



**Breakaway
Research**

November 2015

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Company Information

ASX Code	THX
Share Price (13 Nov 2015)	A\$0.067
Ordinary Shares	319.4m
Options - in the money	12.0m
Options – out of the money	13.1m
Market Cap (Diluted for in money options)	A\$22.2m
Cash (30 Sep 2015)	A\$4.00m
Notional cash on in money option conversion	A\$0.72m
Total Debt	A\$0m
Enterprise Value - Diluted	A\$17.48m

Directors and Management

Non-Exec Chairman	Philip Crabb
CEO	Tony Lofthouse
Executive Director and Company Sec.	Frank DeMarte
Non-Exec Director	Mal Randall

Company Details

Address	Suite 8, 186 Hampden Rd Nedlands, WA 6009
Phone	+618 9389 6927
Web	www.thundelarra.com.au

Top Shareholders (Sept 29, 2015)

Ragged Range Mining Pty Ltd & Assoc.	15.4%
Chin Nominees Pty Ltd & Assoc.	10.6%
Norilsk Nickel Australia Pty Ltd	2.4%
Grandor Pty Ltd	1.2%
Troca Enterprises Pty Ltd & Assoc.	1.1%
Top 20	39%
Board and Management	18%

1 Year Price Chart



Source: IRESS

Thundelarra Limited (THX)

Positive exploration results continue

Recommendation: Maintain Speculative BUY

Company Update

Key Points

- **Continuing positive results from ongoing exploration at the Red Bore (Doolgunna) and Allamber (Pine Creek) Projects**
- **Sandfire's recent Monty discovery at Doolgunna re-confirms the prospectivity of the area**
- **Thick intersection of graphite at Sophie Downs**
- **Acquisition of prospective gold projects in Western Australia**
- **Cashed up - \$4.0m in the bank as of September 30, 2015,**

Ongoing work by Thundelarra continues to confirm the prospectivity of its key projects, with recent drilling returning positive results at several projects. In addition to copper intersections in drilling at Red Bore and Allamber, the Company has intersected what could be significant graphite at its Sophie Downs Project near Hall's Creek – this is currently being assayed.

The Company has made a strategic move in its planned acquisition of Red Dragon Mines NL, which holds a number of prospective gold properties in Western Australia. The projects have a number of walk up drill targets that will be tested, conditional upon shareholder approval of the acquisition.

Another potentially significant development is the possibility of Panoramic's Savannah North nickel mineralisation extending into the Keller Creek JV tenement, in which Thundelarra has a 20% free carried interest.

Given the above, we continue to rate Thundelarra as a SPECULATIVE BUY. Price movers include positive results from ongoing exploration.

Company Overview

Thundelarra Limited (ASX: THX) is an active explorer with a diverse portfolio of advanced exploration properties, with the flagship being the Doolgunna Project, located adjacent to Sandfire's DeGrussa volcanic-hosted massive sulphide ("VHMS") copper-gold operation, which had a pre-mining resource of 13.4Mt @ 4.7% Cu and 1.9g/t Au.

Work by the Company at Doolgunna has outlined high grade copper in structurally controlled pipes down to 94m depth (and still open), which are interpreted as being offshoots from a larger body at depth; the main exploration target.

The Company is also actively exploring its Allamber Project, with this area, located over the Pine Creek Orogen in the NT, being prospective for a range of skarn-hosted base and precious metals, as well as uranium, for which a resource of 1.4Mt @ 304ppm U₃O₈ has been defined, and which is still open.

Other prospective holdings include the uranium prospective Ngalia Basin Project and a number of tenements in the East Kimberley region of WA.



