

**SECOND QUARTER ACTIVITY & CASHFLOW REPORT
31 MARCH 2017****HIGHLIGHTS****WESTERN AUSTRALIA**

- **Garden Gully Gold Project, Murchison Region (THX 100%)**
 - *Drill logs at Battery and Crown show porphyry, black shale lithologies*
 - *Geological setting is displaying similarities to known WA analogues*
 - *Dalgaranga (Gilbeys, Sly Fox) and Gruyere both possible analogues*
 - *Acquisition of Crown Prince tenement from prospector*
 - *Principal source of historical Garden Gully gold production*
 - *Open file records show 21,000 ounces produced at 21 gAu/t average*
 - *Open file exploration reports from 1986-87 show high grade intercepts:*
 - *10.6m at 13.7 gAu/t from 43m downhole*
 - *7.1m at 23.5 gAu/t from 72m downhole*
 - *5.5m at 6.3 gAu/t from 90m downhole*
 - *Logged geology reports mineralised porphyry, black shales*
 - *Geology appears to be mirroring that seen at Crown and Battery*

CORPORATE

- **Cash position at end of quarter: \$2.107 million (excludes equity investments)**
- **Current marked to market value of equity investments: \$0.245 million**
- **Cash generated from equity sales: \$0.093 million**
- **Research update from Independent Investment Research published**

SUBSEQUENT EVENTS SINCE 31 MARCH

- **Settlement of Hayes Creek Tranche 2 sale proceeds extended for 6 months**
- **Assays and interpretation pending from 11 RC holes and 2 diamond holes drilled at Lydia, Battery and Transylvania**
- **Phase 4 follow-up drilling planned for Lydia, Battery, Young, Granite Well and Transylvania Prospects**
- **Grant of Crown Prince application expected in this June Quarter**

Garden Gully Gold Project, WA (THX 100%)

The Garden Gully Project comprises 2 ELs and 14 PLs totalling approximately 78km², located about 15km north-northwest of Meekatharra (Figure 1). Records show the area produced 20,718 oz gold at an average grade of 21.7 gpt, mainly from the Crown Prince lease, the rights to which were recently acquired by Thundelarra.

Excellent local infrastructure includes two operating gold treatment plants nearby: Doray Minerals' Andy Well plant (~300ktpa) and the Bluebird Plant (~3.1 Mtpa) operated by Westgold Resources. These companies are actively exploring the area for more mineralisation for their plants and each holds tenements which abut Thundelarra's project area.

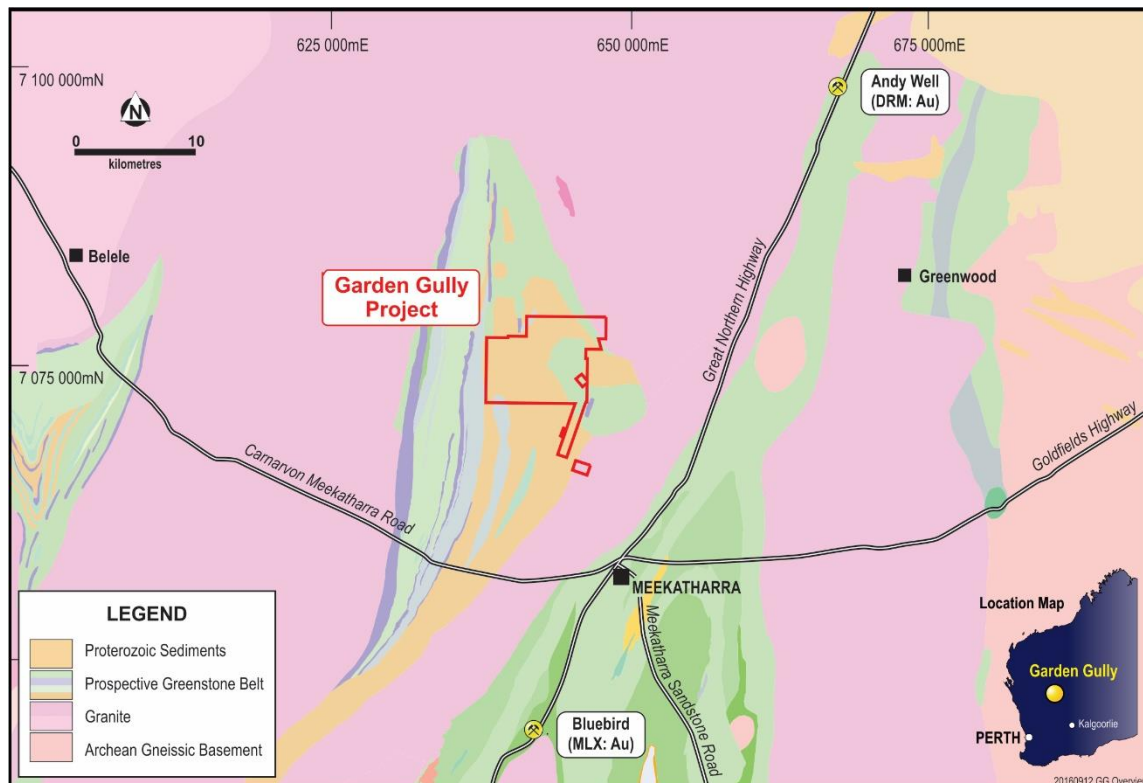


Figure 1. Garden Gully location showing proximity to local plant and infrastructure.

