

FOURTH QUARTER ACTIVITY & CASHFLOW REPORT 30 SEPTEMBER 2013

HIGHLIGHTS

WESTERN AUSTRALIA

- ✦ Little Mount Isa Prospect, Sophie Downs, East Kimberley Region
 - *Drilling program (719m in six RC holes) intersects massive sulphides in two holes*
 - *13m at 4.6% Zn from 52m including:*
 - ✦ *6m at 8.4% Zn; and 3m at 12.6% Zn.*
 - *12m at 4.0% Zn from 54m*
 - *Potential skarn-style replacement base metal mineralisation warrants follow-up*

- ✦ Azura Copper Prospect, East Kimberley Region
 - *All approvals in place: targets confirmed for drill testing in November*

NORTHERN TERRITORY

- ✦ Allamber Project
 - *First phase drilled 1,320m in ten RC holes to test targets at six prospects*
 - *Assay results still awaited at end of September Quarter*

CORPORATE

- ✦ *Further cost-control initiatives deliver annual savings of about \$4.5 million*
- ✦ *Board and executive voluntarily slash their remuneration*
- ✦ *Share Purchase Plan at \$0.034 per share raises \$0.806 million*
- ✦ *Sale / relinquishment of leases continues as part of rationalisation program*
- ✦ *Cash position at end of quarter: \$0.872 million (excludes equity investments)*
- ✦ *Current marked to market value of equity investments: \$0.258 million*

SUBSEQUENT EVENTS SINCE 30 SEPTEMBER

- ✦ *Supreme Court awards 60% interest in Red Bore to Thundelarra*
- ✦ *Further copper and uranium mineralisation in Allamber phase one drill results*
- ✦ *Second phase drill program completed at Allamber*

Sophie Downs, 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.

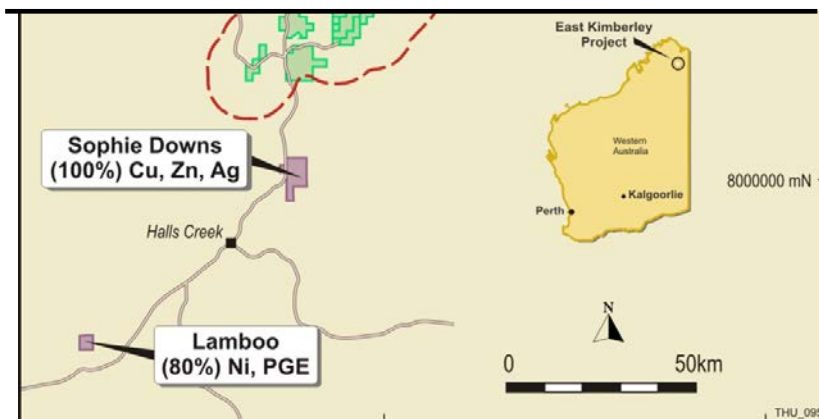


Figure 1. Sophie Downs location map.

Re-evaluating previous exploration over the area suggested the interpretation of VMS (volcanogenic massive sulphide) mineralisation at Ilmars and Little Mount Isa may be incorrect. This initial small program tested base metal targets at Little Mt Isa and at Ilmars and gold potential at Duffers.

The program comprised 719m in six RC drill holes across the three prospects.

Hole No	Prospect	Easting	Northing	Dip	Azimuth	Depth
TSDRC01	Duffers	375014	7998496	-60 ⁰	225 ⁰	96m
TSDRC02	Ilmars South	379429	8001350	-50 ⁰	290 ⁰	228m
TSDRC03	Little Mt Isa	377440	7999825	-60 ⁰	98 ⁰	108m
TSDRC04	Little Mt Isa	377788	7999995	-60 ⁰	84 ⁰	72m
TSDRC05	Little Mt Isa	377840	8000138	-60 ⁰	107 ⁰	89m
TSDRC06	Little Mt Isa	377893	8000240	-60 ⁰	96 ⁰	126m

Table 1. Location and orientation details of the Sophie Downs RC drillholes.