Company Update

Substantial Progress

Substantial progress on key projects

Work includes drilling at Doolgunna and Allamber and Sophie Downs

Encouraging results have been returned from this work

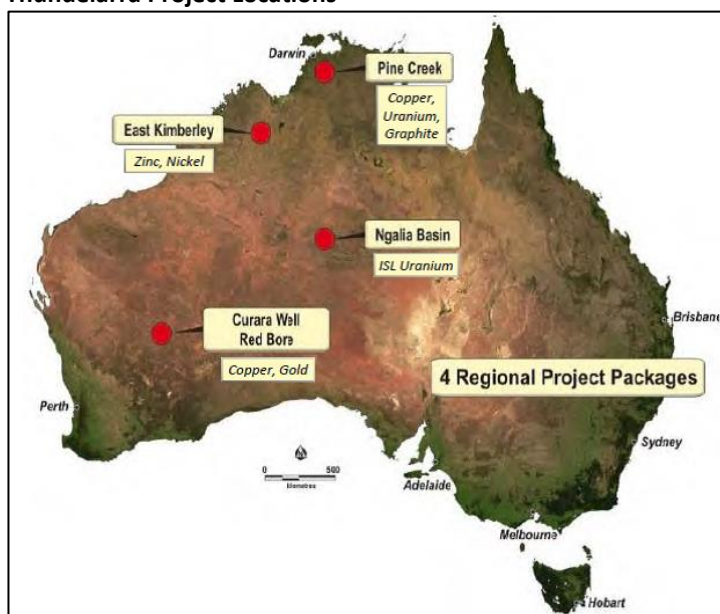
Thundelarra Limited (“Thundelarra” or “the Company”) has made substantial progress on a number of projects since our April 2015 update.

Work completed has included:

- Reverse circulation (RC) drilling at Red Bore (19 holes for 2,650m), testing the Gossan, Impaler and other targets (August 24, 2015)
- Aircore drilling (48 holes for 2,288.5m in eight traverses) and RC drilling (5 holes for 928m) at Curara Well, testing the Jenkin Fault Zone (“JFZ”) and magnetics targets (August 24, 2015)
- Panoramic Resources Limited (ASX: PAN, “Panoramic”) announces that drilling and electro-magnetic (“EM”) surveying indicates that the Savannah North nickel mineralisation could extend more than 2km westward (into E80/4830 in which THX has a 20% free carried interest – August 26, 2015)
- RC drilling (7 holes for 1,188m) at the Ox-Eyed Herring and Tarpon prospects in the Allamber Project, Pine Creek (September 24, 2015)
- RC Drilling (4 holes for 288m) at various prospects in the Copperfield Project, Pine Creek (September 24, 2015)
- 60m of graphitic schists intersected at the Little Mount Isa prospect, at Sophie Downs in the East Kimberley Project (September 25, 2015)

This work has returned very encouraging results, with further exploration programmes now in the planning stage, with drilling expected to commence at Doolgunna later this year.

Thundelarra Project Locations



Source: Thundelarra

Doolgunna Project (THX 90%)

Introduction and Exploration Rationale

Doolgunna comprises two tenements – the Red Bore Mining Lease (“ML”) and Curara Well Exploration Lease (“EL”). The Red Bore ML is located over units of the Narracoota Formation, the mafic volcano-sedimentary package within the Proterozoic Bryah Basin that hosts the nearby DeGrussa and Conductor 5 VHMS mineralisation and the recently discovered Monty VHMS mineralisation.



Red Bore hosts high grade, steeply plunging copper mineralised pipes close to the DeGrussa Mine

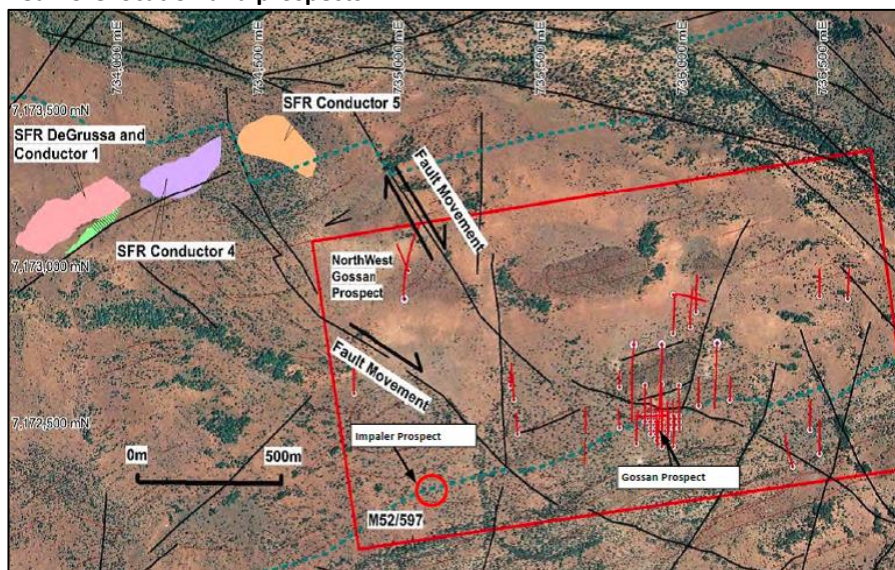
Copper/gold/silver mineralisation identified thus far within the Red Bore tenement is in the form of narrow, vertically extensive pipes, which have been intersected in drilling to 100m depth that may provide vectors to a deeper, larger mineralised system.