During the Quarter the Phase 3 drill programme commenced. It was designed as a programme of about 2,400m (~8 holes) of Reverse Circulation ("RC") holes with approximately 600m of diamonds tails to follow as warranted. Its aim was to test follow-up targets at Lydia, Battery, Transylvania and Granite Well to establish the orientation of structural controls to the gold mineralisation discovered in the first two phases of drilling carried out in 2016.

The programme was disrupted by adverse weather conditions, including unseasonably heavy rainfall. Holes planned to test targets at Granite Well and North Granite Well had to be deferred and will be drilled in the next programme.

At the end of the Quarter, core was about to be cut and sampled from the two diamond holes drilled (one at Lydia, one at Battery). Drill chips were still to be sampled and submitted to the laboratory for assay from the RC holes: five holes (including an 80m diamond pre-collar) were collared at Lydia, four at Transylvania, and three at Battery.

When the drill core has been properly logged and sampled and the results of relevant petrological and petrographical studies received and evaluated, and all results have been received from the RC and diamond samples submitted for assay, these data will be compiled, collated, interpreted and reported. It is anticipated that the new geological data from this programme will assist in establishing the geometry of the mineralisation and its structural controls as a basis for the next programme.

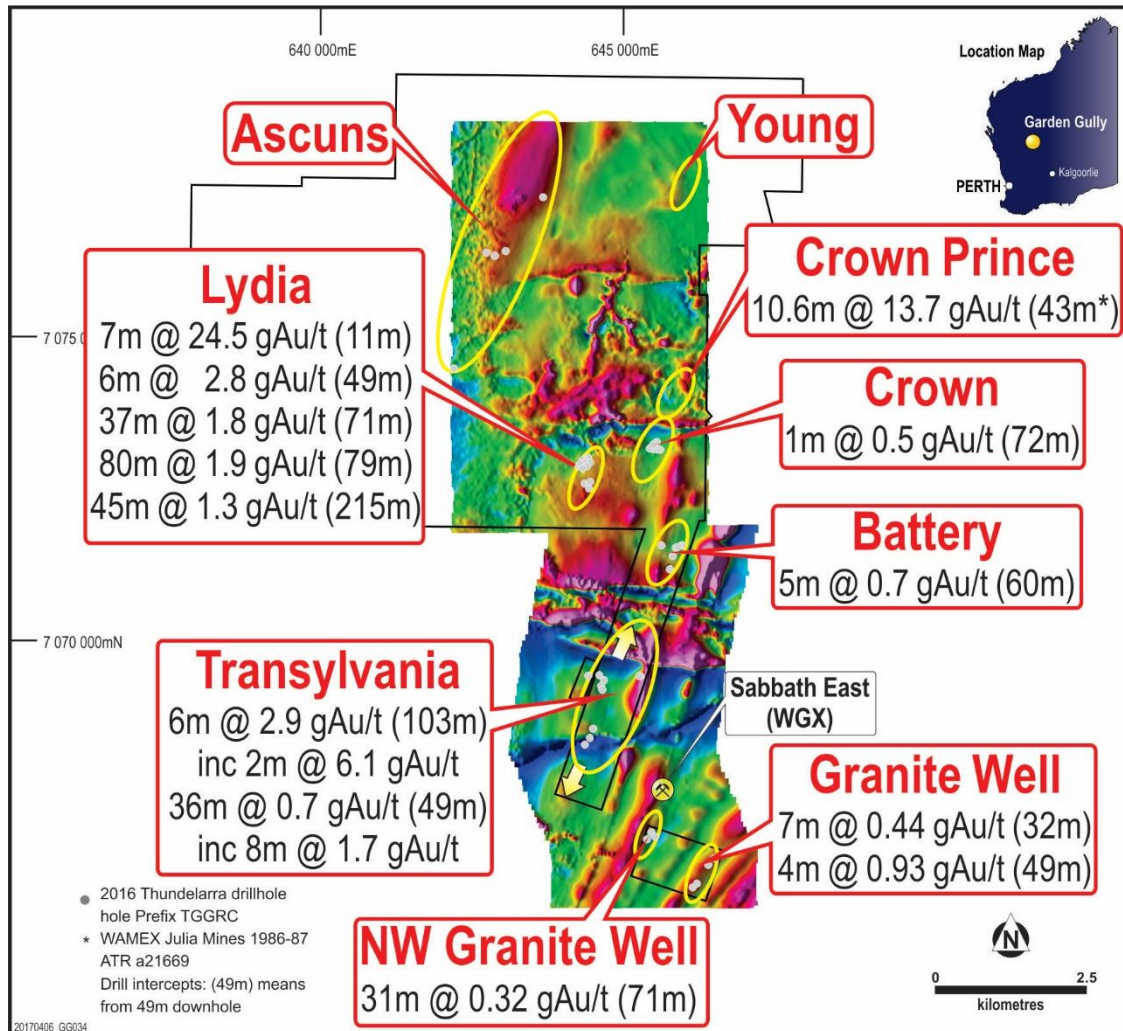


Figure 2. Prospect locations and significant drill intercepts at the Garden Gully Project, shown on TMI image.

It is worth reiterating two highly significant aspects of the Lydia results to date: firstly, the clear confirmation that the mineralisation is primary *as well as* supergene – not *just* supergene; and secondly, that this previously undiscovered mineralised system at Lydia is mineralised intercepts that extend from near surface (7m at 24.5 gAu/t from 11m in TGGRC018), continuing around the base of oxidation (eg 37m at 1.8 gAu/t from 71m in TGGRC026), to about 140m vertical depth (as shown by 80m at 1.9 gAu/t from 79m in TGGRC034), and still deeper into the primary zone in hole TGGRC033 (45m at 1.3 gAu/t from 215m). These results at Lydia are providing every indication that a significant primary mineralising system may exist from surface to depth, and if this proved to be the case it could be very favourable for eventual exploitation by open pit.

The unquestioned potential indicated by results to date at Garden Gully were further enhanced by the acquisition of P51/3009. This prospecting licence, currently under application, was the main source of historical gold production at Garden Gully. Records show approximately 21,000 ounces of gold recovered at an average grade of about 21 gAu/t in the early 1900s.