The results of added significant substance to the potential of Sophie Downs and particularly of the Little Mt Isa prospect. The intersection of massive sulphide intervals, mainly within calc-silicate (carbonate) rock units, together with hand-held XRF readings indicating the presence of tungsten within the mineralising fluids, provide validation for the new interpretation suggesting the possible presence of skarn-replacement style of mineralisation. Sulphides observed included sphalerite (zinc), chalcopyrite (copper), galena (lead), pyrrhotite and pyrite.

Three holes were drilled at Little Mt Isa (Figure 2, Table 1) to test the strike length of the surface gossan. The best results were obtained from hole TSDRC06, the most north-easterly of the holes, which was drilled under the main gossan at Little Mt Isa. This intersected **13m at 4.6% zinc**, including a high grade section of **3m at 12.6% zinc** from 52m downhole. Hole TSDRC05, about 130m to the south-west, intercepted the mineralised zone at approximately the same stratigraphic level and also encountered massive sulphides for an intersection of **12m at 4.0% zinc** from 54m downhole. TSDRC04, the most south-westerly hole, was drilled on the southern part of the gossan where two previously defined conductive zones appear to terminate. Only weak zinc anomalism was intercepted in this hole, with a peak of 1m at 1.2% zinc indicated by hand-held XRF. No samples from the hole were submitted for assay.

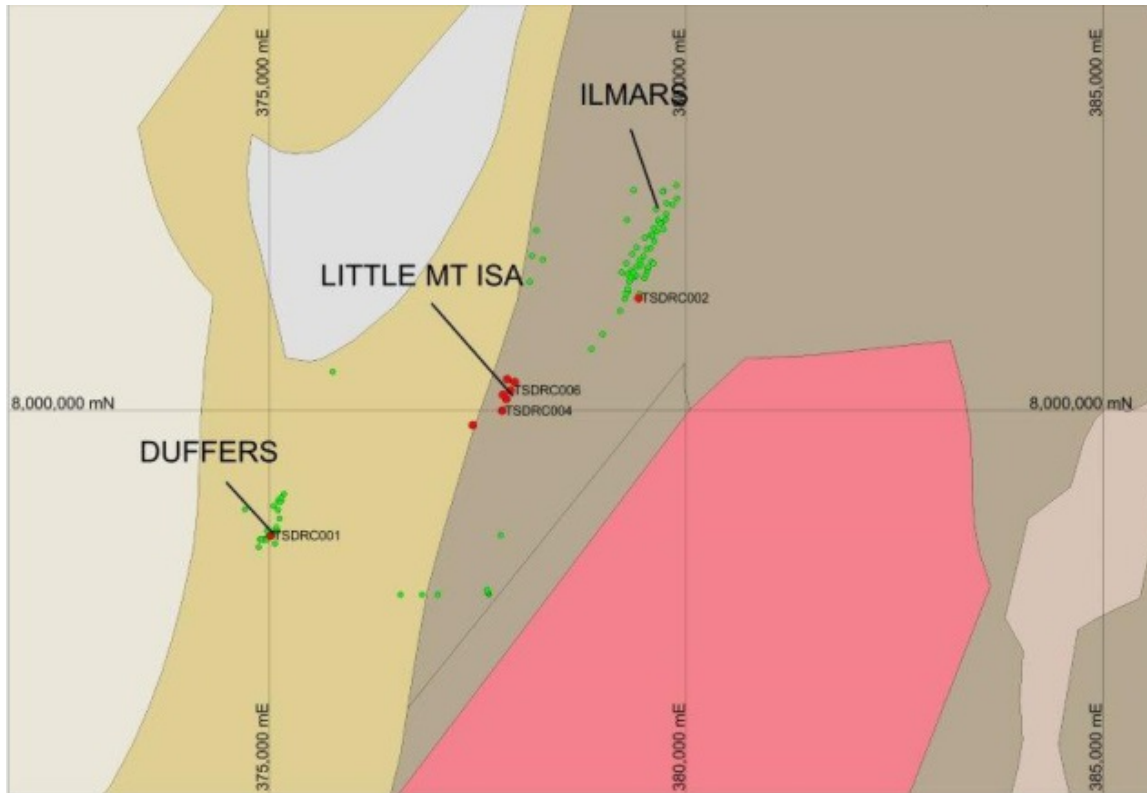


Figure 2. Geological setting and current drill hole locations (red dots) at Sophie Downs. Green dots show locations of historical drill holes. Little Mt Isa lies on the major regional north-south structure of the Halls Creek Fault Zone. Scale: 1:50,000.

