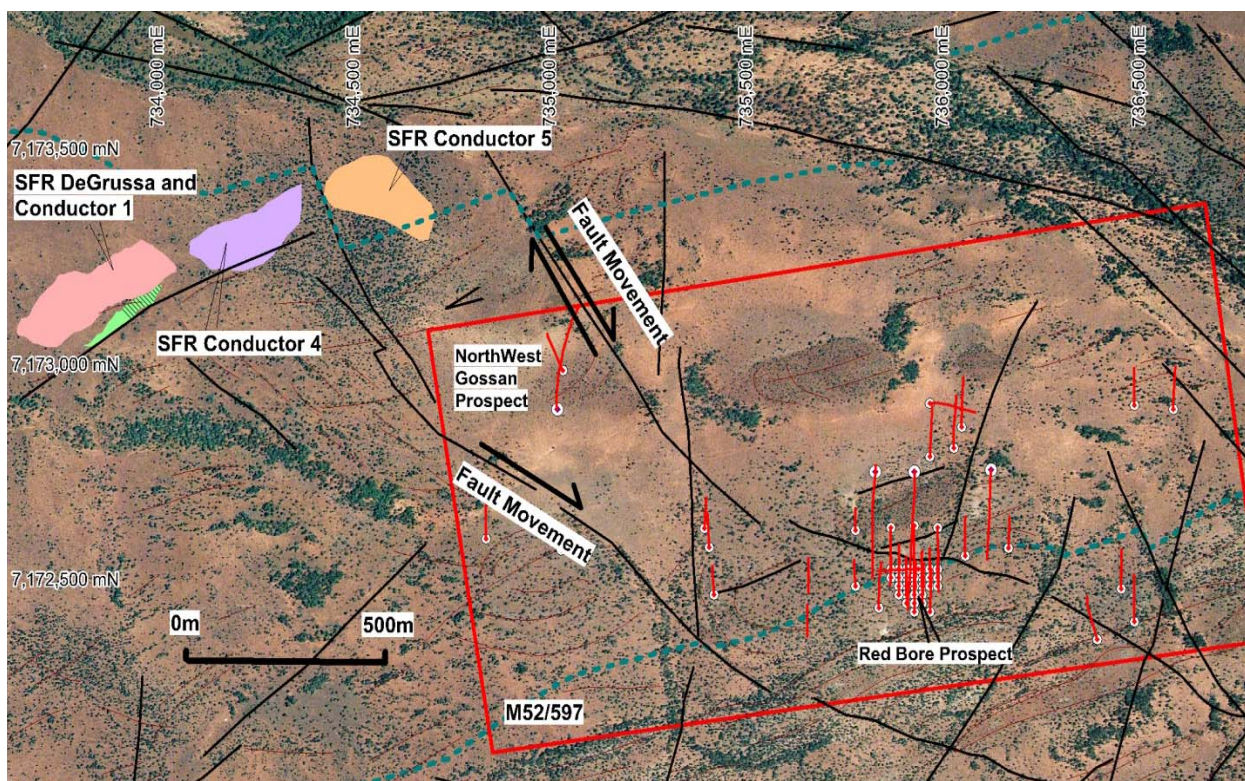


Figure 2. Red Bore Project, showing proximity to Sandfire's DeGrussa deposit.

Thundelarra has issued an earn-in notice to its joint venture partner under the Option Agreement entered into by the parties (ASX: 29th June 2012). Thundelarra maintains that it has earned a 60% participating interest in Red Bore under the terms of that agreement.

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 geological control in the mineralising systems in the region. Previous company work programs identified soil geochemical anomalies and VTEM features of interest. Further rock chip sampling, mapping and soil geochemistry has been undertaken during the quarter, to form the basis for drill targeting hopefully later in this field season. Rehabilitation work relating to last year's initial RC drilling program was also carried out.

Rosewood (THX 100%)

Thundelarra has received an offer from the DMP (Department of Mines and Petroleum) for \$129,600 of co-funded exploration drilling. Rosewood is located in the East Kimberley and is prospective for sediment-hosted copper-silver mineralisation. A program of 2 to 3 weeks of field mapping and XRF geochemical sampling is proposed to target an appropriate drilling program later this field season.