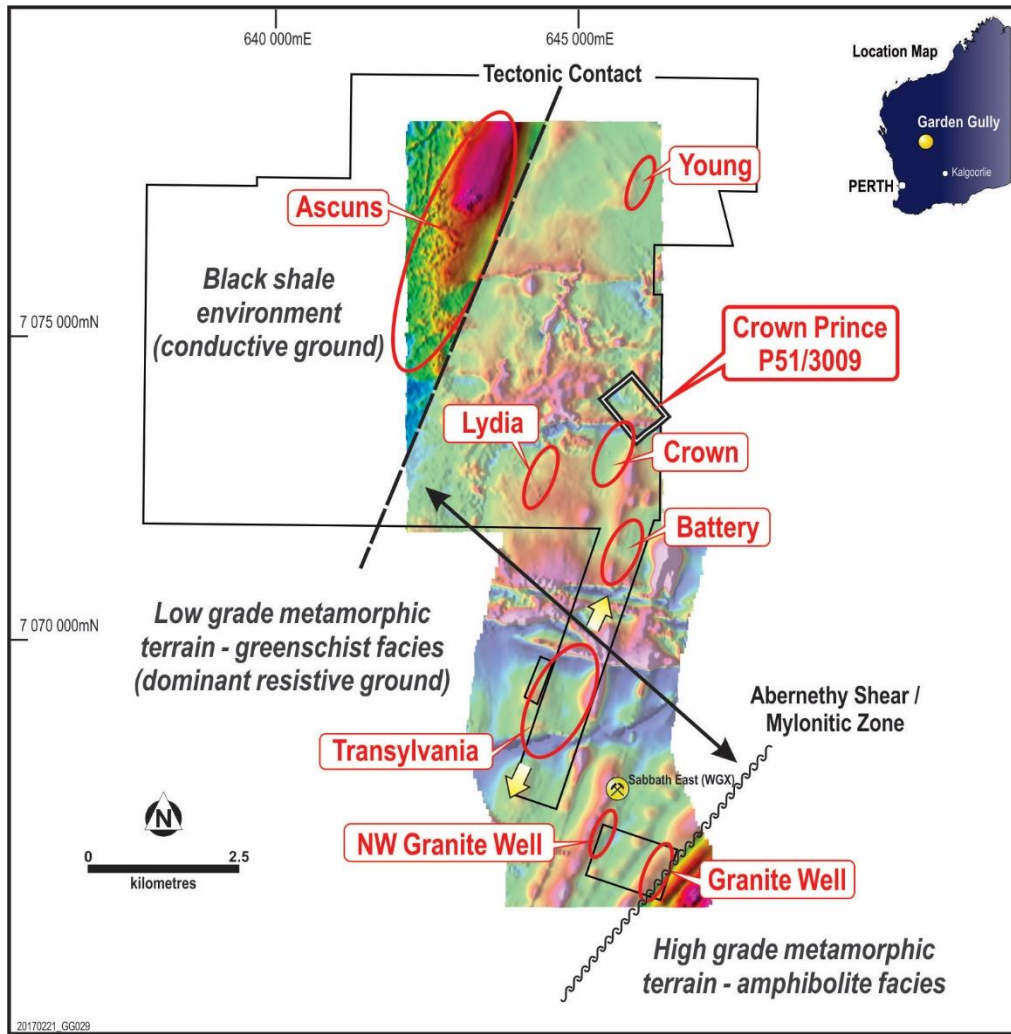


Figure 3. Garden Gully Prospects hosting follow-up drill targets.

The licence hosts significant gold mineralisation reported by previous explorers and will be a significant part of Thundelarra’s future Garden Gully exploration plans once the application is granted and work can commence. In October 1986 and April 1987 the ASX-listed Julia Mines NL carried out diamond drilling at the site and reported the following significant intersections:

Hole No	Interval (m)	Downhole Intercept (m)	Grade (gpt Au)
GGDH1	30.45 to 34.55	4.10	3.83
GGDH3	43.00 to 53.60	10.60	13.69
and	99.55 to 103.80	4.25	5.72
GGDH4	55.00 to 61.00	6.00	3.19
GGDH5	72.50 to 80.00	7.10	23.47
GGDH7	90.10 to 95.60	5.50	6.23
GGDH11	25.00 to 30.00	5.00	4.38

Table 1: Julia Mines’ historical intercepts from 1986-1987 diamond drilling.

The original source report for these intersections is a21669, which can be accessed online through WAMEX on the Dept of Mines and Petroleum website www.dmp.wa.gov.au. These intercepts quote downhole intervals and so true width is not known. The mineralisation indicated by these results is highly relevant to Thundelarra's exploration at Garden Gully, as initial indications are that it could extend to the north and to the south into other target prospects (for example, Crown) already identified by Thundelarra. This possibility will need to be tested and such drill testing will also help to verify the reliability of these past results.

The original source report did not include details of the drilling, sampling and assaying methodologies used in their exploration programmes. Thundelarra plans to map and to drill test the first level targets at the Crown Prince as soon as practicable after the tenement application is granted.

The significant intersections reported here are historical data and are not reported in accordance with the JORC 2012 code.

Thundelarra's wholly-owned subsidiary, Zeus Mining Pty Ltd, has agreed to purchase the licence from the seller, Mr Levissianos, subject to various conditions precedent. Once the licence has been granted and transferred to Zeus it will be known as the **Crown Prince** prospect.

The consideration is three million fully paid ordinary shares in Thundelarra, issued at the five-day VWAP (A\$0.0525 per share), for a notional value of \$157,500. The shares will be voluntarily escrowed until the licence is granted. If this does not occur, the shares will be cancelled.

Zeus has also agreed to pay the Seller a 2% net smelter return royalty on any gold produced from commercial mining operations on the licence; and upon grant of the licence will reimburse the Seller for legal costs incurred in acquiring the Tenement, up to a maximum amount of \$125,000.

Mooloogool Gold Project, WA (THX 100%)

Mooloogool comprises 3 ELs for a total area of approximately 554.5km², located about 100km northeast of Meekatharra. Limited historical exploration: area currently the being actively explored by several companies, including Sandfire Resources NL (SFR) which entered into an arrangement in October 2016 with Enterprise Metals (ENT), holder of tenements abutting the Mooloogool area.

Two shallow RC holes (78m) drilled at Mooloogool in the December Quarter yielded no significant results. Future work programmes will be reviewed in the context of currently available information.

White Well Gold Project, WA (THX 90%)

White Well comprises 2 PLs for a total area of 308ha (~3km²). Located about 90km northeast of Meekatharra and is surrounded by tenements the subject of current active exploration by Sandfire following its October 2016 arrangement with local explorer Enterprise Metals.

No field work was carried out at White Well during the Quarter.

Paynes Find Gold Project, WA (THX 100%)

Paynes Find originally comprised 4 ELs and 2 PLs for a total area of approximately 117km². The Project is located approximately 140km south of Mount Magnet along the Great Northern Highway.