Company interpretations include the possibility that these may represent remobilised mineralisation from a thus far unidentified deeper magmatic or massive sulphide source, else possible feeders from a deeper source to overlying, and now eroded, massive sulphide lenses.

Exploration by Thundelarra has been concentrated on identifying new and tracing known pipes, in an attempt to find the interpreted large tonnage body at depth.

Red Bore location and prospects

Exploration has concentrated on identifying and tracing the pipes, in the search for an interpreted larger mineralised body at depth



Source: Thundelarra

The Curara Well tenement to the NE contains some 15km strike length of the Jenkins Fault Zone ("JFZ"), which is interpreted as being a major north dipping basal growth fault and a fluid conduit, active at the time of the DeGrussa mineralising event.

The JFZ is exposed in the eastern part of the tenement; to the west granite has been mapped at the surface. Work by the GSWA suggests that the JFZ dips to the north – opposite to that as previously interpreted – which has been confirmed in the recent drilling.

2015 Drilling – Red Bore

Nineteen RC holes drilled at Red Bore in 2015

Drilling at Red Bore in 2015 included a 19 hole, 2650 RC programme, testing for down plunge extensions of the Gossan and Impaler mineralisation, and to test other geophysical targets. This included 7 holes at Gossan, 5 at Impaler and 7 on other targets.

Drilling at both Gossan and Impaler was successful, again intersecting significant widths of mineralisation. Intersections included:

This has returned positive results from Gossan and Impaler

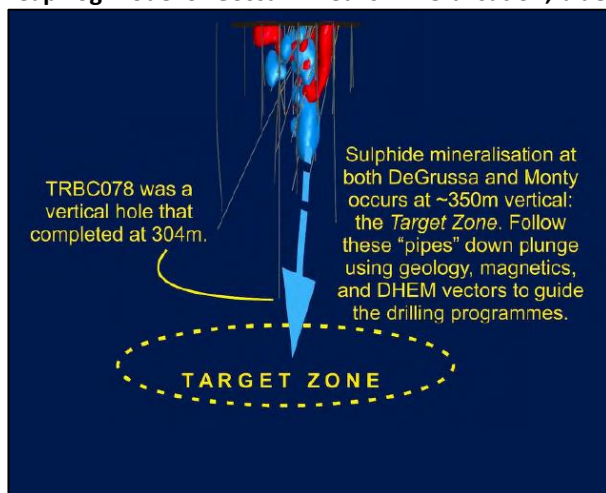
- Gossan - 52m at 2.5% Cu, 1.9 g/t Au, 4.2 g/t Ag from 22m in hole TRBC096 (vertical hole)
 - including 20m at 3.7% Cu, 4.7 g/t Au, 9.9 g/t Ag from 87m
- Gossan - 17m at 2.8% Cu, 1.3 g/t Au, 3.8 g/t Ag from 21m in hole TRBC102
- Impaler - 27m at 0.5% Cu, 0.2 g/t Au, 4.6 g/t Ag from 16m in hole TRBC103

Drilling at Gossan has confirmed the narrow pipe-like nature of mineralisation, and DHEM and magnetics surveying indicate that the mineralisation could extend to at least 150m depth, which is the limit of the survey resolution. The figure below shows Leapfrog modelling of mineralisation and downhole magnetics. This also shows an interpreted



target depth of 350m – this is similar to that at DeGrussa and the recently discovered Monty mineralisation.

Leapfrog model of Gossan – red is mineralisation, blue is anomalous magnetics



Source: Thundelarra

Results from the Impaler drilling indicate proximity to a pipe

Magnetite and oxide copper mineralisation intersected at Impaler indicates proximity to a Gossan prospect style pipe – detailed ground magnetics carried out subsequent to the drilling (described below) has refined the magnetic anomalies, and indicates that the Impaler drilling, targeting a more diffuse aeromagnetic feature, has missed the centre of the magnetic zone.

Results of the other holes were generally negative, with the geophysical anomalies ascribed to gabbroic units, or, in the case of TRBC098, an interpreted off-hole graphitic unit.

