

## FIRST QUARTER ACTIVITY & CASHFLOW REPORT 31 DECEMBER 2013

### HIGHLIGHTS

#### WESTERN AUSTRALIA

- ✦ **Red Bore Copper-Gold Project, Murchison Region**
  - *Supreme Court awards 60% interest (now registered), plus costs, to Thundelarra.*
  - *Recoverable costs estimated at >\$200,000. Recovery process underway.*
  - *Renewal of active exploration anticipated for March-April 2014.*
- ✦ **Sophie Downs and Frank Hill, East Kimberley Region**
  - *1,284m in eleven RC holes completed. Results awaited at end of Quarter.*

#### NORTHERN TERRITORY

- ✦ **Allamber Project, Pine Creek Region**
  - *First phase drilling delivers further copper mineralisation at Ox-Eyed Herring:*
    - ✦ *11m at 0.62% Cu from 96m (including 4m at 1.34% Cu from 102m).*
  - *Wide, high grade uranium intercepts, with associated copper values, at Cliff South:*
    - ✦ *49m at 787ppm (1.7lb/t) U<sub>3</sub>O<sub>8</sub> from 58m*
    - ✦ *17m at 974ppm (2.1lb/t) U<sub>3</sub>O<sub>8</sub> and 0.15% Cu from 70m*
  - *Second phase completed: assays from the nine holes still awaited at end of Quarter.*

#### CORPORATE

- ✦ **Hayes Creek uranium sold for \$1.55 million, subject to Shareholder approval**
- ✦ **First cash tranche of \$0.650 million from Hayes Creek sale held in trust**
- ✦ **Research & Development rebate of \$0.139 million received**
- ✦ **Cash position at end of quarter: \$0.483 million (excludes equity investments)**
- ✦ **Current marked to market value of equity investments: \$0.208 million**
- ✦ **\$0.500 million placement to Chairman awaiting Shareholder approval**
- ✦ **\$0.200 million short term loan provided by Chairman**

#### SUBSEQUENT EVENTS SINCE 31 DECEMBER

- ✦ **Thundelarra negotiates exit from Yerrida JV, allowing focus on Red Bore.**
- ✦ **More copper and tungsten mineralisation in Allamber phase two drill results.**

*Exploration results presented in summary form herein were first prepared and reported in detail under the 2004 JORC Code. None of these results have been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since first reported.*

### Red Bore, WA (THX 60%)

No fieldwork was carried out on this project during the Quarter. The highlight of the Quarter was the successful conclusion of the proceedings heard by the Supreme Court of Western Australia, which found in Thundelarra's favour, ordering specific performance and awarding costs to Thundelarra. Thundelarra now has a 60% interest in Red Bore (granted Mining Lease M52/597) registered with the Department of Mines and Petroleum.

A review of past exploration data will be carried out so that a new program of constructive exploration can begin at Red Bore when the issue of the costs is fully resolved. Estimates of the total recoverable costs suggest a figure in excess of \$200,000 should be recoverable. Negotiations with prospector Mr W Richmond (40%) following the trial were successful in reaching an agreement to terminate the Joint Venture over the Yerrida tenements to the south of Red Bore that had formed part of the original agreement. The exit from all legal and financial obligations relating to these Yerrida tenements will allow the future focus to be exclusively on advancing Red Bore.

### Allamber Project, Pine Creek, NT

Allamber is approximately 180km south-east of Darwin and is part of the Pine Creek Orogen. Most of the tenements comprising the Allamber project are owned 100% by Thundelarra or its wholly-owned subsidiary Element 92 Pty Ltd. The project is very well served by regional infrastructure.

