

## THIRD QUARTER ACTIVITY & CASHFLOW REPORT 30 JUNE 2013

### HIGHLIGHTS

#### WESTERN AUSTRALIA

- ✦ **Curara Well Copper Prospect, Gascoyne Province**
  - *Diamond holes (394m drilled in 3 holes) identify new follow-up target*
  - *Prospective target at intersection of cross-structure with Jenkins Fault*
  - *Analysis of drill core confirms possible existence of a hydrothermal vent*
- ✦ **Azura Copper Prospect, East Kimberley Region**
  - *Flora and Fauna Study completed: drill targets confirmed for follow-up*

#### NORTHERN TERRITORY

- ✦ **Red Hill Prospect, Priscilla Line, Hayes Creek Project**
  - *RC program completed (288m in 3 holes) to test for high grade gold repetitions*
- ✦ **Allamber Project**
  - *Option exercise finalised, further consolidating project landholding*
  - *Discussions with pastoralist continue re access for proposed drill program*

#### CORPORATE

- ✦ **Negotiations progress to rationalise the extensive tenement portfolio**
- ✦ **Court case re Red Bore project earn-in advances**
- ✦ **Overhead reductions continue through further staff reductions**
- ✦ **Cash position at end of quarter: \$0.736 million (excludes equity investments)**
- ✦ **Current marked to market value of equity investments: \$0.220 million**

#### SUBSEQUENT EVENTS SINCE 30 JUNE

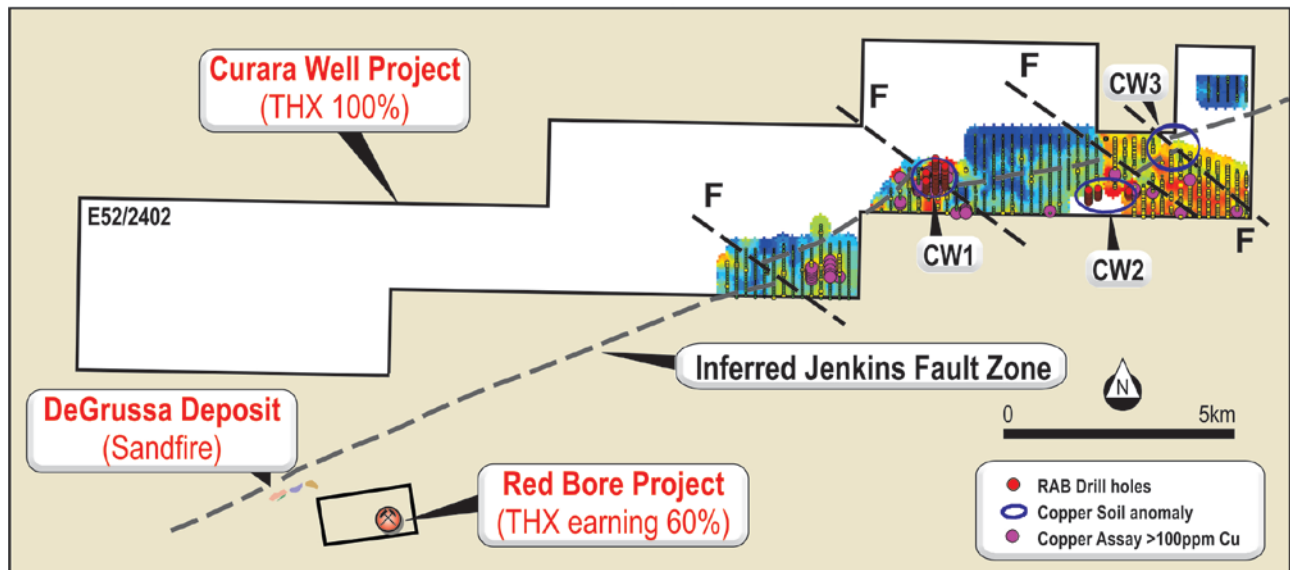
- ✦ **5M Resource Star shares received, finalising Spinifex prospect sale in 2012**
- ✦ **Office relocation to Nedlands will reduce overheads by ~\$200,000 pa**

## WESTERN AUSTRALIA

## Curara Well (THX 100%)

This tenement is strategically placed ~2.5km north and eastwards from the newly commissioned DeGrussa copper and gold mine owned and operated by Sandfire Resources NL. The project area has poor outcrop and has seen little past exploration. It lies along the trend of the Jenkins Fault, considered an important structural feature controlling the mineralising systems in the region.

During the June Quarter assays were received from the diamond drilling program that followed up targets identified by the earlier RAB drilling program.



