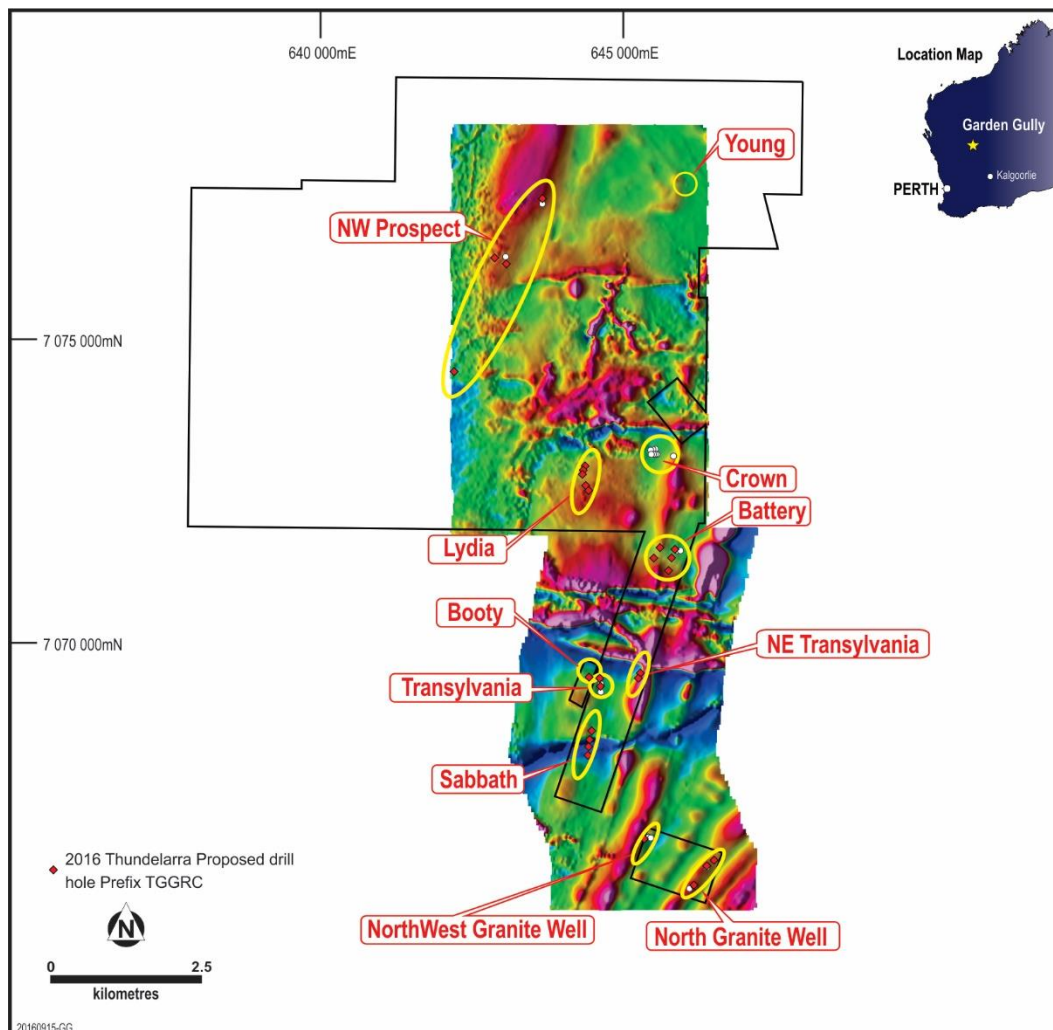


**GARDEN GULLY FOLLOW-UP DRILLING UNDERWAY**

*Thundelarra is pleased to report that a Reverse Circulation rig with capacity to drill holes to 400m depth has mobilised to Garden Gully and drilling of the follow-up programme is underway. A total of approximately 3,500m is planned. Hole depths are likely to range from 100m to 300m, depending on the geology encountered during drilling.*



**Figure 1. Garden Gully Prospects hosting follow-up drill targets.**

A brief summary of the targets to be tested in this programme follows (see Figure 1 for prospect locations and Figure 2 for the regional setting of the Garden Gully Project).

- **Lydia:** target zone approximately 700m long containing gold and arsenic anomalies. Testing will follow up the 7m at 24.5 gpt Au and other intercepts reported in the previous ASX announcements dated 13 and 14 September 2016.

- **Booty:** multiple old workings over an inferred strike length of about 300m north-south extent. Shear-hosted gold anomalies within mafics.
- **Transylvania:** shear-hosted gold within metabasalts over a strike length of about 120m identified to date. Open down dip and along strike to both north and south.
- **Sabbath:** interpreted to be a possible extension to the Transylvania structure, about 1,500m to the south-southwest.
- **NE Transylvania:** strong chargeable and magnetic feature warrants testing.
- **Battery:** two parallel strong chargeable features about 200m apart over a strike extent of about 800m identified to date. Strong gold and arsenic anomalism. Gold noted at contact of black shales to the east and felsic volcanoclastics to the west.
- **North Granite Well:** demagnetised shear zone about 800m long located beneath mafic schists. Warrants more detailed investigation.
- **NW Granite Well:** strong chargeable feature anomalous in gold (31m at 0.32 gpt) with a strike extent of about 800m identified to date.
- **NW Prospect:** anomalous base metals (copper and zinc) in black shales. Several MLTEM and IP anomalies along a north-northeast trend of more than 4 kilometres strike extent. Main target is the lower black shale package.