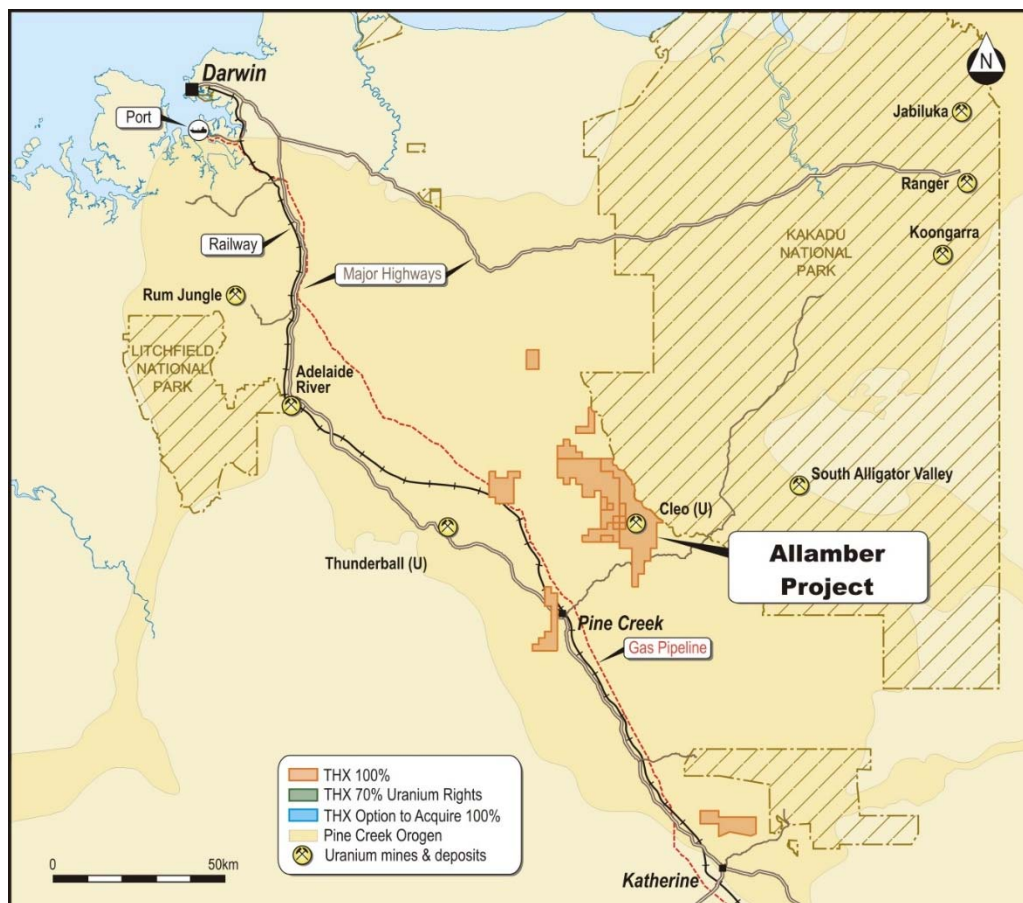


Figure 1. Allamber Project: regional location and infrastructure map.

Assay results of the first phase of a two-phase drill program were received and reported (refer ASX Announcement of 25 Oct 2013). 1,320m were drilled in ten holes at six prospects (Figure 2).

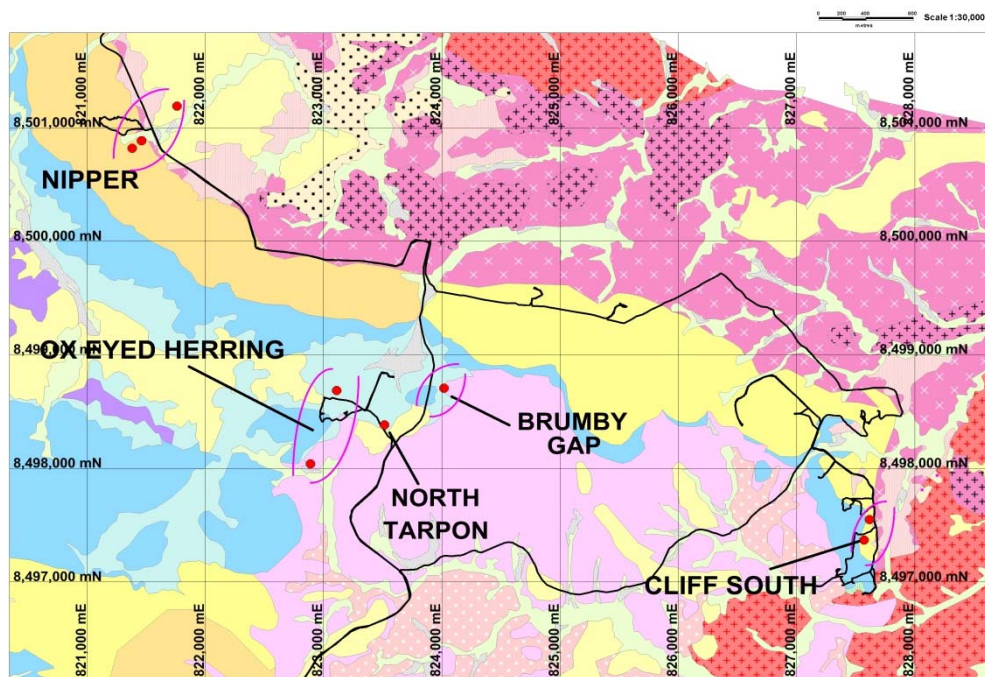


Figure 2. Allamby Project – southern area. Prospect map showing planned drill hole locations.