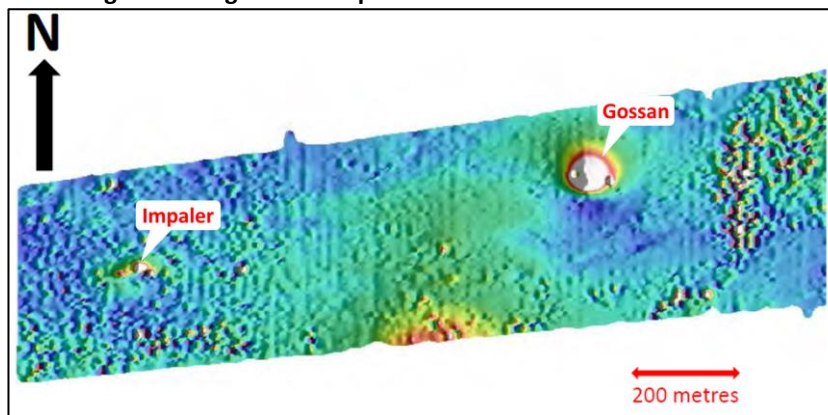
Hole TBRC097, drilled to test an audio-frequency magneto-tellurics (“AMT”) low resistivity/conductive anomaly intersected peperite, a volcanic unit indicative of the injection of hot material (including lavas) into seafloor sediments, potentially indicative of proximity to a VHMS setting. The source of the AMT anomaly however was not ascertained, and further work may be warranted.

Detailed Ground Magnetism Surveying – Red Bore

As mentioned above the Company completed a detailed 10m line spacing ground magnetism survey over the Impaler-Gossan trend to further detail existing magnetic anomalies and to define new drill targets.

Detailed ground magnetism – Impaler-Gossan trend

Detailed ground magnetism surveying has defined a number of areas that may require follow up



Source: Adapted from Thundelarra

In addition to further defining the Impaler magnetic feature, the survey outlined a number of smaller magnetic anomalies, including a more pronounced cluster at the eastern end of



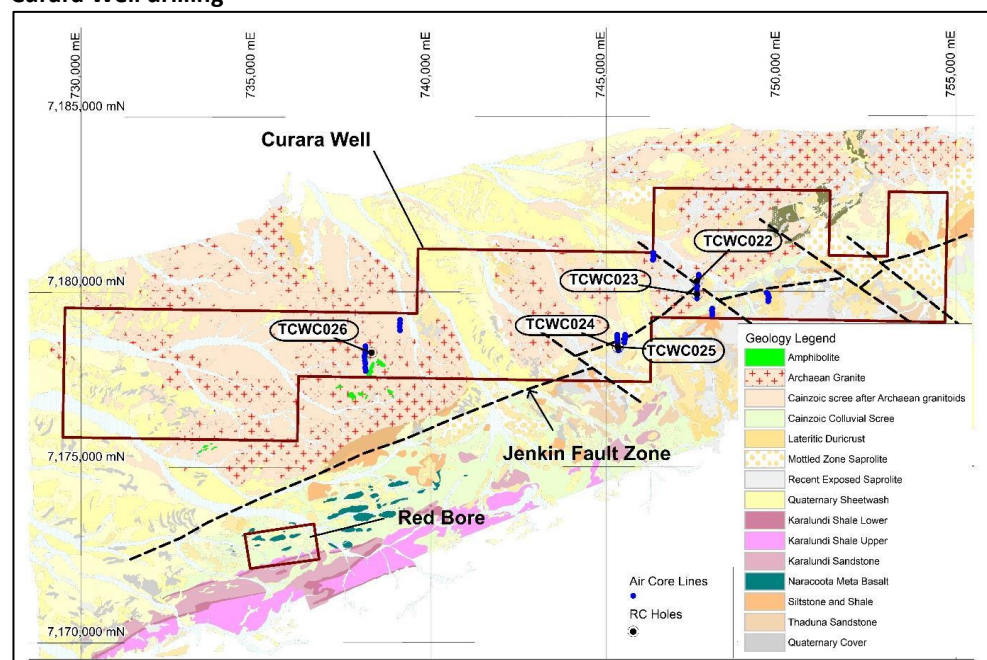
the survey that are yet to be followed up; they just may be related to surficial features, but there is the possibility they may be related to magnetite associated with copper mineralisation.

Drilling – Curara Well

Drilling at Curara Well was designed to test the JFZ and a number of magnetic targets, and the potential for the JFZ to host remobilised mineralisation. The drilling confirmed that the JFZ is north dipping, with the potential for Narracoota units at depth to the north of the surface trace of the fault. However the postulated model that thin over-thrust sheets of Archaean granite covering blind Narracoota Formation units was not demonstrated.

Curara Well drilling

Drilling at Curara Well confirmed the north dip of the JFZ



Source: Adapted from Thundelarra

The drilling (both aircore in the saprolite and RC) intersected mafic and ultramafic sills within the granites, which explained some of the magnetic anomalies, and also returned elevated copper, chromium, cobalt and nickel associated with the ultramafic sills. The highest copper values in the RC drilling were less than 700ppm.