**Figure 1.** Curara Well: copper soil geochemistry and revised interpretation of Jenkins Fault Zone trace.

Hole No	Easting	Northing	Azimuth	Dip	Depth
TCWDD099	747903	7180015	360 <sup>0</sup>	-60 <sup>0</sup>	151.80m
TCWDD102	747716	7180128	48 <sup>0</sup>	-60 <sup>0</sup>	143.80m
TCWDD103	747902	7179760	360 <sup>0</sup>	-70 <sup>0</sup>	98.70m

*Table 1. Location and orientation details of the diamond holes drilled at CW1.*

Three diamond holes totalling 394.30m were drilled. All three holes intersected anomalous values (assay results in Table 2) but no potentially economic concentrations were identified.

Hole No	From	To	Interval	Cu (ppm)	Cr (%)	Ni (%)
TCWDD099	49m	66m	17m	476	0.09	0.11
	91m	92m	1m	1,200	0.1	0.05
TCWDD102	48m	54m	6m	501	0.08	0.18
	57m	104m	47m	254	0.06	0.11
TCWDD103	46m	54m	8m	732	0.12	0.06

*Table 2. Assay results for selected intervals from diamond holes drilled at CW1. Intervals not specifically reported returned no values of significance.*

Evaluation of the drill core shows that there are metal sulphides in the system and the geometry of the fault structures identified suggests a possible feeder vent to the north-west of the zones drilled (Figure 2) which warrants testing. Discussions are underway to obtain a Heritage Clearance survey, but we note that the process to obtain clearance has been known to take in excess of 6 months.