Table 1 below records the most significant intercepts from the program. Details of all assays were reported in the 25 Oct 2013 announcement.

Hole No	From	To	Interval	Cu (%)	Zn (%)	W (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)
TAL100RC	50m	66m	16m		0.39		
TAL101RC	142m	157m	15m	0.40			
TAL102RC	96m	107m	11m	0.62			
incl.	102m	106m	4m	1.34			
TAL105RC	0m	16m	16m	0.26			
	42m	48m	6m	0.23		337	
	50m	68m	18m	0.12		424	
TAL106RC	76m	81m	5m	0.11		942	
TAL107RC	51m	54m	3m				601
	58m	107m	49m				787
incl.	78m	95m	17m	0.06			1,286
TAL108RC	70m	87m	17m	0.15			974
	123m	127m	4m				345

Table 1. Significant drill intercepts. See Appendix 1 for all assays.

This program was designed to further test several anomalous intercepts identified in previous drilling, with the aim of improving the understanding of the possible models for mineralisation in the area. The results succeeded in three main respects:

- The extent of the zone of wide, high grade uranium mineralisation at **Cliff South**, with associated highly significant anomalous copper, continues to grow with each drill program.
- The potential for multiple stacked Tarpon-style quartz-sulphide lodes at the **Ox-Eyed Herring / Brumby / Tarpon** area was demonstrated and warrants further follow-up;
- Copper anomalism was shown to be present at **Nipper**, the significance of which requires further follow-up exploration.

The **Cliff South** results in particular were excellent, showing increased grade and along-strike extent of the known zone of uranium and copper mineralisation, which remains open to north and south.

