Annual Report
for
Watts Creek
Exploration License 23517
For the year ending
03/04/2010

Project Operator: Thundelarra Exploration Ltd/Element 92 Pty Ltd
Title Holders: Geoffrey Robert Orridge (33.4%) Gary Anthony Clarke (33.33%) Michael Daniel Teelow (33.33%)
Map Sheet: Pine Creek 5270 1:100 000
PINE CREEK SD5208 1:250 000
Distribution: Thundelarra Exploration Ltd (1)
Department of Regional Development, Primary Industry, Fisheries and Resources (1)

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## Appendix 1

EL 23517 Expenditure Report
Summary

During the current reporting period a desk top GIS review and data compilation commenced using information from open file reports to identify gold and base metal exploration targets for the 2010 field season.

EL 23517 is situated within the Pine Creek Orogen, a tightly folded sequence of Palaeo-proterozoic rocks. The tenement stratigraphy comprises basal Mt Partridge Group (Wildman Siltstone), South Alligator River (Koolpin Formation, Mount Bonnie Formation and Gerowie Tuff) and Finniss River Group (Burrell Creek Formation).

The strata are folded around NNW-plunging upright to locally overturned folds, which form the south western edge of a major anticlinal structure. Inter-layered Zamu Dolerite is wide spread, particularly within horizons of the Koolpin Formation (South Alligator Group). Towards the south rock formations have been intruded by the Allamber Springs and McKinlay Granites (Smith 2006).

In the project area previous sampling and drilling campaigns have defined a number of anomalous zones. Gold potential for formations within the South Alligator River and Finniss River Groups (Koolpin Formation, Gerowie Tuff and Burrell Creek Formation) is well established. However, a significant gold deposit/prospect within the Wildman Siltstone (Mount Partridge Group) is yet to be discovered.

A number of soil sampling programs have shown that anomalous gold mineralisation is present within the Wildman Siltstone (Bajwah 2009) and consequently EL 23517 is considered prospective for gold and base metal mineralisation.

The exploration program for the 2010 field season will include an infill airborne geophysics survey, rock chip and soil sampling programs with additional diamond and RC drilling planned, dependant on results.
1. Introduction

1.1 Location and Access
EL23517 is situated approximately 160 km SE of Darwin and 35km NE of Pine Creek. Vehicle access is via tracks either from the west via Mt Wells, or east via the old Frances Creek mines. The tenement falls within the Pine Creek 1:250,000 sheet and the Pine Creek 1:100,000 sheet (Figure 1). The tenement also is within the Ban Ban Springs pastoral lease (PPL 695). A native title claim (NTD6021/01) has been in effect since March 2001.

The north eastern parts of the area are covered by northwest-trending rugged ridges, which are around 170 m higher than the more subdued topography to the southwest.

1.2 Tenement Status and Ownership
EL 23517 was granted on 4 April 2003 and will expire on 3 April 2011. It comprises 10 blocks that cover approximately 33.4 square kilometres. The current expenditure commitment on the license is $10,000.00.

Thundelarra Exploration Ltd and Element 92 Pty Ltd (a subsidiary of Thundelarra) entered into an option agreement to acquire 100% of the exploration license on 3 January 2010 after its joint venture partner Crocodile Gold Australia Pty Ltd allowed its interest in EL 23517 to lapse.

2.0 Regional Geology

EL 23517 is situated within the Pine Creek Orogen, a tightly folded sequence of Palaeoproterozoic rocks. The tenement stratigraphy comprises basal Mt Partridge Group (Wildman Siltstone), South Alligator River (Koolpin Formation, Mount Bonnie Formation and Gerowie Tuff) and Finniss River Group (Burrell Creek Formation). Geology of the project area is shown in Figure 2.

The strata are folded around NNW-plunging upright to locally overturned folds, which form the south western edge of a major anticlinal structure. Interlayered Zamu Dolerite is wide spread, particularly within horizons of the Koolpin Formation (South Alligator Group). Towards the south rock formations have been intruded by the Allamber Springs and McKinlay Granites.

There are no recorded MODAT occurrences within the tenement area, although the Watts Creek alluvial gold field probably extends to the eastern boundary of EL 23517 (Smith 2006).
Figure 1: Location Map EL 23517
The structure on EL 23517 consists of north to north-northeast trending, moderately tight, symmetrical folds, having gentle northerly plunges, there are currently four major anticlinal trends are recognised (Orridge 2004).

There is a tendency for gold mineralisation to be focused in anticlinal settings within strata of the South Alligator Group and lower parts of the Finniss River Group. Most of the gold mineralisation in the region appears to be related to the I-type members of Cullen Batholith, formed during the evolution of hydrothermal fluids as a result of fractionation and differentiation processes (Bajwah, 1994).

3.0 Local Geology

The project area is covered by the Palaeoproterozoic sequence covering rocks of the South Alligator and Mount Partridge Groups, intruded by McKinlay and Allamber Springs Granites towards south (Figure 2). It also comprises significant outcrops of Zamu Dolerite.

The rocks in the tenement were metamorphosed and deformed during Top End Orogeny (1880-1870Ma) four deformation phases are recognised, of which D3 appears to be the most important for the localisation of gold mineralisation along anticlinal structures.

In the project area previous sampling and drilling campaigns have defined a number of anomalous zones. The potential for gold mineralisation within the South Alligator River and Finniss River Groups (Koolpin Formation, Gerowie Tuff and Burrell Creek Formation) is well established.

However a significant gold deposit/prospect within the Wildman Siltstone (Mount Partridge Group) is yet to be discovered (Bajwah 2009).