Planned Activities

Approximately 1,500 to 2,000m of RC pre-collars and diamond tails in 16 holes is planned for Red Bore, which the Company hopes will commence by the end of the year – the programme is in the approvals process with a Programme of Work (“PoW”) application currently with the relevant authorities. A high powered ground EM survey is also planned over Gossan and Impaler.

1,500-2,000m of drilling is planned at Red Bore

There are still some EM targets to be tested at Curara Well, however Thundelarra will undertake an assessment of exploration data before planning further activities.

Allamber and Copperfield Projects – Pine Creek (THX 100%)

Introduction and Exploration Rationale

The Allamber Project located in the Pine Creek region approximately 180km SE of Darwin is considered prospective for skarn and replacement style base and precious metal mineralisation, with copper being the primary target. In addition the Cliff South prospect is prospective for uranium mineralisation, with a small JORC-compliant resource of 1.4Mt @ 304ppm U₃O₈ being identified. Previous drilling has also intersected graphite in a carbonaceous unit with a strike length of 18km between the Hatrick and Cliff South

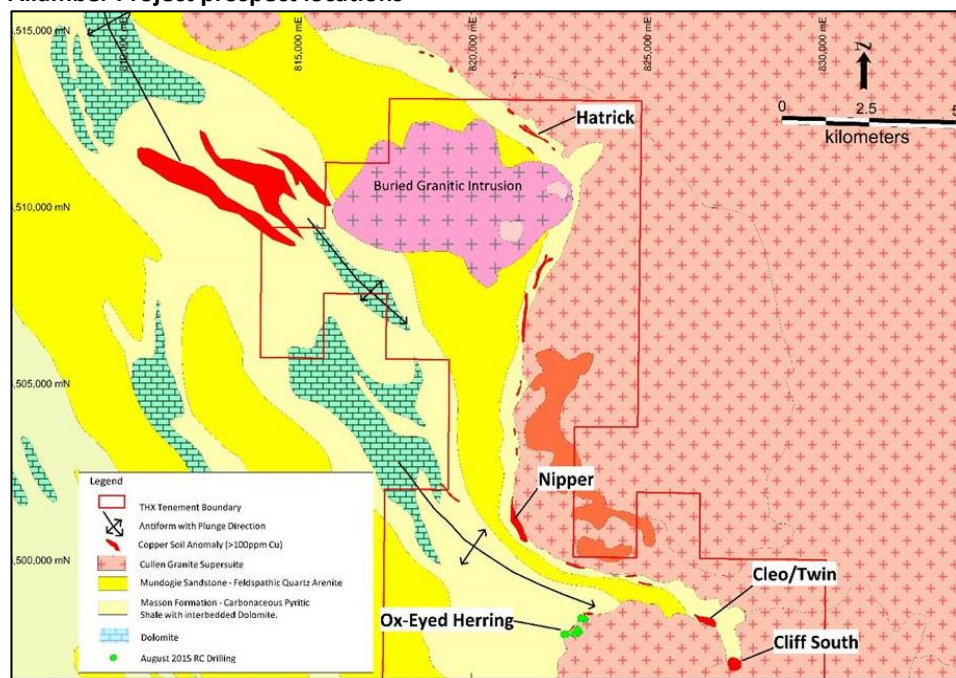
Allamber is considered prospective for skarn and replacement style base metal, precious metal and uranium mineralisation



prospects. Intersections, as announced to the market on October 10, 2012 included 36m @ 7.23% total graphitic carbon (“TGC”) at Hatrick, and 28m @ 8.74% TGC at Cliff South. Preliminary petrography on RC drill chips indicated flake sizes up to 200µm.

The eight 100% held tenements are located over units of the Pine Creek Orogen, a Paleoproterozoic belt that is the host to the majority of mineralised occurrences in the Northern Territory. Geology at Allamber includes metamorphosed silicic to calcareous sediments, forming a southeast trending double plunging anticline, with the more calcareous (and reactive) units exposed in the core. The sediments are intruded by the younger Cullen Suite granites, and it is interpreted that there is also a smaller buried alkali intrusion within the eastern side of the sediment package.

Allamber Project prospect locations



Source: Thundelarra

As reported in our April update work has downgraded a number of prospects – although alteration is seen in drilling, the systems are quite “dry” and hence have not introduced mineralisation.