NORTHERN TERRITORY

During the quarter, continuing adverse weather conditions prevented access by heavy vehicles to the Company's Northern Territory prospect areas. Field activities were restricted to light duties involving mapping, soil sampling using hand-held XRF units for assay indications, and rehabilitation programs at a number of locations, to ensure that previous work programs were compliant.

The program to collate, integrate and interpret the results from the 2011 exploration programs and to incorporate new soil geochemistry was continued in preparation for the current field season.

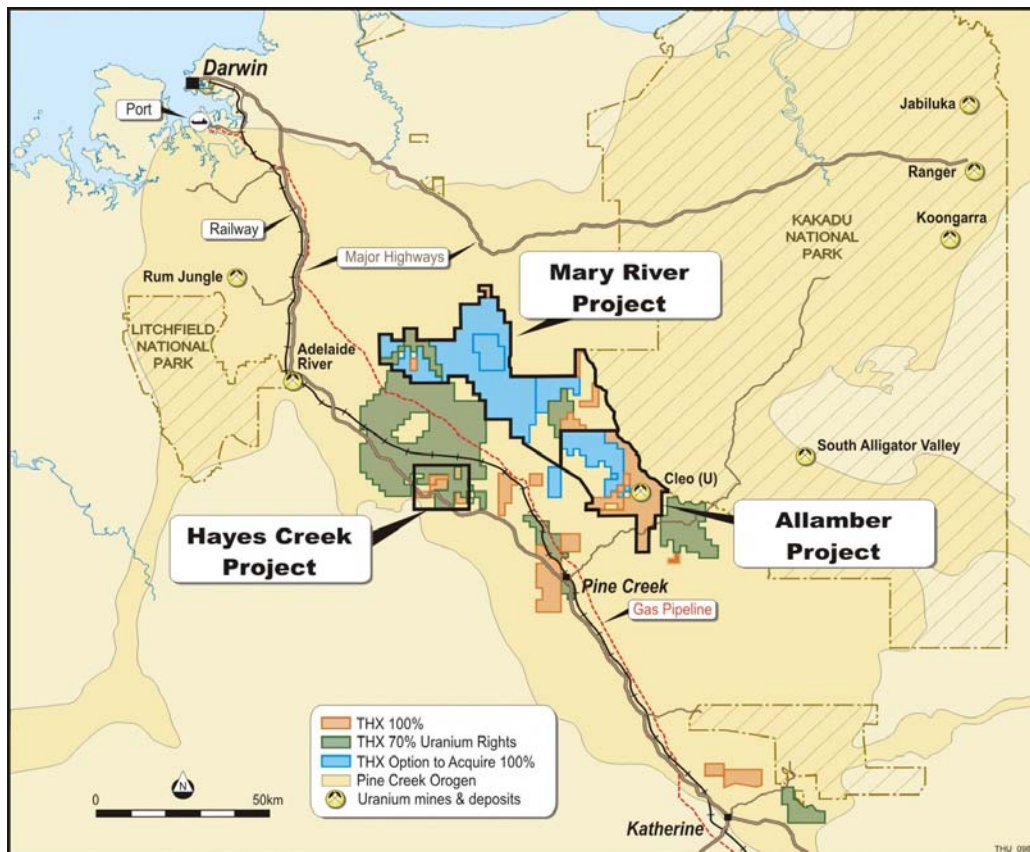


Figure 3. Pine Creek Regional Project areas.

Allamber Project (THX various interests)

No systematic field work was conducted during the Quarter. Additional mapping, rock chip sampling and soil sampling using hand-held XRF units for assay determination was carried out as part of the process of determining drill targets and drill collar locations. A gossanous outcrop, previously obscured by vegetation, was located at the Ox-Eyed Herring prospect and will be drill tested as part of the planned drill program. One rock chip returned an assay result of 5,552 ppm Zn (0.56% Zn).

An MMP (Mine Management Program) for a proposed drilling program was lodged and approved.

The Allamber Project is located in the south-eastern corner of Thundelarra's Pine Creek tenure and contains copper occurrences associated with a sulphidic and carbonaceous shale horizon. This prospective horizon can be traced for over 20 kilometres within the Allamber project and has extensive areas of surface copper-in-soil anomalism (see Figure 4). The drilling program proposed for the September Quarter will test a number of these locations further.