Significant intersections from the drill program are summarised below:

Hole No	From	To	Interval	Zn %	Pb %	Cu %	Au (ppm)
Little Mount Isa							
TSDRC06	52m	65m	13m	4.6%	0.1%	0.1%	
<i>including</i>	53m	59m	6m	8.4%	0.1%	0.05%	
<i>and</i>	53m	56m	3m	12.6%	0.05%	0.05%	
TSDRC05	54m	66m	12m	4.0%	0.5%	0.2%	
<i>including</i>	57m	60m	3m	5.7%	1.2%	0.3%	
<i>and</i>	59m	60m	1m	9.5%	2.8%	0.2%	
Ilmars South							
TSDRC02	189m	201m	12m	1.2%	0.2%	0.2%	
<i>including</i>	197m	200m	3m	1.9%	0.2%	0.4%	
Duffers							
TSDRC01	12m	16m	4m				1.09

Table 2. Significant intersections from Sophie Downs drill program. All assay results were reported in full in the ASX Announcement dated 20 August 2013.

These significant zinc intersections, together with elevated copper and lead, suggest the possibilities of metal zonation and of repetitions of these mineralisation lenses. Thundelarra is currently preparing a follow-up drill program for the December Quarter 2013 (weather permitting).

The target tested at Duffers for gold potential encountered nothing of material significance and no follow up is contemplated.

Historical announcements to the ASX by Thundelarra detailing past exploration results from the Sophie Downs project, predominantly centred around the Ilmars prospect area, include:

- 13 Feb 2008: *Geophysical Results Upgrade Sophie Downs Base Metal Project*
- 14 Mar 2008: *Drilling Underway with Early Success at Sophie Downs*
- 09 Apr 2008: *Significant Base Metal Mineralisation Intercepted at Sophie Downs Project*
- 30 Apr 2008: *Activities Report for Second Quarter Ending 31 March 2008*

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.