2015 Drilling

A seven hole RC drilling programme was completed in 2015, further testing the Ox-Eyed Herring/Tarpon prospect

The seven hole, 1,188m RC drilling programme at the structurally complex Ox-Eyed Herring/Tarpon prospects was designed to test depth extensions of previous drilling which intersected copper mineralisation associated with breccias and sheeted veins and a large EM conductor near the contact between the contact metamorphosed sediments and the younger granites. As reported in our April update the previous drilling intersected up to 8m @ 2.71% Cu.

This intersected encouraging copper mineralisation, confirming results of previous drilling

The 2015 drilling intersected encouraging copper mineralisation in five of the seven holes, including 13m @ 0.87% Cu from 175m in hole TAL140RC; this included 6m @ 1.58% Cu and 20g/t Ag from 182m.

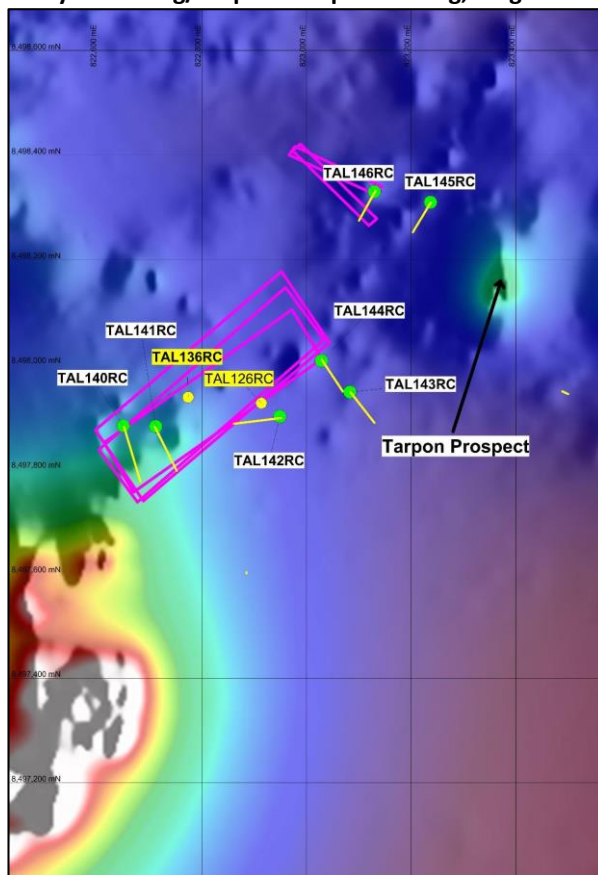
Base metal mineralisation shows a Cu/Au/Ag/Sn/Bi association and the drilling intersected variable widths of granites and hornfels, with the mineralisation associated with sulphidic zones in breccias and quartz veining.

The Company is currently reviewing the results of the work and plans to carry out diamond drilling so orientated core can be used to aid in elucidating the structure at these tantalising prospects.



Four RC holes for 288m were also drilled at the nearby Copperfield Project. These tested quartz veining associated with shears and, although returning anomalous gold values up to 0.21 g/t, returned no significant results.

Ox-Eyed Herring/Tarpon Prospect drilling, magnetics image and EM conductors



Source: Thundelarra

Sophie Downs, East Kimberley (THX 100%)

Thundelarra recently completed a programme of RC and diamond drilling at the Little Mount Isa and Ilmars prospects within the Sophie Downs Project, located some 50km to the NE of Hall's Creek. The drilling tested EM conductors, which at Little Mount Isa are associated with skarn base metal mineralisation and graphitic schists. Previous drilling by the Company at Little Mount Isa has intersected up to 13m @ 4.6% Zn in a tabular, west dipping body that has been defined along a strike length of 450m.

Drilling at Sophie Downs has intersected significant widths of graphitic schists

As released to the market on September 24, 2015, the first hole at Little Mount Isa intersected a 60m zone of graphitic schists from 69m downhole, with the Company stating that the 45m interval from 83m to 118m contains zones with over 50% graphite.

Samples are currently being assayed, with petrography also being undertaken, with results expected within the next month.

Keller Creek, East Kimberley (THX 20% Free Carried Interest)

Keller Creek, located approximately 100km north-east of Hall's Creek abuts Panoramic's Savannah nickel operation.

