

# Thundelarra's ace in the hand

ASX-listed explorer has plenty to build on this year after successful 2016 exploration season

**Q**UALITY GOLD AND copper exploration assets in the 'shadows' of producing plants are currently seen as prime value drivers for explorers, and in that regard ASX-listed Thundelarra (THX) is sitting pretty heading into a new drilling season in Western Australia.

Cashed up and continuing to report promising drill results from a busy 2016, Thundelarra has exciting gold potential at Garden Gully, near Meekatharra in WA, and an intriguing copper position near Sandfire Resources' DeGrussa mill.

Run by CEO Tony Lofthouse, a geologist with a long history in resource banking and broking, and wily WA goldfields veteran Phil Crabb, Thundelarra has built a reputation as a serious explorer with an enviable ground position in areas prospective for significant volcanogenic massive sulphide (VMS) base metal, and Archaean gold, discoveries.

On the VMS front it has a modest copper-gold resource on a granted mining tenement at Red Bore, which has a boundary about 500m from the DeGrussa treatment plant, and is a few kilometres from the Monty VMS deposit of Talisman Mining and Sandfire. Ongoing exploration success at Red Bore was overshadowed in 2016 by a series of highly promising drill hits to the south at Garden Gully, but the project remains a potential jewel in Thundelarra's crown given its location in a known VMS district that

only started to give up its geological secrets in the past decade or so.

Most investor focus over the next six months, though, is likely to be on the 65.5 sq km Thundelarra tenement package at Garden Gully, where two drilling programmes in 2016 produced intercepts such as 7m grading 24.5g/t near-surface at Lydia and then 80m of 1.9g/t from 79m depth on the same trend, and generated a host of follow-up targets for the new field season.

The next drilling will start as soon as possible after requisite heritage clearance surveys and approval of work programmes. The standard early-year hiatus also gives Thundelarra time to crunch through all its data to give itself the best possible chances of follow-up exploration breakthroughs.

Lofthouse says results to date do more than show good gold intersections in a well-endowed district, currently dominated by mid-tier producer Westgold Resources with its mines and 3.1 million-tonnes-per-annum Bluebird plant, and emerging miner Doray Minerals and its 300,00tpa Andy Well mill. Thundelarra got its foothold in the area through its 2015 acquisition of unlisted Red Dragon Mines. Its neighbours are actively exploring ground abutting large parts of the Thundelarra acreage.

"One of the main reasons why we took on this package of ground was because of its proximity to infrastructure," Lofthouse said.

"It's right next to Meekatharra [and] we've got the Bluebird plant 15km to the south, and that needs feed, and Doray's Andy Well plant 15km to north, and that needs additional feed now as well.

"So anything we do has that corporate overprint of competitive tension because the quickest way for us to monetise any discovery is not to try to reinvent the wheel and build a plant ourselves, because we've got two plants nearby that could start delivering an income through toll treatment.

"And that's the driver for us to come up with some sort of resource, if there is one there, as quickly as we can.

"But what we're seeing overall in the Garden Gully results far exceed anything we had anticipated from first pass and initial follow-up drilling on an exploration project at this stage. This looks to us to have the potential to be a completely new discovery field.

"The geology that we're seeing is getting exciting in its own right. We are still waiting for some results [from 2016 drilling] so we can complete a full assessment and prioritise the [prospects] we need to follow up most closely. But Lydia is standing out as being really interesting in its own right, and Battery, even though [latest] results don't yet display the same [mineralisation] widths and tenor we've got at Lydia, the geology is generally not what we were expecting to see."

At Battery intersection of



Thundelarra's Garden Gully gold project is in gold producing country



**"Early Garden Gully results exceeded our expectations"**

- TONY LOFHOUSE  
CHIEF EXECUTIVE OFFICER

mineralised porphyry, within a package of mafic schists, high magnesium basalts and black shales, is seen as significant because the porphyry rocks are irregular for the district and the links between them and typical greenstone settings have formed a basis for economic resources elsewhere (such as Gascoyne Resources' 1Moz Gilbeys deposit at Dalgaranga).

Battery is adjacent to Lydia and the two targets have a combined strike length of about 1.5km. Lofthouse said results still pending from Transylvania and NE Transylvania would be "very interesting too, as those two prospects appear to be along strike from Lydia and Battery, respectively".

Thundelarra has used ground geophysics, including induced polarisation, to help with target generation and follow-up assessment, and employed petrographic analysis to confirm the quartz porphyry in quartz vein and felsic intrusive mineralisation. The company is also using down-hole Optical Televiwer survey technology to help improve understanding of geological controls and particularly the orientation of key structures it wants to drill into the right way to speed effective resource definition.

"Nobody has identified or reported porphyry around here [Garden Gully] before," Lofthouse said.

"Porphyry is the basis at depth of what is happening at [Gold Road's] Gruyere. What we're seeing in the initial work around Lydia and Battery has some important parallels to what we're seeing at Gilbeys, too. It's very early days for us, but that's [Gilbeys] 1Moz and they continue to expand it.

"We've got consistent grade at substantial widths in some holes, and that supports our belief that we might be looking at a big system.

"We're also exploring at depths

that haven't been explored before. The [dry season] water table meant the old pits, shafts and scrapings were no deeper than about 30m. No one has drilled systematically more than 30-40m.

"The area really hasn't been explored at depth.

"So we're beginning to think this could really be quite interesting."

Thundelarra had about A\$3 million in the bank at the end of 2016 and March a quiet first quarter this year will burn cash at about \$1 million a quarter when it refires its exploration effort.

The company will pin hopes on more good results at Garden Gully to ignite its share price as the wait for clarity at Red Bore continues.

Lofthouse said Thundelarra's belief in its thesis that significant VMS mineralisation existed at depth at Red Bore had not wavered, with a 900m-plus diamond hole drilled last year not intersecting mineralisation or answering questions about remobilised copper-gold mineralisation near surface, but still adding vital insight into the complex local geological picture.

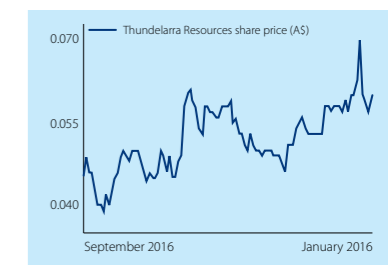
"The hole intersected 388m of dolerite [from about 490m down-hole], which accounts for the gravity anomaly we're testing as a density contrast with volcanics above and below," he said.

"The results show the gravity anomaly has a sound geological basis."

Thundelarra said thin sulphide veins, mostly pyrrhotite with minor chalcopyrite, were picked up cross-cutting dolerite at 547.5m, and narrow veins of remobilised sulphides were intercepted at 504.5m within the same thick dolerite sill.

"The [2016] exploration confirmed our geological models and we continue to believe that further VHMS-style mineralisation, of the DeGrussa style, is present there," Lofthouse said.

## THUNDELARRA AT A GLANCE



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### MARKET CAPITALISATION

A\$25 million (Jan 20, 2017)

### QUOTED SHARES ON ISSUE

423.5 million

### MAJOR SHAREHOLDERS

Ragged Range Mining (13%), Chin Nominees (7.9%), Siat Yoon Chin (4.3%)

Below: Drilling at Garden Gully, near Meekatharra in Western Australia

Right: Visible gold in drill chips from the Lydia prospect at Garden Gully