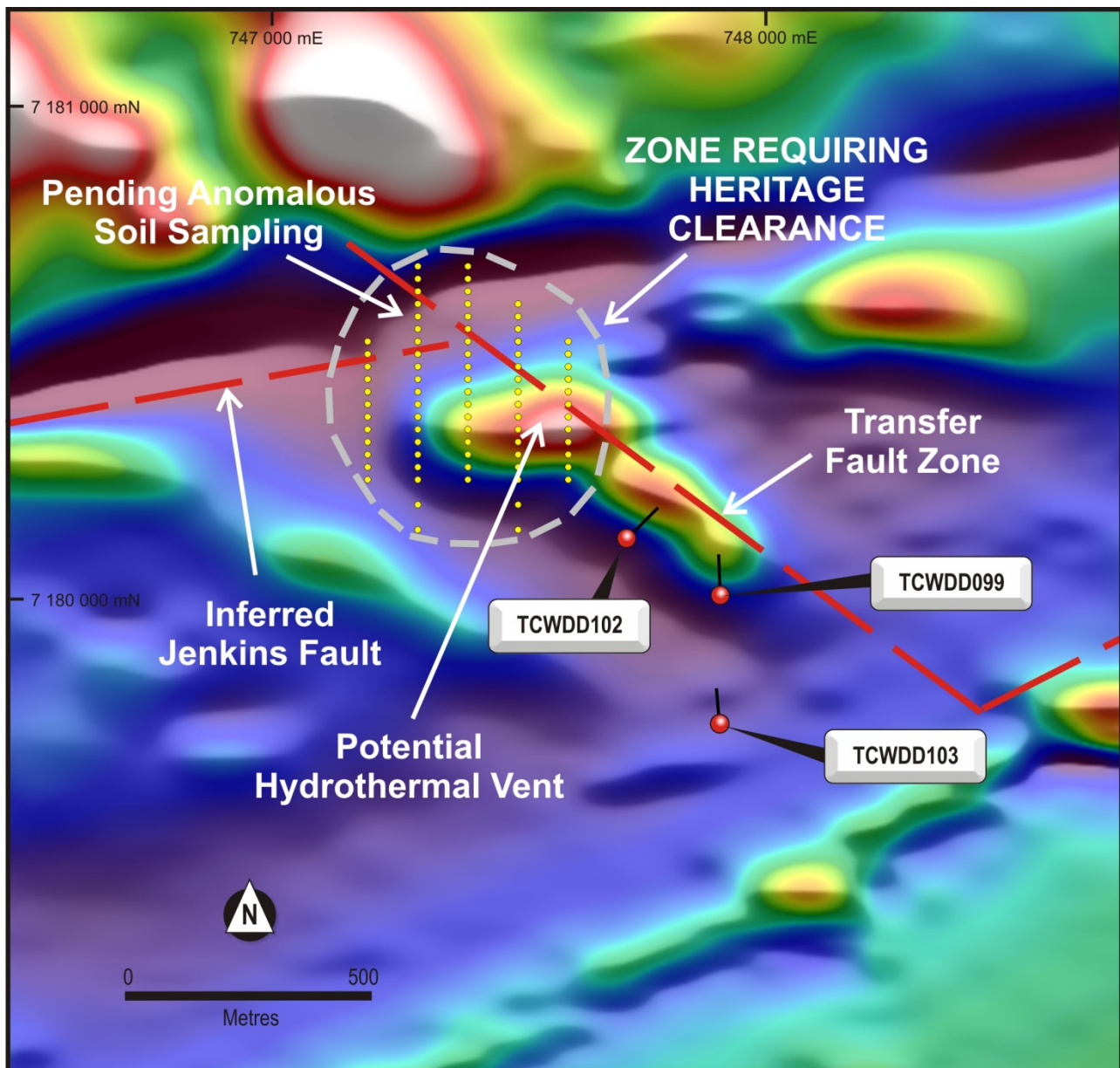


Figure 2. CW1 Anomaly : Diamond hole locations on the Total Magnetic Image with the structural setting interpretation.

### Red Bore (THX earning in to 60%)

Thundelarra delivered a maiden JORC Code compliant indicated resource (ASX 4<sup>th</sup> 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 subsequently advised in several ASX announcements, the relevant transfer of title paperwork has not been lodged and our joint venture partner contends that the agreement under which Thundelarra spent over \$3 million is not valid and legally binding. Thundelarra rejects such contentions in their entirety and continues to pursue all available avenues to protect its shareholders' interests.

Thundelarra's action in the Supreme Court of Western Australia has advanced, but the process is slow and involves unavoidable and necessary legal costs to protect the investment that Thundelarra has made to date in the project on behalf of shareholders. Thundelarra will advise the market as and when there are any material developments.

Until the respective equity interests in the project are established beyond dispute, Thundelarra believes further exploration expenditure would not be in the best interests of its shareholders. Consequently expenditure continues to be limited to basic requirements to keep the lease in good standing.

#### **Azura (Frank Hill) (THX 100%)**

Flora and Fauna studies needed to be refreshed in order for work approvals to be progressed. These studies have been completed and the follow-up drill program previously foreshadowed is being tentatively planned for the September Quarter.

#### **Rosewood (THX 100%)**

Rosewood is located in the East Kimberley and was considered prospective for sediment-hosted and structurally-controlled copper-silver mineralisation.

The Heritage Clearance procedures required to allow a POW to be submitted to the Department of Mines and Petroleum in time to allow drilling to commence by 1<sup>st</sup> July, 2013 in order for the work to qualify as a WA Government co-funded drilling program did not eventuate in time.

As a result of the delays, which were beyond the control of the Company, Thundelarra had to advise the Department that it would not be able to take advantage of the co-funded grant and consequently made the decision to relinquish the property.

#### **Pyramid Project (THX 100%)**

The Pyramid Project is located in the Pilbara, about 70km east of Karratha. Detailed re-evaluation of the exploration conducted to date and the probability of further exploration discovering commercial mineralisation led to a decision to relinquish the property. No exploration work was carried out at Pyramid during the Quarter.

#### **Sophie Downs Project (THX 100%)**

As part of a conscious decision to concentrate on projects where approvals were already in place or could be quickly obtained or refreshed, Thundelarra's geological team elevated the priority of the Sophie Downs Project (last explored in any detail by Thundelarra in 2008). A re-evaluation of the potential mineralisation models suggested a possibility that the known base metal occurrences may be replacement skarn-style deposits rather than VMS-style. A program to test this theory is underway which will include a small drill program.

## NORTHERN TERRITORY

During the Quarter the main focus was on continuing the process to rationalise the exploration property portfolio in order to reduce the significant overheads composed of rents and rates as well as significant exploration expenditure commitments.

### Allamber Project (THX various interests)

Thundelarra finalised the acquisition of the McKeddies tenement (EL23506), thus helping to consolidate the ownership of the prospective targets at the Allamber Project. The drilling program that had been planned for June – July had to be deferred as discussions continue with the local pastoralist to secure access conditions acceptable to all parties.

The targets at Allamber remain amongst the most attractive and prospective of Thundelarra's exploration portfolio and efforts will be increased to ensure access before the end of the current field season.

### Ngalia Uranium Project (THX various interests)

Further review of the landholdings, joint ventures and expenditure requirements relating to the Ngalia Basin Uranium Project led to the decision to exit a joint venture over tenements at the western end of the basin. The three remaining tenements still retain coverage of over 400 linear kilometres of the prospective palaeochannels (buried ancient river systems) that form the core of the project. Thundelarra continues to seek partners to assist in the exploration of this quality uranium exploration project despite the continuing depressed market for uranium exposure.

As part of the normal exploration process, a significant amount of drillhole and exploration rehabilitation was undertaken at various of the Ngalia tenements.

### Hayes Creek, including Priscilla Line (THX various interests)

A small RC drilling program of 3 holes totalling 288m was undertaken to test the possibility of repetitions of high grade gold intercepts from earlier drill programs. Assay results were still pending at the end of the Quarter.