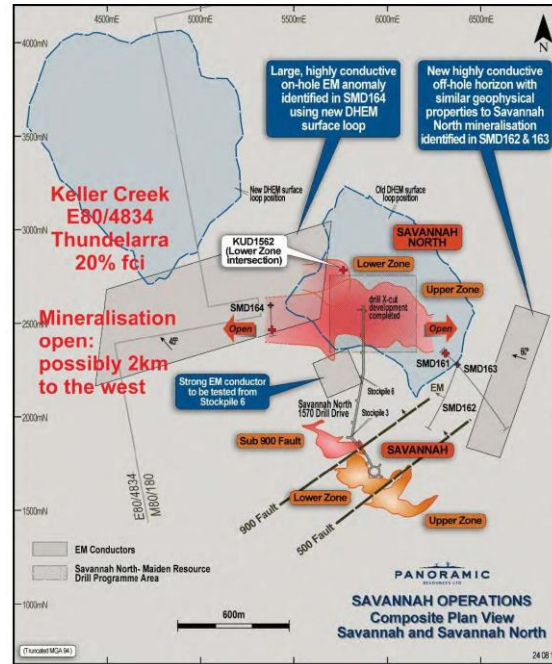
Recent work by Panoramic on the Savannah North mineralisation (Inferred Mineral Resource of 3.15Mt @ 1.75% Ni) indicates a potential east-west strike length of 2km, with this elucidated from EM surveying. The EM survey defined a conductor to the west of Savannah North with geophysical properties similar to that in the known mineralisation.

Resources are currently defined on Panoramic's 100% held M80/180; however, should the



mineralisation continue west, it would extend into the joint venture tenement E80/4834 in which Thundelarra has a 20% free carried interest until a decision to mine.

Savannah North mineralisation



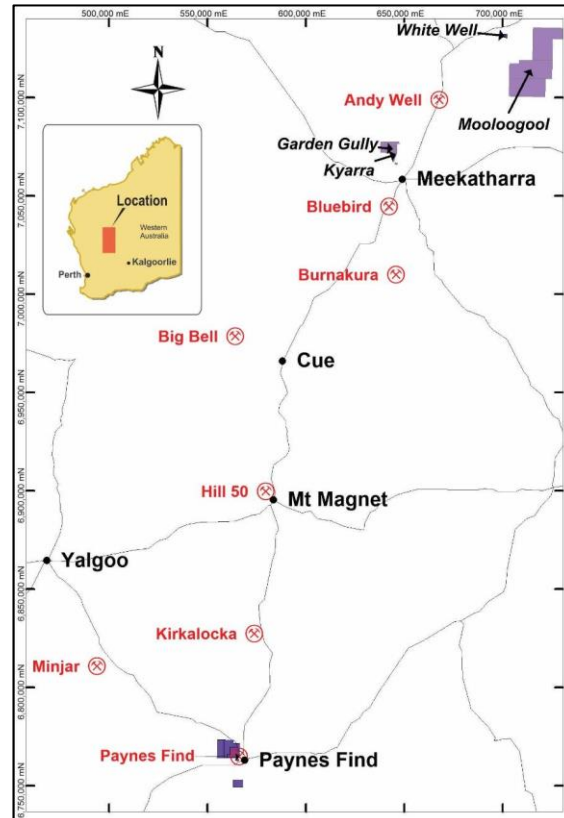
Work by Panoramic near their Savannah nickel operation indicates the potential for mineralisation to extend into the Keller Creek tenement, in which Thundelarra has a 20% FCI

Source: Thundelarra

Red Dragon Mines Acquisition

As announced to the market on October 15, 2015, Thundelarra is to acquire Red Dragon Mines NL (“Red Dragon”), a private company which has a number of gold assets in Western Australia. The consideration is 17,927,166 shares in Thundelarra, at a deemed price of \$0.077/share, for \$1.38 million.

Red Dragon projects



Red Dragon acquisition subject to a shareholder meeting on December 11

Source: Thundelarra



As entities associated with Thundelarra directors Mr. Philip Crabb and Mr. Frank DeMarte are shareholders in Red Dragon, shareholder approval is required for the transaction, with a meeting to be held on December 11, 2015. The Company has stated that regulatory approval has been granted by the ASX and ASIC.

The rationale behind the acquisition is to take advantage of recent developments in the Western Australian gold mining industry, with mid-tier companies such as Metals-X (ASX: MLX) and Northern Star (ASX: NST) setting up processing hubs that could potentially be used to treat third party material.

Red Dragon has put together a portfolio of 100% owned early stage gold projects, generally located near these processing hubs.

Garden Gully, which includes one exploration and 12 prospecting leases and applications for 65km² is located 10km to the north-west of Meekatharra, and is within trucking distance of Doray Minerals' (ASX: DRM, "Doray") Andy Well plant and Metals-X's Bluebird operation. It is considered prospective for typical Archaean shear hosted gold mineralisation, with a number of historical workings on the tenements reportedly producing 20,718oz of gold at an average grade of 21.7g/t.

