



# THUNDELARRA

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22 August 2013

Dear Shareholder

## COMPANY UPDATE

Under the management of our new CEO Tony Lofthouse, you may have seen our recent announcement of what we hope is our first step towards revisiting our past successes: new massive sulphide drill hits at our Little Mount Isa prospect in WA. I am very excited both by this new discovery and by the potential for further discoveries at our Allamber project in the NT, which we will be drilling very soon. With these exciting and active exploration targets, now, more than ever before, we need the continued support of our shareholder base. I encourage you to read the documentation now in your hands on the Share Purchase Plan and ask that you participate, so that we have the financial certainty to let us carry out the follow-up required on these new exploration successes. The offer closes on the 30<sup>th</sup> August 2013.

My active involvement in the mineral exploration sector stretches for over 45 years and these are probably the most challenging times that I can recall in that period. There are a number of contributing factors, some of which are relatively new and of which you may not be aware. Increased restrictions as a result of more onerous Governmental, environmental, pastoral, Heritage and mining regulations are making it increasingly difficult to gain quick and effective access to the ground that your Company is endeavouring to explore. We are determined to work our way through all these issues, but in order to increase our operational efficiency and to align our exploration ambitions with the harsh realities of scarce funding alternatives in these difficult markets, we have had to relinquish tenements in the Northern Territory and Western Australia. We are gradually bringing our ground holding back to what we believe to be a core group of projects upon which we are very hopeful of exploration success. We are now concentrating our exploration programs on our copper, gold and base metal prospects and continue to be active in testing these targets. We ask you to follow our releases to the Stock Exchange about our exploration programs as well as about further rationalisation of our project portfolio as we focus on these core commodities. Short 5-minute video activities updates are also available on the Thundelarra website.

Many of you will have purchased Thundelarra shares when we discovered the high grade uranium mineralisation at Thunderball. Due to the adverse market sentiment towards uranium following the Fukushima disaster in March 2011, we have made a conscious decision in the best interests of shareholders to severely curtail our activities in the uranium space. We continue to explore opportunities to negotiate arrangements in respect of our uranium exploration projects in exchange for cash and/or shares in order to crystallise value for shareholders whilst maintaining, where possible, some upside to the uranium recovery that we are sure will follow in due course.

Your Company was among the first explorers to take steps to cut costs, reducing our non-core project portfolio significantly and making the hard decisions to reduce personnel from twenty-one to the current team of seven full-time staff (including your three Board members). We have relocated our office from West Perth to Nedlands at a saving of over 50% of the rental expense. All in all, these initiatives have delivered sustainable cost savings of approximately \$4,500,000 per year.

The future will see us focus on the projects that we have to hand at the moment, but we will also keep a close eye out for the opportunities that always surface in this part of the exploration cycle. Throughout its history, Australia has, by and large, backed the genuine grass roots explorers and I believe that unless society at large remains mindful of this fact, Australia faces a very bleak future indeed. Many of you who know me and have followed my career know that I have always been active in exploration and I continue to have great faith in the exploration potential that our current project portfolio offers. In order to maintain close contact with Thundelarra's activities I re-joined the Board on 7th March 2012 and I was re-appointed Chairman on 5th February 2013. My continued belief in Thundelarra and its prospects is amply demonstrated by my position as major shareholder who had recently bought additional stock and who will participate in the current Share Purchase Plan. I currently hold over 32.7 million shares, representing 14.1% of the Company.

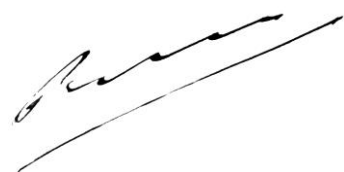
It is important that our shareholders know that we at Thundelarra don't despair at the challenges that we face in these difficult market times. We understand and share the frustration that shareholders experience when watching value dropping day by day on very low share turnover. It is natural to perceive the languishing share price as representing a vote of no confidence by the entire shareholder base, but I assure you that this is far from the case. In the trading days since our share price briefly touched 12 cents back in March, the lack of liquidity and the negative market sentiment has allowed your Company to be indiscriminately sold down to current levels, dropping 75% in value on the back of just 10 million shares turnover in that time – less than 4.4% of issued capital and with the total value of stock traded per day averaging less than \$9,500. Might I add that Thundelarra are not orphans in this regard.

I firmly believe that we will work our way through and around the challenges facing the Australian exploration industry, and that the prospects that your Company holds have the potential to deliver again successes like those we have enjoyed in the past at Copernicus, at Thunderball, at Doolgunna (Red Bore) and from the spin-off of United Kimberley Diamonds.

I thank our loyal shareholders for giving us a fair go.

Yours faithfully

**THUNDELARRA LIMITED**



Philip G Crabb  
**CHAIRMAN**