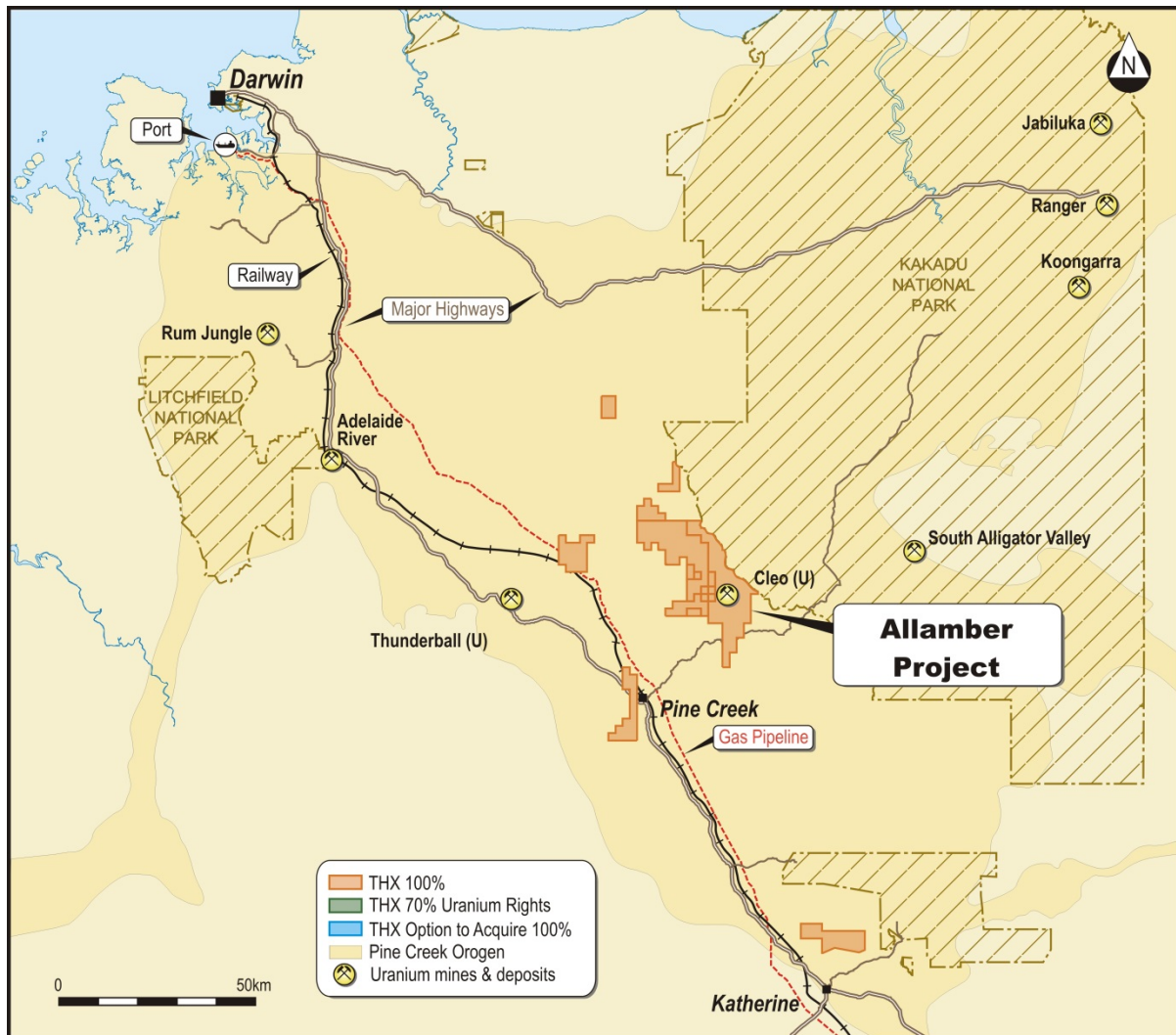


Figure 3. Allamber Project: regional location and infrastructure map.

The first of a two-phase drill program planned to test targets at various prospects in the Allamber Project area was completed in the Quarter. 1,320m were drilled in ten reverse circulation holes at six prospects (Figure 4). Assay results had not been received and evaluated by Quarter end.