Although the project is in an area that is being actively explored by producers including Doray, very little modern exploration has been done on the tenements. Planned initial work includes diamond drilling in the proximity of the historic Kyarra gold mine, and RC testing of a further 12 targets.

Paynes Find, located some 140km south of Mount Magnet is also a site of historic gold mining, with very little work being carried out on the Red Dragon tenements. Recorded production was ~46,000oz of gold from 60,000t of ore from shear hosted mineralisation in gneisses, with shearing associated with the Paynes Find Shear Zone. Planned initial work includes RC drilling over a number of walk up targets, which are on a package of six granted PL's and EL's.

The target at the **Mooloogool Project** is both gold and VHMS mineralisation in metasediments of the Yerrida Basin around the Archaean Goodin Dome. The project, comprising three EL applications for 554.5km², has seen little modern exploration, however Enterprise Metals (ASX: ENT, "Enterprise") is active in similar units to the north, where drilling has intersected appreciable gold mineralisation at the Vulcan prospect.

Also in the Yerrida Basin is White Well, which comprises 2 PL's for 308ha. The target here is chargeability anomalies that will be tested by a programme of RC drilling.

Breakaway's View

Work undertaken since our April 2015 update note has returned positive results and, particularly in the case of Doolgunna, has confirmed the prospectivity of Thundelarra's diverse portfolio of exploration projects.

The Company is continuing to follow down the copper mineralised pipes at Red Bore, with the aim of finding a large mineralised system. The recent Monty discovery by Sandfire in the JV with Talisman Mining (ASX: TLM "Talisman") confirms the prospectivity of the area, however also confirms that patience and persistence is required in exploration. Since the initial DeGrussa discovery in May 2009 and the Conductor 5 discovery in July 2010, no major discoveries have been made in the area until Monty in June 2015, despite the expenditure of many 10's of millions of dollars.

As we mentioned in our April update, one concern that has been raised is the small size of the Red Bore tenement, which limits the "blue sky" potential. However, as mentioned above, results to date within the tenement have been very positive, confirming the



prospectivity, and there is more than ample room to fit a DeGrussa or even the Kalgoorlie Golden Mile into the Licence.

Our view is that the results from Curara Well have downgraded the prospect; however there are still areas to be tested.

Results from Ox-Eyed Herring/Tarpon at Allamber continue to be tantalising, with further work warranted. As we mentioned, replacement and skarn mineralisation can be very complex at times, and we hope that the upcoming diamond drilling will help in the interpretation of this prospect.

Red Dragon provides the Company's first dedicated gold projects, with a number of walk up drill targets that will be tested dependent upon the finalisation of the acquisition. This is a timely acquisition with the resurgence of interest in the Australian gold sector, and the emergence of a number of mid-tier operators.

Although we haven't seen detail of the geology and mineralisation of a number of the gold projects, on the face of it they look prospective, with this supported by the presence of historic workings. More detail will be available with the independent expert's report that will be part of the documents sent to shareholders in advance of the meeting on December 11. We also note the related party transaction aspect of the acquisition.

One factor that has not been reflected in the share price is the August announcement by Panoramic regarding Savannah North. This has the potential to be a significant asset for Thundelarra, should mineralisation extend into the Keller Creek tenement.

The board and management have shown that they are committed explorers, with a large proportion of expenditure going directly into the ground. Of the Company's total operating expenditure of \$3.702m in their financial year ending September (not including a \$324k R & D refund), \$2.708m, or 73% was spent on direct exploration activities.

We maintain our view is that technical work is done to a high standard and is scientifically rigorous and innovative – a key for maximising “bang for the buck”. Another positive on the personnel side is that they have a significant stake in the Company – in our view this is an important factor in any company.

Thundelarra continues to have a healthy cash balance, holding \$4.0m as of September 30, 2015. However at current expenditure rates this will only last another year. Our view is that, should this expenditure rate be maintained, we would expect the Company to start looking at funding options in the next six months or so. Funding options could include a capital raising, or as in the past an asset sale should market conditions improve.

In addition, the Company has granted the buyers of the Hayes Creek Project a deferral of the \$0.9m second tranche of the payment to April 29, 2016.

As such, we maintain our SPECULATIVE BUY rating for Thundelarra, and with ongoing work expect ongoing news flow, with positive exploration results being the main price driver.

*We maintain our
SPECULATIVE BUY
rating for Thundelarra*



Analyst Verification

We, Grant Craighead and Mark Gordon, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Thundelarra and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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