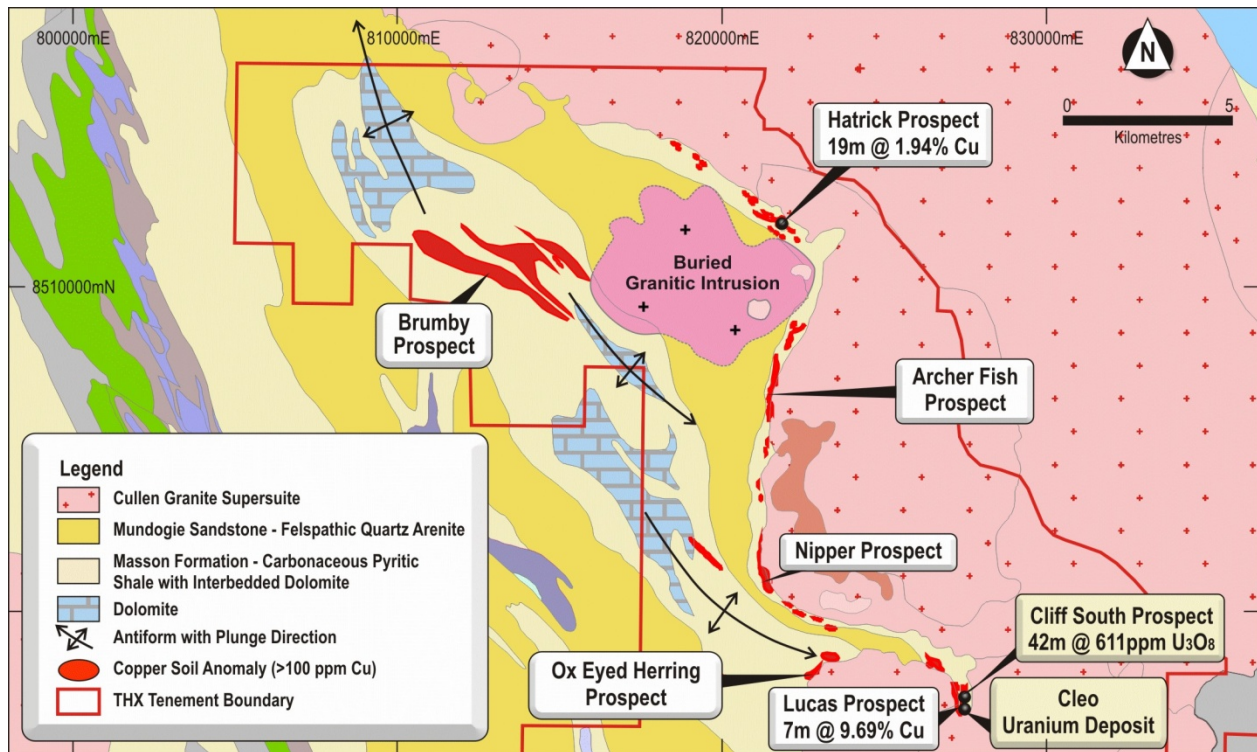


Figure 4. Pine Creek Region: Allamby Project Geology and Prospect Locations.

Ngalia Uranium Project (THX various interests)

No field work was carried out on the Ngalia Project during the Quarter. Statutory reporting was completed for a number of the project leases.

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. In 2011 Thundelarra identified significant uranium mineralisation (greater than 100 ppm eU₃O₈) over a 15 km palaeochannel zone.

The discovery of the Ngalia Basin palaeochannel system, confirmation of the presence of high grade uranium mineralisation and the development of highly efficient exploration techniques have significantly enhanced the potential value of this extensive project. Work required to maintain these project leases in good standing will continue to be carried out as Thundelarra evaluates the best way to deliver to shareholders the value contained within our uranium projects. The Board firmly believes that the uranium sector is poised for recovery when the forecast global supply-demand imbalance in coming years begins to exert upward pressure on uranium prices.

Priscilla Gold Prospect (THX various interests)

No exploration field work was carried out at Priscilla during the Quarter. Drill pads and related items from previous work programs were rehabilitated as per NT Department of Resources requirements.