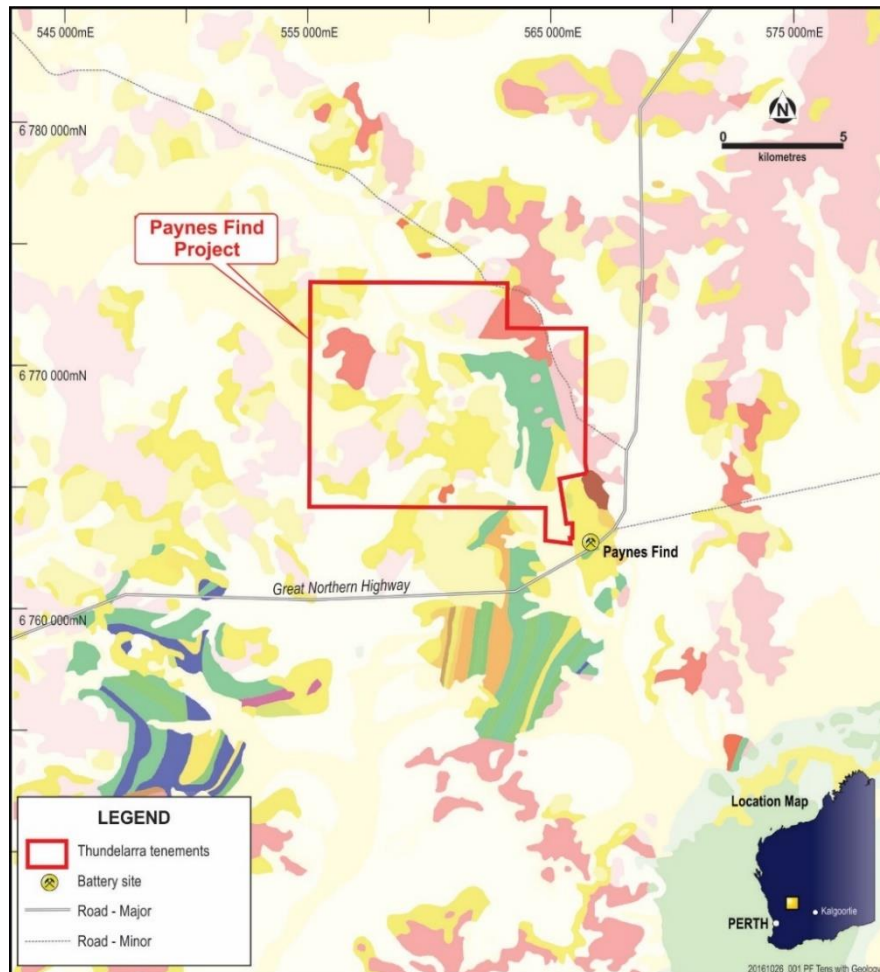


Figure 4: Location of Payne's Find project.

None of the four RC holes drilled in the December Quarter yielded any significant mineralisation. Following evaluation of all the data obtained from that drill programme, a large part of the project area was deemed unlikely to have potential to host commercial mineralisation and so the decision was made to surrender a significant portion of the landholding.

Doolgunna Projects, WA Red Bore (THX 90%); and Curara Well (THX 90%)

Red Bore is a granted Mining Licence (M52/597), two square kilometres in area, located about 900km NNE of Perth in the Doolgunna region of Western Australia. Its western boundary is less than 600m from Sandfire Resources NL's operating DeGrussa copper-gold mine's processing plant.