This programme does not include targets at the Crown or Young prospects, which require more evaluation to establish if further detailed follow-up is warranted.

The Garden Gully project, wholly-owned by Thundelarra, comprises 14 granted Prospecting Licences, 1 granted Exploration Licence, and one Exploration Licence application covering about 65.5 square kilometres and is located in Western Australia's Doolgunna region (Figure 2) about 20km north-west of the town of Meekatharra.

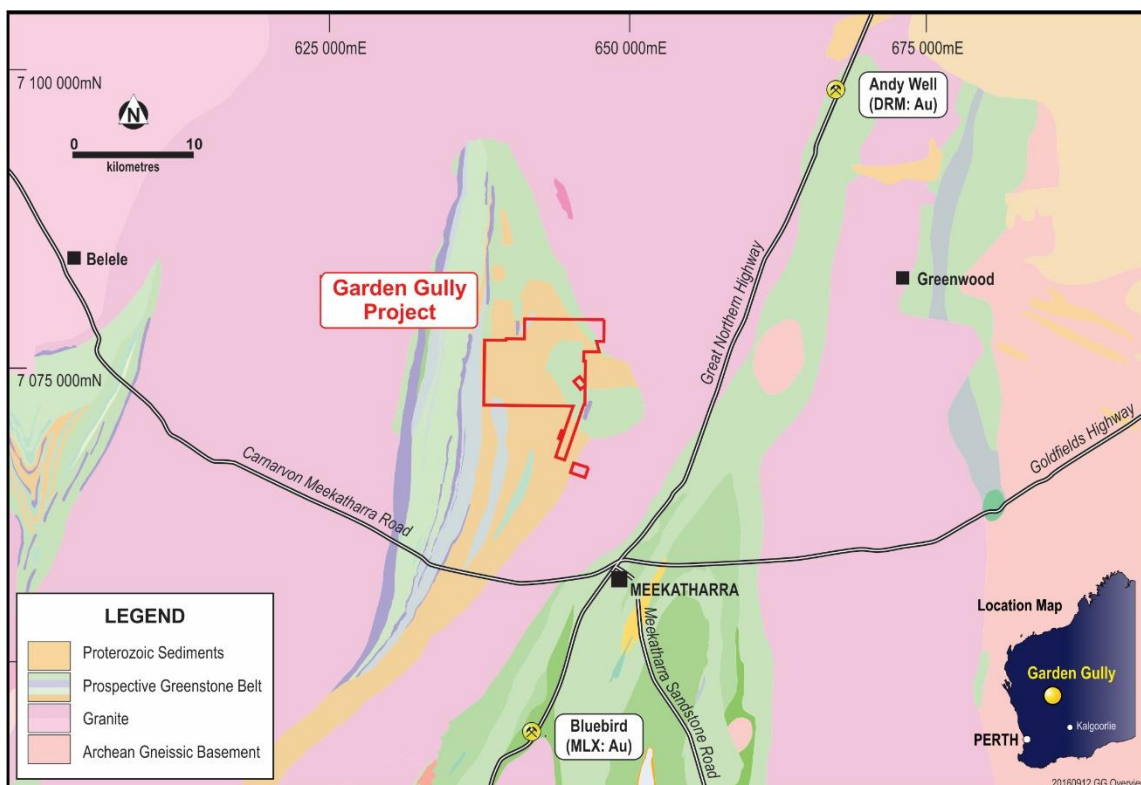


Figure 2. Garden Gully location showing proximity to local plant and infrastructure.

Table 1 shows the significant drill intercepts from the initial scout drilling programme at Garden Gully, full details of which were reported in the announcements dated 13 and 14 September 2016.

Prospect	Hole No	From	To	Interval	Au(g/t)
Lydia	TGGRC014	23	30	7m	0.5
	and	35	44	9m	0.5
	TGGRC015	49	55	6m	2.8
	inc	49	51	2m	8.0
	TGGRC018	11	18	7m	24.5
	re-assay	11	18	7m	17.8
	TGGRC019	76	77	1m	0.5
	TGGRC026	48	51	3m	1.2
	and	71	108	37m	1.8
	inc	96	108	12m	4.0
North Granite Well	TGGRC002	32	39	7m	0.44
	inc	33	36	3m	0.79
	TGGRC003	49	53	4m	0.93
	TGGRC004	71	102	31m	0.32
Battery	TGGRC020	60	65	5m	0.72
Transylvania	TGGRC022	19	21	2m	0.72
	and	103	109	6m	2.85
	inc	106	108	2m	6.13
	TGGRC024	49	85	36m	0.68
	inc	69	77	8m	1.73
	and	81	85	4m	1.23

Table 1. Significant drill intercepts from initial Garden Gully scout drilling programme.

Thundelarra's CEO, Tony Lofthouse, said: "This is an exciting programme for the Company as we follow up the spectacular results from the initial scout drilling programme. Results to date fully vindicate the Company's decision to acquire the Red Dragon gold assets. Yet again our Chairman Phil Crabb's perennial belief in gold is showing every indication that it could be rewarded".

**For Further Information Contact:**  
**Mr Tony Lofthouse - Chief Executive Officer**  
**+61 8 9389 6927**

**THUNDELARRA LIMITED**  
**Issued Shares: 423.5M**  
**ASX Code: THX**

**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.