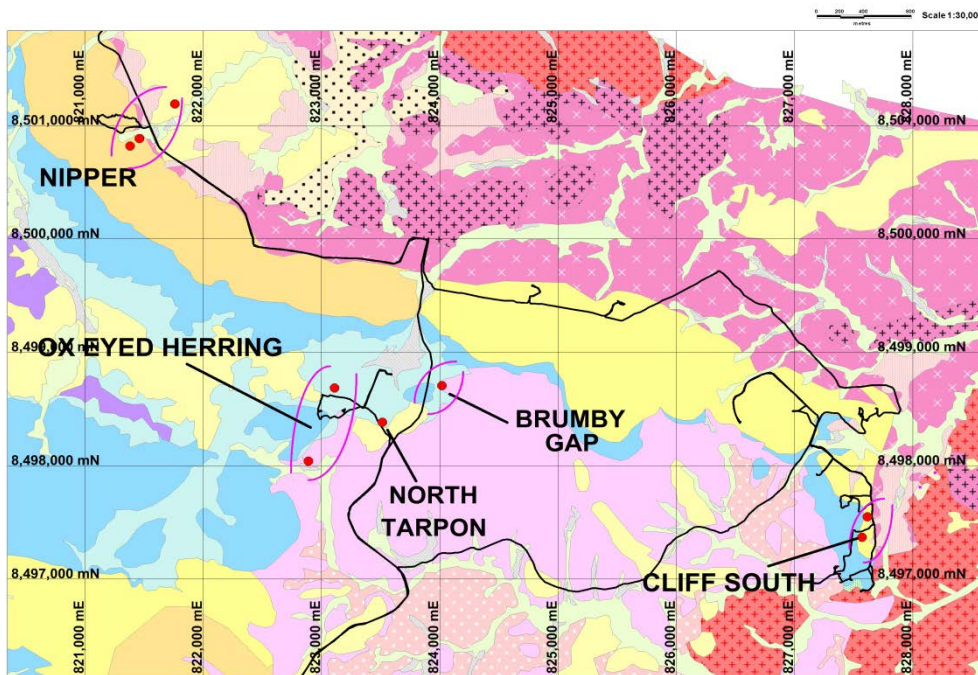


Figure 4. Allamber Project – southern area. Prospect map showing planned drill hole locations.

Curara Well, WA (THX 100%)

No fieldwork was carried out on this project during the Quarter. The Company continues to evaluate the geological information collected to date in the context of exploration activity by other companies in the region; the cost and timing of approval processes required by legislation prior to further ground disturbing exploration programs; and the Company’s overall exploration program plans and strategy.

Red Bore, WA (THX earning in to 60%)

No fieldwork was carried out on this project during the Quarter. The Company continued to pursue its rights through the legal process in moving towards an October Supreme Court trial date to hear the case for Thundelarra having satisfied the requirements for earning a 60% participating equity interest in the Red Bore prospect lease.

Expenditure on the lease continues to be limited to basic requirements to keep the lease in good standing. It should also be recognised that the cost of pursuing legal action to protect shareholders’ interests is, of necessity, significant.

Eileen Bore, East Kimberley, WA

After review of the relevant factors (expenditure requirements; strategic fit, assessed future prospectivity) Thundelarra concluded that Eileen Bore should be relinquished. An interested buyer was found in Iron Ore Holdings and Thundelarra’s interest in the project was sold to Iron Ore Holdings for a small, non-material, cash consideration.

Lambo West, East Kimberley, WA

After review of the relevant factors (expenditure requirements; strategic fit, assessed future prospectivity) Thundelarra concluded that Lambo West should be relinquished. An interested buyer was found in Matsa Resources and Thundelarra’s interest in the project was sold to Matsa for a small, non-material, cash consideration.

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

Saltwater Pool is in the southeast of the Ashburton Basin, 150km southwest of Newman. Avocet, operator of the JV, advised that in July it drilled 1,110m in 12 reverse circulation holes in the JV area. The drill program tested a large EM anomaly in a region where substantial quartz veining had been recorded with anomalous gold and silver. The target was a Homestake-style mineralisation model. The results showed that the iron-rich banded cherts mapped at surface did not appear to extend to depth and were probably a surface weathering effect. Graphitic shales explained the EM anomaly. These results would appear to downgrade the area's immediate prospectivity.

Ngalia Uranium Project, NT (THX 100%)

No fieldwork was carried out on this project during the Quarter. Further review of the landholdings and expenditure requirements relating to the Ngalia Basin Uranium Project led to a reduction in the area held in the three tenements that form the project. Previous exploration program sites are being gradually rehabilitated in accordance with conditions of tenure. Thundelarra continues to seek partners to assist in the exploration of this quality uranium exploration project despite the continuing depressed market for uranium exposure.

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

Assay results were received from the small RC drilling program of 3 holes totalling 288m undertaken in the June Quarter to test the possibility of repetitions of high grade gold intercepts from earlier drill programs. The results did not support the potential for any significant mineralisation and no follow-up work is contemplated.

Rehabilitation work continued at the various prospects comprising the Hayes Creek Project Area. The Company anticipates that most of the rehabilitation security bond lodged with the NT Department of Minerals and Energy will be returned during the December Quarter.

CORPORATE

The Company continues the process of rationalising the extensive portfolio of exploration tenure in order to reduce the annual overhead associated with work expenditure commitments and tenement rents and rates. We are satisfied with the progress to date which has involved disposals, surrenders and sales of interests.