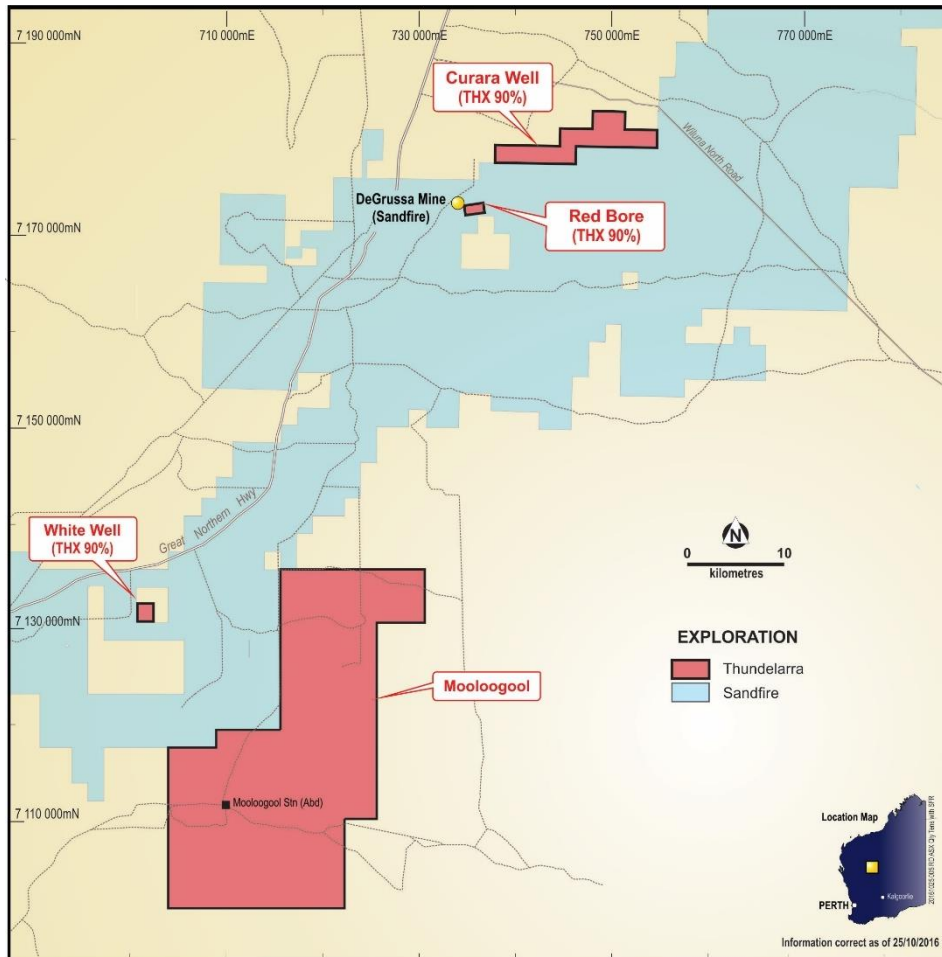


Figure 5. Location map of Doolgunna projects showing proximity to Sandfire Resources NL's exploration holdings and its DeGrussa copper-gold mine. Scale: grid spacing is 20 km.

During the Quarter, no new exploration was carried out at Red Bore. Interpretation of the geological and structural data obtained in previous exploration programmes continues to be evaluated. All evidence to date supports our geological models suggesting strong potential for the presence of as yet undiscovered VHMS lenses, probably at depth. Thundelarra will continue to evaluate all available avenues to deliver value for shareholders in the most cost-effective manner. All the geological indicators are that further VHMS mineralisation remains to be found through systematic, well-planned, exploration.

Thundelarra believes that the 6th April 2017 ASX announcements by Sandfire and Talisman of the positive Monty feasibility study results, together with their emphasis on increasing exploration efforts in and around the Bryah Basin in the search for further VHMS deposits in this field, are significant in the context of the work we have done to date at Red Bore.

As advised in the December Quarterly Report, studies confirm the interpretation that the Gossan mineralisation is remobilised and therefore that a possible source remains to be discovered.

This is highly significant as it confirms that the potential for discovery still exists at Red Bore.

