

ASX RELEASE

Tellus Resources Ltd is an Australian-based oil & gas and mineral exploration company with licences in South Australia, Queensland and New South Wales. The Company has oil interests in Utah, USA as well.

Directors:

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Chairman

Carl Dorsch

Managing Director

Neil Young

Non-Executive Director

Issued Shares:

168,099,767 ordinary shares

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Madagascan Project Acquisition - Further

Following on from the announcement this morning titled “Madagascan Project Acquisition”, Tellus Resources Limited (TLU or the Company) is pleased to provide further information and detail on the Project below.

A photograph showing the silhouettes of several tall baobab trees against a bright orange and yellow sunset sky. The sun is visible as a bright orb between the trees.

Major Oil Exploration Opportunity

Madagascar

June, 2014



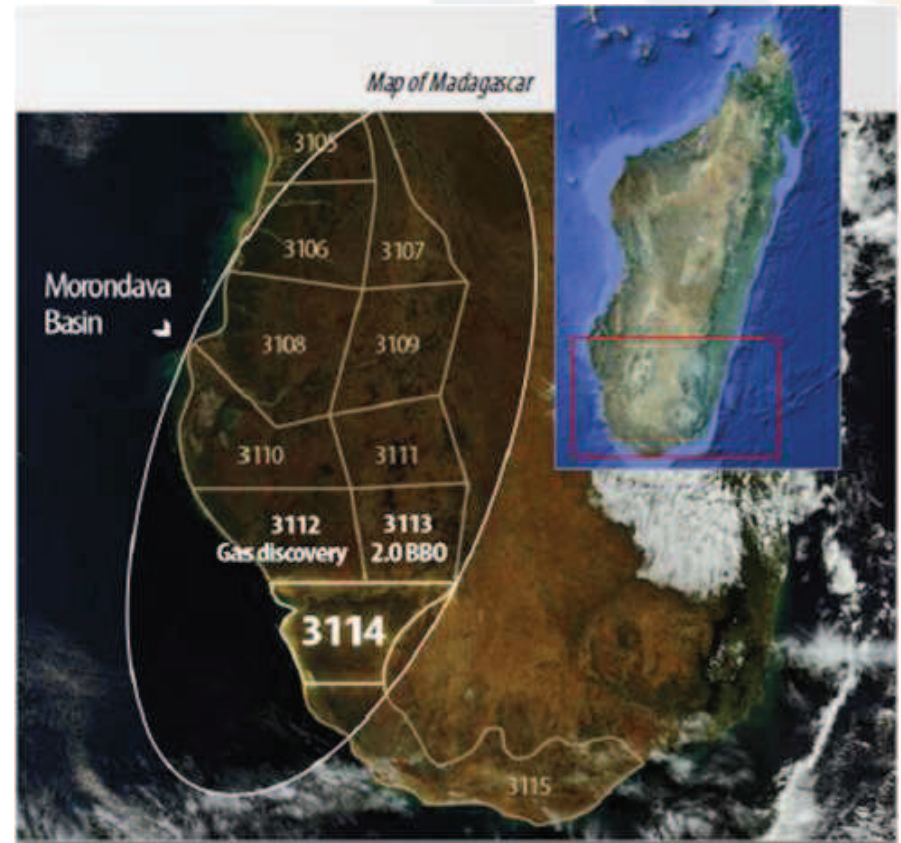
Madagascar



The Asset

Block 3114 (10,160km²) located in the Morondava Basin, Onshore Madagascar.