CORPORATE

During the June Quarter the Company implemented a strategic review of its activities in the light of the current adverse market conditions. The objective was to deliver a significant reduction in overheads and exploration expenditure, to more closely reflect Thundelarra's current market capitalisation and financial resources.

The result of this review, combined with the decision to reduce the remuneration of the Board and the CEO and a fall in the staff count, has resulted in an annual saving in the order of \$850,000.

The Company continues to evaluate a number of corporate approaches that reinforce the Board's view that Thundelarra's project portfolio represents a significant value proposition in the current depressed market.

At 30th June 2012, Thundelarra's cash balance was \$2.124 million.

SUBSEQUENT EVENTS

Since the end of the June Quarter Thundelarra has announced:

The commencement of an RC drilling program of about 25 holes for approximately 3,000m at its Pyramid Project in the Pilbara of WA to test a number of coincident geochemical and geophysical anomalies for possible base metals occurrences.

A private placement raising \$1.110 million to support drilling programs planned at Pyramid and Allamber and for general working capital purposes.

Tony Lofthouse
Chief Executive Officer

THUNDELARRA EXPLORATION LTD

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ASX CODES: THX & THXOA

Issued Shares: 154.8M
(as at 30 June 2012)

Market Cap: \$10M

Competent Persons' Statements

The information in this report relating to mineral resources at the Red Bore Project is based on information compiled by Mr Kevin Lowe (MAusIMM) under the supervision and guidance of Mr Trevor Stevenson (FAusIMM(CP)), who are both full time employees of Runge Limited. Mr Stevenson (FAusIMM(CP)) has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC, 2004). Mr Stevenson consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves, other than the Red Bore JORC Code Compliant Mineral Resource Estimate, up to and including 30 June 2012, is based upon information compiled by Mr Brian Richardson, a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and an employee of the Company in that period.

Information contained in this report relating to Exploration Results, Mineral Resources or Ore Reserves from 01 July 2012, is based on information compiled by Mr Costica Vieru, a Member of the Australian Institute of Geoscientists and an employee of the Company. Both Mr Richardson and Mr Vieru have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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). Both Mr Richardson and Mr Vieru consent to the inclusion in this report of the matters based upon their 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 JUNE 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(879)	(4,413)
(b) development	-	-
(c) production	-	-
(d) administration	(520)	(1,297)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	56	273
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – employee termination payments	(256)	(256)
Net Operating Cash Flows	(1,599)	(5,693)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(13)	(17)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	1	7
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Redemption of security deposits	9	102
- Placement of security deposits	(99)	(283)
- Payment of intangibles	-	(18)
Net investing cash flows	(102)	(209)
1.13 Total operating and investing cash flows (carried forward)	(1,701)	(5,902)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,701)	(5,902)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,701)	(5,902)
1.20	Cash at beginning of quarter/year to date	3,825	8,026
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,124	2,124

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	294
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	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	450
Total	1,450

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	124	232
5.2 Deposits at call	2,000	3,593
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,124	3,825

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	EL24931	-	100%	Nil
	EL26024	-	100%	Nil
	EL26955	-	100%	Nil
	EL27650	-	100%	Nil
	EL28590	-	100%	Nil
6.2 Interests in mining tenements acquired or increased	E52/2716	-	Nil	100%
	E52/1717	-	Nil	100%
	E52/2718	-	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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.

	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	154,828,927	154,828,927		
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
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> \$0.20	<i>Expiry date</i> 29/03/2013
	4,250,000	-	\$0.50	28/02/2013
	4,250,000	-	\$0.20	26/02/2014
	280,000	-	\$0.32	30/09/2012
	6,750,000	-	\$0.64	25/02/2015
	1,160,000	-	\$0.96	20/09/2013
	6,750,000	-	\$0.84	27/02/2015
	1,125,000	-	\$0.39	30/06/2014
	2,000,000	-	\$0.23	28/02/2017
	1,000,000	-	\$0.25	16/04/2014
	1,000,000	-	\$0.45	16/04/2015

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter	1,000,000	-	\$0.25	16/04/2014
		1,000,000	-	\$0.45	16/04/2015
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	260,000	-	\$0.52	30/06/2012
		-	-	-	-
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 July 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.