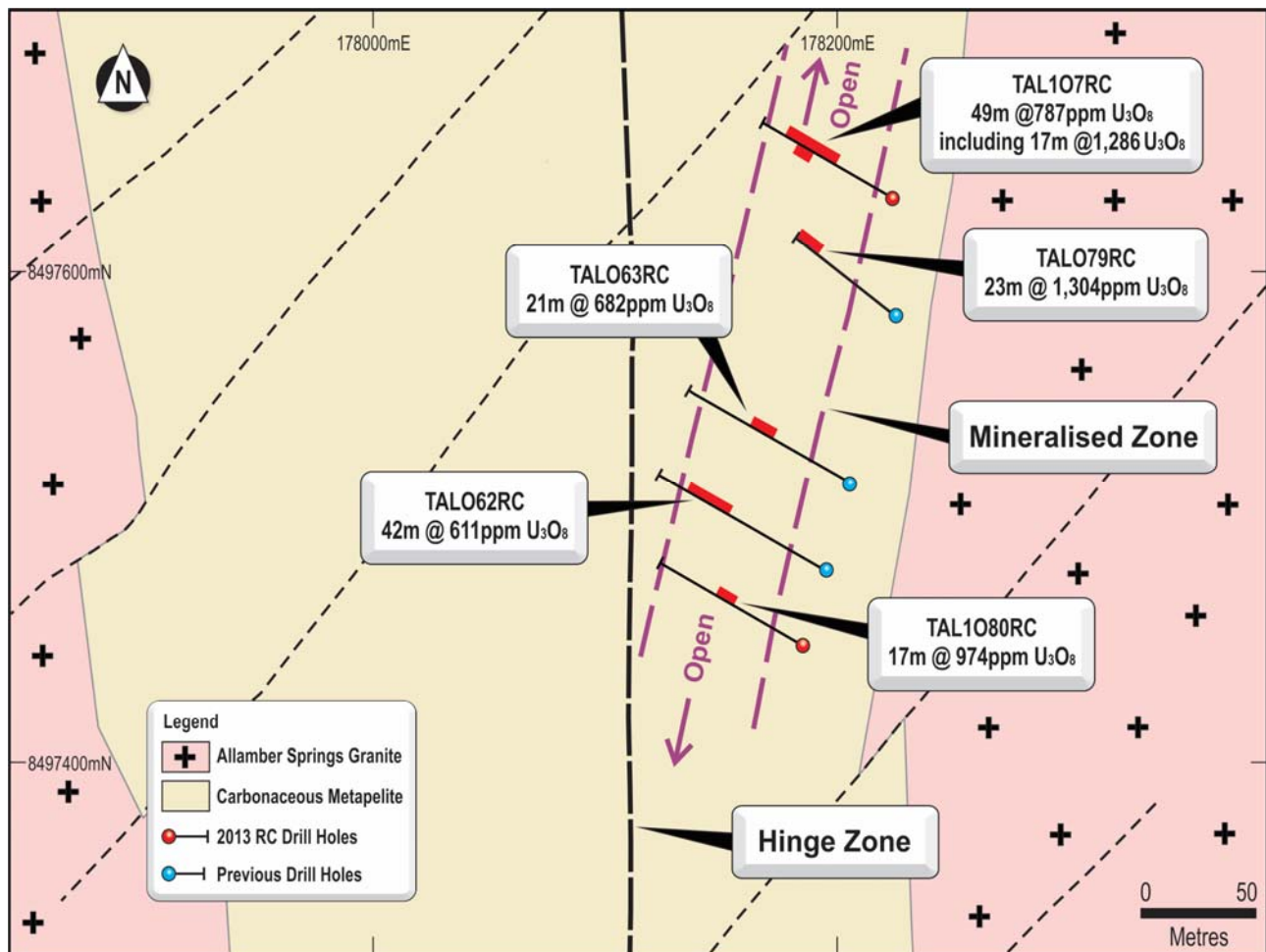


Figure 3. Cliff South Prospect: drillhole locations, local geology and extent of mineralised zone identified to date.

The second phase of reverse circulation drilling was completed during the Quarter, with nine holes drilled at five targets for an advance of 705m. Assay results from these holes drilled at **Catfish**, **Hatrick**, **Nipper**, **Ox-Eyed Herring**, and **Brumby Gap** were still awaited at the end of the Quarter. Details of the drilling results and assays can be found in Thundelarra's announcement to the ASX made on 28 Jan 2014.



**Sophie Downs, East Kimberley, WA (THX 100%)****Frank Hill, East Kimberley, WA (THX 100%)**

Sophie Downs is approximately 50km to the north-east of Halls Creek in the East Kimberley region of Western Australia on Thundelarra's 100%-owned exploration license EL 80/3673. Frank Hill is located a further 100km or so to the north-east of Sophie Downs on Thundelarra's 100%-owned exploration license EL 80/2878.

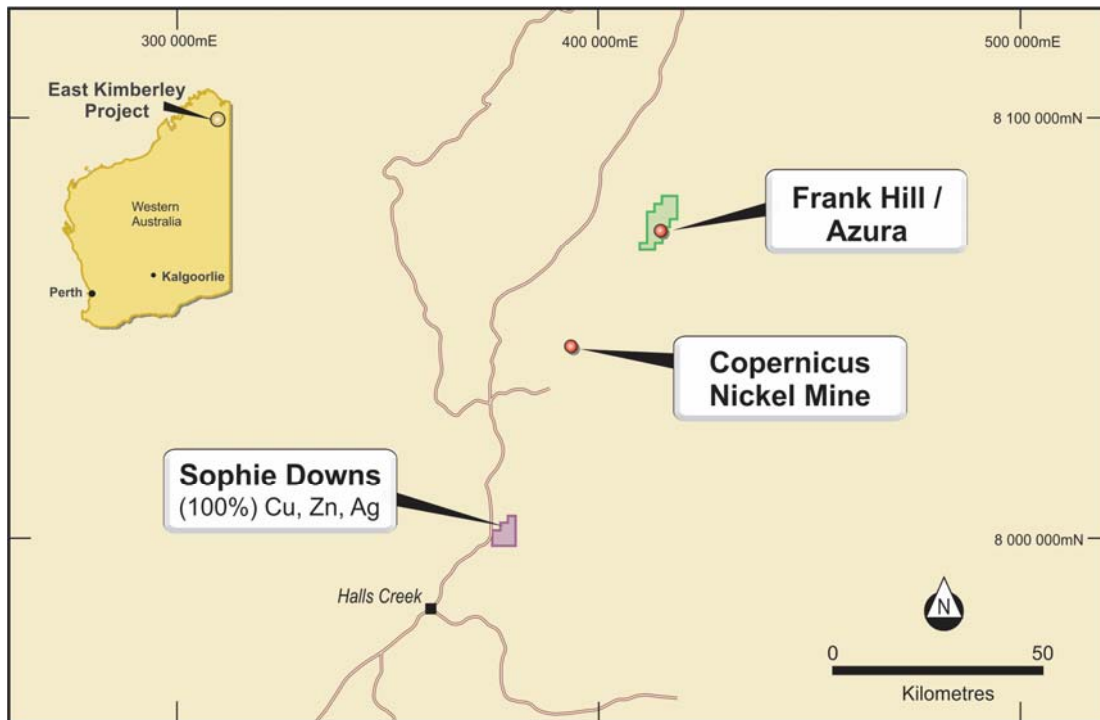


Figure 4. Sophie Downs, Frank Hill location map.