4.0 Target Commodities

Thundelarra is exploring EL 23517 primarily for gold and base metals.

5.0 Previous Mining and Exploration History

The earliest known tenure over EL 23517 was AP 2226 held by Australian Geophysical, who explored a large area for uranium, base metals and iron ore. Work done included auger drilling, percussion drilling and geophysical surveys. ‘Rare’ high lead and silver values were reported, and one U anomaly when the tenement expired.
Figure 2: Geological Map EL 23517
A review of open file geochemical data shows that 66 soil samples were taken by CRA within EL 23517. Samples were assayed for Cu, Pb, Zn and Mn. No assays were recorded for Au or As. Maximum reported values within EL 23517 include 8310ppm Mn, 518ppm Zn, 26 ppm Cu and 143ppm Pb. There are no reference reports or tenement details listed with the dataset to check this data.

Dominion Mining explored the area under EL 4759 and were in a joint venture with Geopeko (Golden Dyke JV) and had a farm-in agreement with Mineral Resources Corporation, the titleholder. The ‘Camp’ area (also called Watts Creek North or Watts Creek old townsite) appears to be almost wholly in EL 23517.

Exploration in the Camp Area comprised 15 costeans (with best intercept of 1m @ 12.7g/t Au in Creek Costean (7450N). The remainder of reported costean samples assayed <0.6g/t Au.

Eight RC holes totalling 582m were drilled in the Camp area. The holes were apparently poorly placed, either failing to hit the geological target or away from anomalies defined from the costeans.

Compass continued exploration through the 1990’s after pegging most of EL 4759 under 86 mineral claims (MCN’s 641-643; 2649-2669; 2764 – 2779; 2894-2907; 3505-3540).

Compass undertook wildcat drilling at Northern Quartz Prospect (3 holes for 99m) and Chinese Workings Prospect (one hole).

Drilling at Main Ridge showed the host sequence for stock work and ladder vein mineralisation is a steeply eastward dipping arkosic sandstone horizon which crops out on the western side of the Main Ridge.

Compass held the most prospective areas under mineral claims until 1998. Notable drill results reported in the final year of tenure included 2m @ 9.09g/t Au in CNQ-3.

Dominion also held EL 5138, a 3 block tenement, of which one block covered the NE block of EL 23517 from 1988-1989. Work consisted of geochemical sampling (stream sediment, soil and rock chip sampling), which did not define any ‘significant anomalous zones’. The tenement was relinquished.

EL 6474 covered the same 3 blocks as EL5138 (above). The licence lasted one year, with only a literature/geological review, which concluded that the area was away from the main Watts Creek zone of mineralisation, so held little prospectivity.

EL 5064 (Western Gulf Oil and Mining) covered the 3 SW blocks of EL 23517 from 1987-1990. Rock chip samples within the area covered by EL 23517 produced sporadic anomalous results with a maximum of 0.94g/t Au and 4.35% As in a sample described as ‘greywacke.
with scorodite’ (at approximately 804300E / 8497200N). Further sampling around this site did not show any better or comparable values in either Au or As, and the ground was dropped.

EL 6653 covered the NW blocks of EL 23517, and was held for one year in 1990. Work concentrated on an exploration review, and concluded that the most prospective areas had been pegged under Compass’ mineral claims, and the ground was dropped.

EL 7655 covered the 4 northern blocks of EL 23517, plus a larger area to the north of the tenement for one year (1992). No work was carried out, and it was concluded that no economic mineralisation was contained within the licence area.

Territory Goldfields / Northern Gold held EL 8056 from 1993-1997, covering 5 of the SW blocks of EL 23517, plus areas further south. The most significant work done included soil sampling (65 samples along 4 x 400m spaced lines) within EL 3517, with a max value of 3ppb Au (Sample 144287) using BLEG technique.

Three stream sediment samples were also collected and assayed using BLEG techniques. Best result of 0.5ppb Au, 22ppm As, 37ppm Cu, 395ppm Zn and 203ppm Pb came from sample 144319.

Territory Goldfields also held EL 8228, which covered the 3 NW blocks of EL 23517, plus an extensive area to the north and east of the tenement, from 1993 to 1998. Work done within the area covered by EL 23517 included 28 soil samples. Best result from this work of 3140ppm Zn, 900ppm Pb came from about 500m north of the northern edge of EL 23517.

Terra Gold expressed interest in exploring the tenement, but in July 2005 was subjected to a reverse takeover by Emerson Exploration Inc (GBS Gold International Inc.). Changes in management and exploration staff during the year impacted on the exploration work being done and much of the time was spent on data review and acquisition (Smith 2006).

In 2007-08 reporting period, GBS Gold Australia undertook a soil/rock chip sampling campaign which involved collection of 778 soil samples of -2 um fraction along east west lines (0.5 km apart). These were assayed for gold and base metals but the results were disappointing.

### 6.0 Exploration During Current Tenure

During the current reporting period a desk top GIS review and data compilation commenced using information from open file reports to identify gold and base metal exploration targets for the 2010 field season.
7.0 Expenditure statement

A total of $11,000.00 was spent on EL 23517 by Thundelarra Exploration during the reporting period.

A full expenditure breakdown is given in Appendix 1.

8.0 Program and Budget

During the 2010 field season Thundelarra will complete a data review and carry out airborne magnetics and radio-metrics surveys to assist in target generation. Further evaluation and ground follow up will be undertaken by a program of rock chip, soil and stream sediment sampling programs with additional diamond and RC drilling planned dependant on results.

The provisional budget for EL 23516 is as follows:

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9.0 References


Appendices

(supplied separately as digital data)