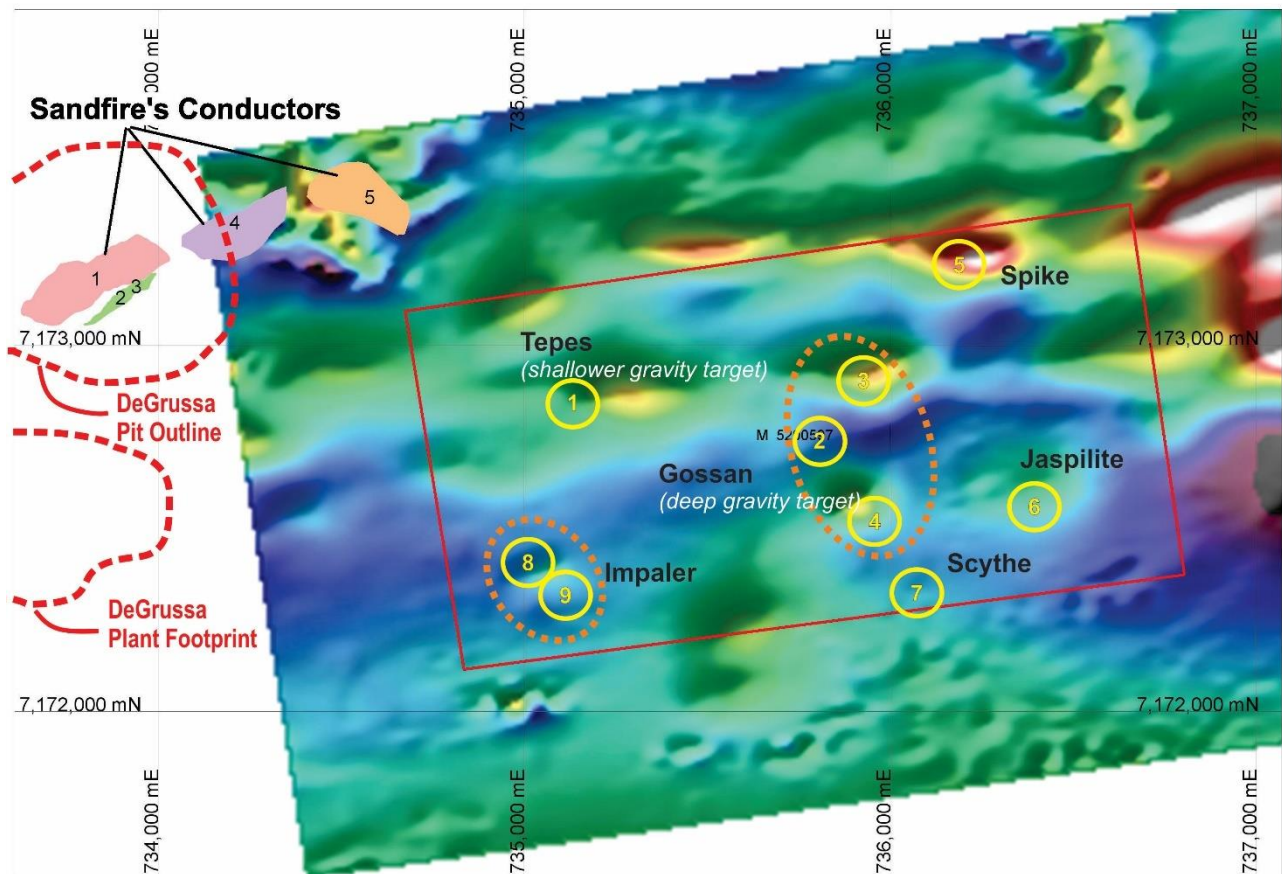


Figure 6. Red Bore drill targets on TMI magnetic image. Surface trace of Conductor orebodies (to scale) and approximate location of DeGrussa pit and plant show proximity of Red Bore to Sandfire's infrastructure.

No field work was carried out at the **Curara Well** project (Figure 5) during the Quarter.

Sophie Downs, East Kimberley, WA (THX 100%)

Sophie Downs is approximately 30km 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.

No field work was carried out at Sophie Downs during the Quarter.

Allamber Project, Pine Creek, NT (THX 100%)

Allamber is approximately 180km south-east of Darwin and is part of the Pine Creek Orogen. The project is very well served by regional infrastructure, with sealed road, rail, and a gas pipeline running within 25km of the project area.

No work was carried out at Allamber during the Quarter. The station on which most of the Allamber project lies is currently up for sale following the unfortunate passing of the pastoralist. Under Northern Territory regulations, land access agreements need to be struck to permit exploration activities and this is not feasible until the status of the station ownership is resolved.

Exploration targets identified in late 2016 work programmes are still to be followed up (refer ASX announcement dated 16 December 2016).

CORPORATE

At 31st March 2107, our cash balance was \$2.107 million. The marked to market valuation of equity investments held at the date of this report was \$0.245 million and is additional to the reported cash balance. During the Quarter the Company sold a further part of its equity holdings on market to deliver additional cash of \$0.093 million. This sale represented the balance of a shareholding that was the consideration for the sale, several years ago, of a joint venture interest in a non-core prospect. The notional sale value at the time was \$0.050 million. Sale of the shareholding has generated \$0.365 million in cash, thus clearly demonstrating the success of the project rationalisation model initiated and implemented by management in the past five years.

Thundelarra's cash balance at the end of the Quarter leaves us well-placed to continue aggressive exploration of our exciting prospects in 2017.