During the Quarter a small program of reverse circulation drilling was completed over both projects. Eleven holes were drilled for a total advance of 1,284m. Seven holes (750m) were drilled at Sophie Downs, mainly to follow up earlier successes at Little Mount Isa Prospect (refer ASX announcement of 20 Aug 2013), and four holes (534m) were drilled at Frank Hill to test high chargeability IP anomalies and surface targets identified by earlier mapping, geochemical and geophysical surveys.

Assay results were still awaited at the end of the Quarter and are currently being evaluated.

**Curara Well, WA (THX 100%)**

No fieldwork was carried out on this project during the Quarter. The Company's evaluation of the geological information collected to date has generated some new conceptual targets, in addition to those previously identified for follow-up test work, that will be pursued in the next field program provisionally scheduled to begin from March/April 2014. It is planned to commission the relevant Heritage Clearance survey required to enable drill testing of the potential hydrothermal vent identified at CW1 after Shareholders hopefully approve at the Annual General Meeting the sale of the Hayes Creek assets and the placement to our Chairman that will deliver additional funding.

**Saltwater Pool JV, WA (Avocet operator LLO; Cullen CUL; THX)**

Saltwater Pool is in the southeast of the Ashburton Basin, 150km southwest of Newman in WA. No report has been received from Avocet, operator of the JV, of any work conducted during the Quarter.

**Ngalia Uranium Project, NT (THX 100%)**

No fieldwork was carried out on this project during the Quarter. The landholdings, prospectivity, and expenditure requirements relating to the Ngalia Basin Uranium Project are under continual review in the context of the global market for exposure to uranium and Thundelarra continues to seek partners to assist in the exploration of this quality uranium exploration project. Previous exploration program sites continue to be gradually rehabilitated in accordance with conditions of tenure.

**Hayes Creek, including Priscilla Line, NT (THX various interests)**

During the Quarter, the sale of the Hayes Creek Uranium Assets was concluded (subject to receipt of formal shareholder approval) for a total consideration of A\$1.55M, potentially as a mixture of cash and shares. A\$0.65M in cash has been lodged in a trust account by the purchaser and will be released upon registration of the relevant title transfers, which cannot occur until shareholder approval for the sale has been obtained. The purchaser is an unlisted Australian company with a track record of success in the Australian mineral exploration and development market. If the purchaser decides to list on a Stock Exchange within two years, the \$0.90M balance of the consideration may be issued to Thundelarra in the form of scrip in the new listing. If no listing eventuates, the \$0.90M is payable in cash. Neither the purchasing entity nor any of its officers has any association with Thundelarra or any of its officers. Upon conclusion of this transaction Thundelarra will exit any other interests in the Hayes Creek area not captured by this transaction.

Based on the rehabilitation work carried out in the Hayes Creek Project Area, a significant proportion of the rehabilitation security bond lodged with the NT Department of Minerals and Energy was returned. The balance will be replaced by the purchaser of the Hayes Creek assets once approval for the sale has been received from Shareholders at the Annual General Meeting.

**CORPORATE**

The process of rationalising our portfolio of exploration tenure continues to advance. The annual overhead associated with work expenditure commitments, tenement rents, and rates continues to shrink to manageable levels. We are very satisfied with our progress to date.

The CEO prepared a new Video News update in December that is available for viewing on the Thundelarra website. In this update he endeavoured to provide viewers with an outline of why the Thundelarra team considers the prospects we have to be of considerable geotechnical quality and to offer significant potential for discoveries in 2014.

During the Quarter Thundelarra received a Research and Development rebate of \$139,600 from the Government relating to previous exploration work. At 31<sup>st</sup> December 2013, our cash balance was \$0.483 million. The marked to market valuation of equity investments held by Thundelarra at the date of this report was \$0.208 million and is additional to the reported cash balance.