## CORPORATE

The Company 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.

The commitment to reduce overheads continues and during the Quarter a further reduction in the head count occurred. The impact of these reductions, together with the decision to relocate the office to premises of lower rental, incurred a number of one-off payments relating to such changes that inflated the reported administrative charge for the June Quarter.

It should be noted that since April 2012 the deliberate strategy to rationalise the Company's project portfolio has led to a 77% reduction (\$0.579 million) in the annual cost of rent plus rates alone that apply to the portfolio – from \$0.755 million in April 2012 to \$0.176 million currently, with further potential reductions still in train.

At 30<sup>th</sup> June 2013, Thundelarra's cash balance was \$0.736 million. The marked to market valuation of equity investments held by Thundelarra at the date of this report was \$0.220 million and is additional to the reported cash balance.

## SUBSEQUENT EVENTS

Since the end of the June Quarter Thundelarra has been issued five million shares in Resource Star Ltd (RSL.ASX) as consideration for the sale of its interest in the Spinifex Project. This transaction was originally announced to the market on 29 October 2012.

The Company has also relocated its offices to Nedlands, resulting in annual savings in the order of \$200,000.

The non-material sale of two tenements has also been advanced which will deliver a two-fold benefit to Thundelarra of a small cash consideration coupled with the removal of expenditure commitments.

On the active exploration front a small RC drilling program of approximately 1,000m has commenced at Sophie Downs in WA, targeting skarn-style replacement copper-lead-zinc mineralisation. This is consistent with the Company's stated strategy of evaluating copper targets and the elevation of the Project's priority is a direct reflection of the ability to access the ground quickly and effectively to carry out the proposed work program.

**Tony Lofthouse**  
Chief Executive Officer

## THUNDELARRA LTD

### REGISTERED OFFICE

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	ABN: 74 950 465 654	ACN: 085 782 994
ASX CODE: THX	Issued Shares: 231.9M (as at 30 June 2013)	Market Cap: \$5M

### 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 and oil and gas 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, 01/05/2013

Name of entity

**Thundelarra Limited**

ABN

**74 950 465 654**

Quarter ended ("current quarter")

**30 June 2013**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(651)	(2,736)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(495)	(1,533)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	33	107
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		(1,113)	(4,162)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	(45)	(45)
	(b) equity investments	-	-
	(c) other fixed assets	-	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	12	12
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Placement of security deposits	(100)	(151)
	– Redemption of security deposits	178	224
<b>Net investing cash flows</b>		45	38
1.13	Total operating and investing cash flows (carried forward)	(1,068)	(4,124)

+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,068)	(4,124)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	2,663
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	(2)	(13)
	<b>Net financing cash flows</b>	(2)	2,650
	<b>Net increase (decrease) in cash held</b>	(1,070)	(1,474)
1.20	Cash at beginning of quarter/year to date	1,806	2,210
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	736	736

### Payments to directors of the entity, associates of the directors, 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	(121)
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 2012 to 30 September 2013.

Payments for exploration and evaluation includes significant legal costs associated with the Red Bore dispute and rehabilitation cost at Ngalia to ensure the tenements are kept in good standing.

Payments for administration includes costs associated with redundancy payments made in relation to the termination of surplus staff during the quarter and costs associated with the relocation of office premises.

### 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.

+ See chapter 19 for defined terms.



**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 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.*

	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	300
4.2 Development	-
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>600</b>

### 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	195	111
5.2 Deposits at call	541	1,695
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>736</b>	<b>1,806</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E80/2836 E80/2866 E80/3800 EL25477 EL25556 EL27898 EL28698	- - - - - - -	100% 100% 100% 100% 100% 100% 100%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL29523	-	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.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	-	-	-
7.2	Changes during quarter	-	-	-
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	<b>+Ordinary securities</b>	231,941,783	231,941,783	
7.4	Changes during quarter	660,000	\$0.11	-
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	<b>+Convertible debt securities</b> (description)	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	<b>Options</b> (description and conversion factor)	4,250,000 6,750,000 660,000 6,750,000 725,000 2,000,000 1,000,000 1,000,000 2,350,000	- - - - - - - - -	<i>Exercise price</i> \$0.20 \$0.64 \$0.96 \$0.84 \$0.39 \$0.23 \$0.25 \$0.45 \$0.09	<i>Expiry date</i> 26/02/2014 25/02/2015 20/09/2013 27/02/2016 30/06/2014 28/02/2017 16/04/2014 16/04/2015 31/10/2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (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:

Company secretary

Date: 31 July 2013

Print name: Frank DeMarte

## Notes

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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- 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 and petroleum 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 or petroleum 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.