We continue to evaluate opportunities that are consistent with our core commodity focus of gold and copper. Such projects must offer the potential for Thundelarra to be able to deliver positive returns to shareholders, either through direct exploration success or by adding geological value to the project to attract interest prior to subsequent sale or disposal.

Thundelarra's Annual General Meeting took place during the quarter. A number of shareholders attended and heard the CEO's presentation on the Company's recent activities and up-coming exploration programmes. Company representatives also attended and presented at an investor event in Hong Kong during the Quarter, which was well-received. Both presentations can be accessed for viewing on the Thundelarra website.

A "Resource Stocks" Company Profile on Thundelarra was also published on MiningNews.net and in Mining Journal during the Quarter. It too can be viewed on the Thundelarra website.

Thundelarra continues to explore aggressively while managing expenditures carefully and prudently. Our target, broadly met for the last 20 quarters, is that at least two thirds of all dollars spent go into the ground. Continual persistent, rigorous and systematic exploration is the only path to discovery.

SUBSEQUENT EVENTS

Since the end of the March Quarter, the following subsequent events are noted:

- The Garden Gully Phase 3 drilling programme was completed. It comprised 12 RC holes (including one 80m pre-collar at Lydia) for 2,398m total advance. Two diamond holes (one at Lydia, one at Battery) were drilled for 788m total advance.
- A Research Note updating the developments and potential at Garden Gully was published by Independent Investment Research. It can be viewed on the Thundelarra website.
- Trips were undertaken to promote Thundelarra's activities to potential new markets with the aim of increasing the level of understanding of the potential we believe our projects offer.

2017 continues to deliver data supporting our firm view that this year will bear fruit for shareholders. We remain confident that our systematic, patient and rigorous approach to exploration will make the coming months an exciting, and hopefully rewarding, time for all associated with Thundelarra.