Assuming that at the Annual General Meeting on 28 February 2014, Shareholders approve the resolutions relating to the sale of Hayes Creek and to the placement to Chairman Phil Crabb, a further \$1,150,000 will become available, taking the effective cash balance up to about \$1,500,000. This will be used, amongst other things, to fund planned exploration at Red Bore, Allamber, Curara Well and in the East Kimberley.

## SUBSEQUENT EVENTS

Since the end of the December Quarter Thundelarra has signed an agreement that terminates the Yerrida Joint Venture in regards to four tenements that were captured under the same agreement as the one covering Red Bore. The removal of all liabilities and obligations that theoretically might accrue to Thundelarra under the agreement is a positive move that allows us to concentrate on the “main game” – Red Bore. Our geological assessment of the Yerrida tenements had concluded that the ground offered no prospectivity that was consistent with our stated exploration objectives.

## FUTURE PLANS

Thundelarra has a number of sound targets to pursue, but it would be imprudent to commit to large programs with associated large expenditures without having some degree of certainty that there is adequate funding in place. It is for this reason, combined with adverse weather conditions that can limit access to many of our projects at this time of year, that we are awaiting approval from shareholders at the Annual General Meeting of two significant resolutions: approval for the sale of the Hayes Creek uranium assets; and approval of the placement to our Chairman Phil Crabb of shares at \$0.034 (the same price as the recent Share Purchase Plan offered to all shareholders) to raise \$500,000. The approval of both these resolutions will effectively deliver a further \$1,150,000 to our treasury reserves and so allow us to proceed with drilling, initially earmarked for programs at Red Bore and at Allamber.

**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: 255.6M (as at 31 December 2013)	Market Cap: \$9M (as at 31 January 2014)

#### Competent Person Statement

*The details contained in this report that pertain to Exploration Results, Mineral Resources or Ore Reserves, are based upon, and fairly represent, information and supporting documentation compiled by Mr Costica Vieru, a Member of the Australian Institute of Geoscientists and a full-time employee of the Company. Mr Vieru has sufficient experience which is relevant to the style(s) of mineralisation and type(s) of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 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")

**31 December 2013**

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(614)	(614)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(145)	(145)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	11	11
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>		<b>(748)</b>	<b>(748)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(4)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	10	10
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Placement of security deposits	(20)	(20)
	– Redemption of security deposits	169	169
<b>Net investing cash flows</b>		<b>159</b>	<b>159</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(589)</b>	<b>(589)</b>

+ 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)	(589)	(589)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	200
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other		
	<b>Net financing cash flows</b>	200	200
	<b>Net increase (decrease) in cash held</b>	(389)	(389)
1.20	Cash at beginning of quarter/year to date	872	872
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	483	483

### 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	87
1.24	Aggregate amount of loans to the parties included in item 1.10	-

#### 1.25 Explanation necessary for an understanding of the transactions

- (1) Thundelarra's financial year is from 1 October 2013 to 30 September 2014.
- (2) Payments for exploration and evaluation include various legal and court proceedings costs associated with the Red Bore dispute.
- (3) If Shareholders approve the relevant resolutions at the AGM on 28 February 2014, the cash position will increase by \$1,150,000 due to the following transactions:
  - (a) The Company has negotiated the sale of its uranium interests in and around the Hayes Creek area (refer ASX announcement 11 November 2013). The consideration payable by the Purchaser is:
    - (i) \$650,000 cash (this amount has been paid and is currently been held in a trust account pending approval by Shareholders for the sale at the Annual General Meeting); plus
    - (ii) \$900,000 worth of shares in the Purchaser's Parent. If no listing occurs within 24 months, \$900,000 cash is payable in lieu, adjusted upwards per an agreed formula for increases in the uranium spot price; and
  - (b) The Company will place 14,705,882 shares at an issue price of \$0.034 per share to Mr Philip G Crabb (or his nominee), a Director of the Company, to raise \$500,000 (refer ASX announcement of 12 December 2013).

+ See chapter 19 for defined terms.

## 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.*

	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	100
<b>Total</b>	<b>400</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	309	699
5.2 Deposits at call	174	173
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>483</b>	<b>872</b>

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+ See chapter 19 for defined terms.

### 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	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E8o/1761	-	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>	255,647,680	255,647,680		
7.4				
Changes during quarter				
(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 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 \$0.84 \$0.39 \$0.23 \$0.25 \$0.45 \$0.09	<i>Expiry date</i> 26/02/2014 25/02/2015 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

Print name: Frank DeMarte

Date: 31 January 2014

## 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

+ See chapter 19 for defined terms.

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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