

FURTHER COST REDUCTION MEASURES

Since April 2012, Thundelarra Limited (the Company) has proactively sought ways to reduce corporate overheads as part of a conscious effort to improve operational efficiencies.

In June 2012 the Company was one of the first in the resources sector to implement various cost cutting measures, reducing the overall number of personnel and recognising the need to cut remuneration across the remaining staff from the Executive team down. This initiative, combined with the first stages of a program to rationalise the Company's extensive tenement holdings, delivered cost savings in the order of three quarters of a million dollars per annum.

The continuation of depressed markets for the resources sector, and particularly the exploration segment, has seen many companies follow with their own cost reductions. Thundelarra recognises that in these difficult times this process must be an ongoing one. The rationalisation of the tenement portfolio since April 2012 to today has delivered an annual saving of \$579,000 on the rents and rates payable annually: a 77% reduction in that overhead alone. Consequently, annual exploration expenditure commitments have also fallen: by 68%, representing a reduction of almost \$1,900,000 per annum.

A second round of staff redundancies has resulted in total numbers of Board and personnel reducing from 21 in April 2012 to current levels of 5 full-time (including 2 geologists) plus 2 field assistants and 2 non-executive Board members.

These initiatives can be taken further to deliver even more positive savings, and with this in mind the Executive has made the decision to accept a second reduction in remuneration.

Effective from 1st August 2013:

- (1) Chief Executive Officer, Tony Lofthouse, has agreed to a further 44% salary reduction of \$120,000 per annum to \$150,000 per annum. This represents an overall 50% reduction in salary since his engagement on 2 April 2012. All other terms and conditions remain the same; and
- (2) Executive Director, Company Secretary and Chief Financial officer, Frank DeMarte, has agreed to a further 37% salary reduction of \$87,500 per annum to \$150,000 per annum. This represents an overall 57% reduction in salary since July 2012. All other terms and conditions remain the same.

In addition to the above the Chairman, Philip Crabb, has agreed to reduce his Director's fees by \$61,425 per annum (100%) and so will not take any Director's fees. Non-Executive Director,

Malcolm Randall, has agreed to reduce his Director's fees to \$21,000 per annum which represents a 58% reduction since July 2012.

These initiatives undertaken over the past year will deliver total annual savings to the Company's overall wages expense of approximately \$1,500,000 (excluding superannuation).

Aggregate savings, therefore, from all the initiatives outlined amount to in the order of \$4 million per annum.

Thundelarra's Executive is firm in its belief in the potential of the Company's exploration project targets and is determined to take whatever steps are necessary to allow the Company to deliver on its exploration promise.

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