The commitment to reduce overheads continues and during the Quarter the Board and the Executive made a voluntary decision to accept a significant cut in remuneration of at least 50%. The impact of these voluntary cuts, the reductions in the staff head count, the office relocation, and the project rationalisation process is now starting to be reflected in the reported Quarterly Administration expense. In recent Quarters this has been inflated by unavoidable one-off payments relating to the changes made. The cost of the legal action to pursue the Red Bore interest is another expense that will significantly reduce the expenditure figures once the case is entirely resolved.

Since April 2012 this cost reduction strategy has delivered annual savings that are in the order of \$4.5 million, while at the same time continuing our exploration programs. Thundelarra believes that its actions are a clear indication that we continue to focus on the best interests of all shareholders.

Thundelarra completed a Share Purchase Plan in which all shareholders could subscribe for up to \$15,000 in additional shares at a price of \$0.034 per share. Thundelarra was exceptionally pleased that the Plan raised \$806,000 through the participation of 160 shareholders, which represented a

take-up rate of ~34%. We consider this a successful raising in what has been a very difficult market environment for small exploration companies to try to raise capital and we wish to thank our shareholders for their continued, and highly valued, support.

At 30th September 2013, Thundelarra's cash balance was \$0.872 million. The marked to market valuation of equity investments held by Thundelarra at the date of this report was \$0.258 million and is additional to the reported cash balance.

SUBSEQUENT EVENTS

Since the end of the September Quarter Thundelarra has received a favourable outcome from the Supreme Court of WA, with Hon Justice James Edelman confirming that Thundelarra has earned its 60% interest in the Red Bore prospect and awarding Thundelarra its costs. It should be noted that cost recovery is time-consuming and involves a process, through a Registrar of the Court, known as "taxation", the effect of which is to establish what percentage of actual costs incurred can be recouped. Unfortunately this percentage will never be 100%.

On the active exploration front the second phase RC drilling program of 705m was completed at Allamber in October, although unfortunately it was cut short from the planned 1,000m due to the onset of rain. We are currently awaiting the assay results from the program. At Azura and Sophie Downs, drill pads are currently being prepared for drill programs scheduled for November. The completion of those two programs will represent the end of the 2013 fieldwork season.

Tony Lofthouse
Chief Executive Officer

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	ABN: 74 950 465 654	ACN: 085 782 994
ASX CODE: THX	Issued Shares: 255.6M (as at 30 September 2013)	Market Cap: \$10M (as at 31 October 2013)

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 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(612) - - (94)	(3,348) - - (1,627)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	120
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(693)	(4,855)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	(45) - (2)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	29 - 2	29 - 14
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Placement of security deposits – Redemption of security deposits	(4) 42	(155) 266
Net investing cash flows	69	107
1.13 Total operating and investing cash flows (carried forward)	(624)	(4,748)

+ 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)	(624)	(4,748)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	806	3,469
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	(46)	(59)
	Net financing cash flows	760	3,410
	Net increase (decrease) in cash held	136	(1,338)
1.20	Cash at beginning of quarter/year to date	736	2,210
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	872	872

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	52
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 legal and court proceedings costs associated with the Red Bore dispute.

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.

+ See chapter 19 for defined terms.

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	250
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	400

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	699	195
5.2 Deposits at call	173	54 ¹
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	872	736

¹ 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			
	E47/1305	-	100%	-
	E52/1940	-	100%	-
	E80/3499	-	100%	-
	E80/3704	-	100%	-
	E80/4425	-	100%	-
	E80/4304	-	100%	-
EL23583	-	100%	-	
6.2	Interests in mining tenements and petroleum tenements acquired or increased			
	E80/4482	-	-	100%
	E80/4484	-	-	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	Preference securities			
	(description)	-	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	255,647,680	255,647,680	
7.4	Changes during quarter			
	(a) Increases through issues	23,705,897	23,705,897	\$0.034
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities			
	(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	Options (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	660,000	-	\$0.96	20/09/2013
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (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 October 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

- 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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