SCHEDULE OF TENEMENTS

Project / Tenement		Interest at Start of Quarter	Interest at End of Quarter	Acquired During the Quarter	Disposed During the Quarter	Joint Venture Partner/Farm-in Party
Western Australia						
Sophie Downs	E80/3673	100%	100%	-	-	-
Keller Creek	E80/2836	20% fci	20% fci	-	-	Panoramic (PAN)
Red Bore	M52/597	90%	90%	-	-	WR Richmond
Curara Well	E52/2402	90%	90%	-	-	WR Richmond
Garden Gully Project						
Garden Gully	E51/1661	100%	100%	-	-	-
Garden Gully	E51/1737	0%	100%	Granted	-	-
Garden Gully Meeka NW	P51/2760	100%	100%	-	-	-
Garden Gully Meeka NW	P51/2761	100%	100%	-	-	-
Garden Gully Meeka NW	P51/2762	100%	100%	-	-	-
Garden Gully Meeka NW	P51/2763	100%	100%	-	-	-
Garden Gully Meeka NW	P51/2764	100%	100%	-	-	-
Garden Gully Meeka NW	P51/2765	100%	100%	-	-	-
Garden Gully South	P51/2909	100%	100%	-	-	-
Garden Gully South	P51/2910	100%	100%	-	-	-
Garden Gully South	P51/2911	100%	100%	-	-	-
Garden Gully South	P51/2912	100%	100%	-	-	-
Garden Gully South	P51/2913	100%	100%	-	-	-
Garden Gully South	P51/2914	100%	100%	-	-	-
Garden Gully North	P51/2941	100%	100%	-	-	-
Garden Gully North	P51/2948	100%	100%	-	-	-
Payne's Find Project (Red Dragon and Zeus ground acquired December 2015)						
Paynes Find	E59/1648	100%	100%	-	-	-
Oudabunna	E59/1944	100%	0%	-	100%	-
Paynes Find	E59/2057	100%	0%	-	100%	-
Paynes Find	P59/1929	100%	100%	-	-	-
Paynes Find	P59/1930	100%	100%	-	-	-
Mooloogool Project (Red Dragon and Zeus ground acquired December 2015)						
Mooloogool	E51/1667	100%	100%	-	-	-
Mooloogool	E51/1668	100%	100%	-	-	-
Mooloogool	E51/1669	100%	100%	-	-	-
White Well Project (Red Dragon and Zeus ground acquired December 2015)						
Doug's Find West	P51/2787	90%	90%	-	-	A. Levissianos
Doug's Find East	P51/2788	90%	90%	-	-	A. Levissianos

Project / Tenement		Interest at Start of Quarter	Interest at End of Quarter	Acquired During the Quarter	Disposed During the Quarter	Joint Venture Partner/Farm-in Party
Northern Territory						
Allamber Project						
Brumby Gap	EL10043	100%	100%	-	-	-
McKeddies	EL23506	100%	100%	-	-	-
Allamber 1	EL24549	100%	100%	-	-	-
Mary River	EL25868	100%	100%	-	-	-
Second Chance	EL28857	100%	100%	-	-	-

Table 2. Schedule of Tenements showing changes during the March 2017 Quarter.

PRODUCTION AND DEVELOPMENT

None of Thundelarra's projects are at a production or development stage and consequently there were no activities during the quarter relating to production or development.

Tony Lofthouse
Chief Executive Officer

THUNDELARRA LTD

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Issued Shares: 426.5M (at 31 March 2017)

Issued Shares: 426.5M (at 28 April 2017)

Market Cap: \$23.5M (at 28 April 2017)

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, 01/05/13, 01/09/16

Name of entity

THUNDELARRA LIMITED

ABN

74 950 465 654

Quarter ended ("current quarter")

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(773)	(2,014)
(b) development	-	-
(c) production	-	-
(d) staff costs	(158)	(321)
(e) administration and corporate costs	(77)	(214)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	401
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(986)	(2,097)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(50)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	93	365

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – redemption of security deposits	-	71
2.6 Net cash from / (used in) investing activities	93	386

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – share issue costs	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,000	3,818
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(986)	(2,097)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	93	386
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	2,107	2,107

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	198	320
5.2 Call deposits	1,909	2,680
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,107	3,000

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

161

-

Thundelarra's financial year is from 1 October 2015 to 30 September 2016.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	600
9.2 Development	-
9.3 Production	-
9.4 Staff costs	163
9.5 Administration and corporate costs	140
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	903

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E 59/1944	Exploration licence	100%	0%
	E 59/2057	Exploration licence	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E 51/1737	Licence granted	Application	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 28 April 2017

Print name: Frank DeMarte
Company Secretary

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.