

## EXPLORATION NEWSFLOW AND ACTIVITIES UPDATE

Thundelarra is pleased to provide shareholders with a summary of recent activities, planned work programs in coming months, and a review of achievements and a broad schedule of other announcements and newsflow that we anticipate in 2013.

### **Sophie Downs, East Kimberley, WA: new massive sulphide drill intercepts.**

Sophie Downs was considered in April 2012 to be a project for relinquishment based on the assessment that limited potential existed for a commercial VMS deposit, notwithstanding the presence of extensive base metal mineralisation in the area. Our current team re-examined the geological data and concluded that a different genetic model might apply to explain the known mineralisation. A small drilling program was recently completed to test their theory and massive base metal sulphides were intercepted in several holes. Full details of the drilling program and assay results will be released on Monday 19<sup>th</sup> August 2013.

### **Allamber, Pine Creek, NT: drill pad preparation commencing.**

We still consider Allamber as the project most likely to deliver the exploration success we are seeking. The recent delays in getting drilling underway reflected our desire to work as closely and collaboratively as possible with the local landowner. By trying to fit our work programs with his activities we aim to maintain the best relationship possible for the long term. The preparation of drill pads will begin next week with drilling scheduled to be well underway by the end of August. An initial program of about 1,500m – 2,000m of RC drilling is planned to test at least six targets. Further details of the proposed program will be the subject of another announcement closer to the start of actual drilling.

### **Curara Well, Doolgunna, WA: drill results to date encouraging but inconclusive.**

We continue to consider the possibility that the Curara Well project area may host a possible extension or repetition of the DeGrussa-style copper-gold VMS mineralisation discovered along strike by Sandfire in 2009. Additional Heritage Clearance surveys are required before further follow-up RC drill programs can be undertaken. We do not envisage that a next stage of drilling would occur until the first half of calendar 2014, in next year's field season. During the off-season we will review all data obtained to date to identify the best way forward for the exploration effort.

**Red Bore, Doolgunna, WA: legal action continues towards Court date.**

On behalf of our shareholders, we continue, through the legal process, to pursue a resolution to the current impasse. We are firm in our belief that we have satisfied the requirements to earn a 60% equity interest in the Red Bore project. The matter will be determined in a trial to be heard by the Supreme Court in October this year. Consequently we are currently anticipating a result by the end of this year and we remain confident that we will receive a favourable outcome. This legal process is necessary to protect your interests as shareholders in the investment of more than A\$3.5 million that has been made to date in exploring Red Bore, but unfortunately it is also a process that involves costs. Part of the funds that we hope to raise from the Share Purchase Plan will be applied to the costs of the legal process to fight for Thundelarra's rights at Red Bore.

**Project Rationalisation: annual savings of about \$2.5 million achieved to date.**

We continue to review proactively our landholdings in WA and the NT. A number of tenements have been relinquished (in part or in their entirety) following rigorous assessment of their geological potential, weighed against the possibility for complications, both financial and time-related, associated with the bureaucratic processes that are an integral part of modern mineral exploration. The Pyramid and Rosewood prospects fall into this category. Other project leases that were being considered for relinquishment have been sold to interested parties for nominal considerations. The result of our efforts to reduce our project portfolio to a size more manageable and appropriate in scope for a junior exploration company, is that we have reduced our exploration expense on rent, rates and committed expenditure by approximately \$2.5 million per annum. This process of rigorous evaluation of our projects will continue.

**Cost Control: a further \$2.0 million savings achieved, for \$4.5 million in total.**

Reduction of staff numbers and slashing salaries at the Executive and Board level have reduced the annual wages expense by about \$1.5 million. The effect of relocating offices from West Perth to Nedlands, together with other incidental savings in administrative overheads, has contributed a further \$0.5 million. The aggregate effect of all these initiatives has delivered annual cost savings of about \$4.5 million. This is a significant result for a Company currently capitalised at less than A\$7.7 million.

**Rehabilitation: recovery of security bonds.**

Cash security bonds are lodged with Mines Departments to cover potential future rehabilitation costs. A significant part of your Company's recent field activities has involved carrying out rehabilitation over areas disturbed during exploration, partly as best exploration practice on projects that we are retaining and partly over projects being relinquished in order to qualify for return of part or all of the security bonds lodged.

**Uranium: preparing for a market recovery.**

The global market remains depressed for the uranium sector, but we are starting to see some signs of potential recovery. While Thundelarra has reduced the size of its interest at the Ngalia Basin project by withdrawing from a number of leases and applications at the western end of the Basin and by fully or partially surrendering leases elsewhere in and around the Basin, we retain 400 line kilometres or so of the ancient buried river systems that our previous exploration work demonstrated to host uranium mineralisation. We continue to invite interest from potential Joint Venture partners who could assist in the considerable expense required to fund an exploration program of the size and extent needed to assess properly the potential of this global scale project. Thundelarra's Thunderball uranium discovery and JORC resource at Hayes Creek, together with other associated uranium mineral occurrences in our Hayes Creek exploration project area, continue to be of interest to a number of parties. Thundelarra will evaluate the best possible way of crystallising value for shareholders from this project, both in terms of money and timing.

**Indicative Timetable:**

- Aug – Sep: Drill the planned targets at Allamber in the NT (1,500m – 2,000m)
- Sep – Oct: Follow-up work programs at Sophie Downs in the East Kimberley
- Oct – Dec: Drill the planned targets at Azura (Frank Hill) in the East Kimberley  
Follow-up second phase RC drilling at Allamber (possibly ~2,000m)  
Resolve the Red Bore impasse and establish next steps  
Evaluate Copperfield (Pine Creek, NT) and identify any targets for follow-up
- Oct – Feb: Review Curara Well data, complete Heritage Clearance surveys
- Oct – Feb: Continue discussions re possible JVs over Ngalia Basin

In order to be able to complete these programs we need the continued support of our shareholders. The best way that shareholders can provide this support is by participation in the current Share Purchase Plan. Your Directors and Executive will be participating in the SPP and encourage you to do the same to give Thundelarra the means to deliver on its promise.

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**THUNDELARRA LIMITED**  
**Issued Shares: 231.9M**  
**ASX Codes: THX**