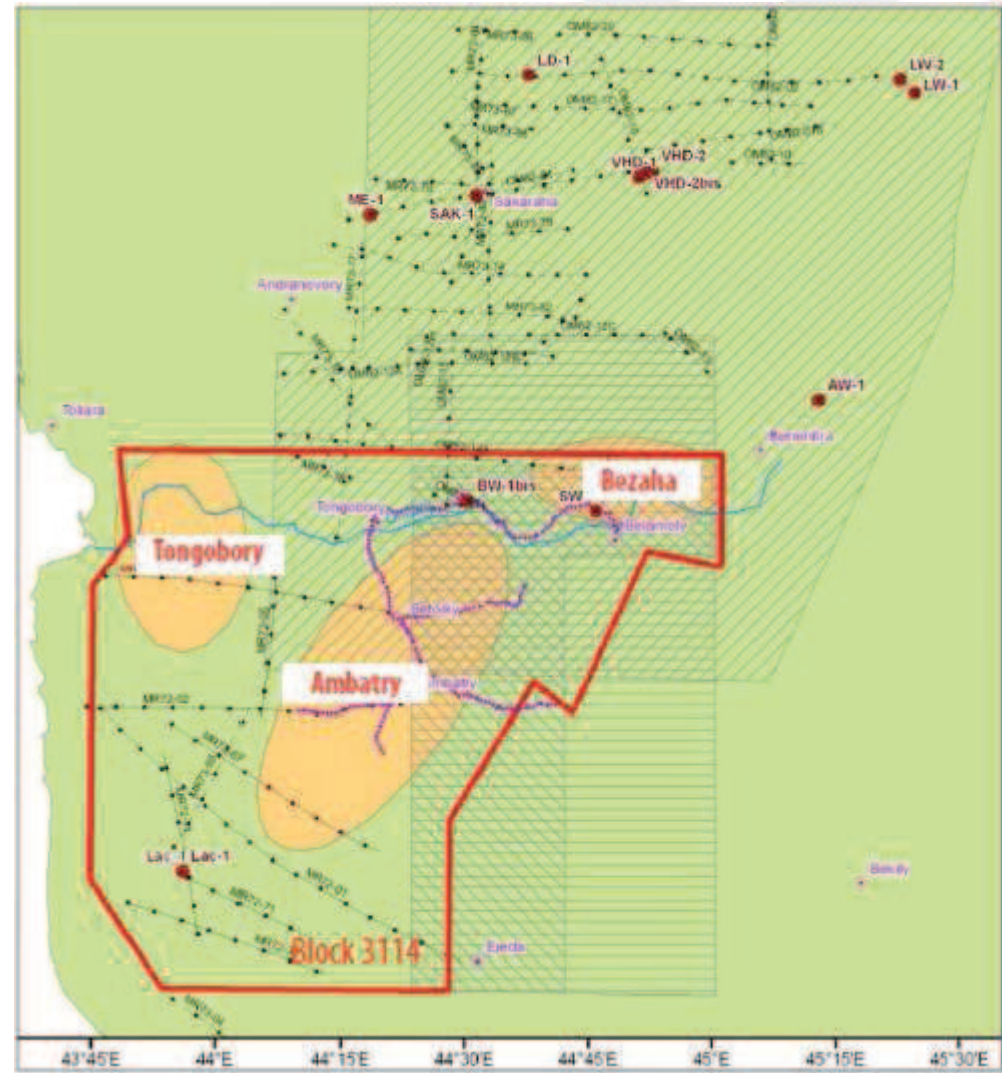
- The Morondava Basin covers 135,000km² and has been estimated by USGS (2012) to have mean undiscovered conventional oil resources of 10.75BBO (billion barrels of oil) and mean undiscovered conventional gas resources of 167TCF (trillion cubic feet).
- Oil & gas discoveries reported immediately North of Block 3114 by large Chinese exploration companies.
- Other majors entering the area (XOM, Tullow).
- Tellus acquiring 25% of the Asset for 85M shares (equivalent to approx. \$7 per acre) with options to increase to 80%.
- Large conventional crude oil reserves indicated.



Leading Prospects in the Asset

Source rocks, reservoirs, traps/seals, source maturation and oil migration are confirmed and three prospect leads have been identified.

- ★ 1. The Ambatry Area
- ★ 2. The Bezaha Area
- ★ 3. The Tongobory



The Ambatry Area Prospects

Seismic analysis of the Ambatry 2D survey in 2012 has identified the following :

Prospect	Type	Mean Unrisked Recoverable Oil Reserves (millions of barrels) ^{1.)}	Comments
Betioky Prospect ^{2.)}	Anticlinal	130.0	Drill ready
Caravel Prospect	Fault trap	150.0	Drill ready ^{3.)}

Notes

1. Reserves reported are in house and are currently being verified by an Independent Expert.
2. Reserves have been down graded from the original RPS Energy estimate of 236MMBO.
3. Subject to an additional 2D strike line to define closure and optimize the drill site.



Prospective Drill Location
Betioky Prospect



The Madagascar Strategy

- Finalise the acquisition of 25% of the Asset.
- Seek shareholder support for the acquisition (EGM to be called for mid July).
- Obtain funding commitments to secure a total 51% interest in the Asset.
- Prepare for a two well drill program thereby earning up to 80% in the Asset.
- Seek farm in partners concurrently.
- Plan first well for Nov, 2014.
- Environmental Impact Study commenced.



Typical rural Madagascan scene

Compliance Statements

Disclaimer

- This presentation has been prepared by Tellus Resources Ltd (“TLU” or the “Company”). It should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this presentation. It is not to be distributed to third parties without the consent of TLU.
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Competent Persons Statement

- The information in this statement that relates to Hydrocarbon Resources is based on information compiled by Mr Carl Dorsch (Managing Director) who is leading the Company’s operations efforts with the help of various professional consultants who are experts in their fields.
- Mr Dorsch has been a member of the Society of Petroleum Engineers since 1981. He holds Bachelor of Science and Bachelor of Chemical Engineering degrees from the University of Adelaide, South Australia and is a Chartered Engineer as well as a Fellow of the Institute of Chemical Engineers.
- Mr Dorsch has over 35 years experience in the oil and gas exploration and production business both in Australia and on the international stage. Although specialising in drilling and completion operations, his career has included reservoir and production operations.
- Mr Dorsch has sufficient expertise in the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr Dorsch hereby consents to the inclusion of the information in this presentation and the form and context in which it appears.

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