



TELLUS RESOURCES LTD

HIGH IMPACT OIL & GAS ASSETS

Good Oil Conference Presentation : September 2014



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- The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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.

Summary of Key Assets

- ✓ 25.0% Working Interest in the **Covenant Mondo Project**, a large conventional oil asset with the potential to deliver massive upside with drilling to commence shortly.
- ✓ Proposed acquisition of 25% of 10,000 km² **Block 3114** (with option to go to 80%) located onshore Madagascar with a drill ready anticlinal oil target as well as prospective fault block trap geometries – subject to shareholder approval (GM 26th of this month).
- ✓ 30% interest in **PRLs 108,109 and 110** in the Cooper Basin – 100% free carried in a well to be drilled by end September 2014.
- ✓ Legacy gold assets in Qld/NSW – sale/spin off?

THREE PROJECTS/THREE AREAS

Covenant Mondo Project (CMP)	Utah, USA	ONSHORE : Conventional Oil
Block 3114 (Morondava Basin)	Madagascar	ONSHORE : Conventional O&G
PEL 105 (PRL's 108,109,110)	Cooper Basin, SA	ONSHORE : Conventional O&G Unconventional (deep coals?)

Board of Directors

Robert (Bob) Kennedy

Non-Executive Chairman

Mr Kennedy is a seasoned oil and gas executive having had an extensive career in listed companies, most notably as the previous Director and Chairman of Beach Energy Limited for a period of almost 21 years. He is also closely involved at board level with a number of other publicly listed companies and his experience in this field is both well known and extensive.

Carl Dorsch

Managing Director

Carl Dorsch is a Chartered Chemical Engineer with a 35 year career in oil and gas exploration and development projects in Australia and internationally. He is a pioneer of the Cooper Basin's Patchawarra and Nappamerri Troughs unconventional play. He served as Managing Director of Adelaide Energy Limited from its inception, through its ASX listing in July 2007 and until its takeover in January 2012.

Neil Young

Non-Executive Director

Mr Young has a history of nearly 20 years commercial experience in the energy sector, after an initial career as an accountant in the UK. He has worked for companies ranging from Adelaide Energy to Santos, in Australia and internationally.

Current Capital Structure

Current shares on issue	194,348,295
Market Cap (at 4 cps)	\$7.8M
Cash as at Aug 14	700,000
Unlisted Options on issue	72,700,000
Performance Rights	1,050,000
Top 20 Shareholders	51.4%
Directors	2.5%

Covenant Mondo Project – Utah, USA



Project Overview

- ✓ The **Covenant Mondo Project (CMP)** is a large conventional oil play located in Utah, USA.
- ✓ The **CMP** has the potential to deliver massive upside with substantial resource estimates in a well known US overthrust belt (the “Hingeline”).
- ✓ The **CMP** is placed in close proximity to the privately owned Covenant oil field currently producing circa. 6500 BOPD and recoverable reserves of over 150 MMBO.
- ✓ **Tellus** has a 25.0% participating interest (PI) following farmin completion.

Farm-in Summary

- ✓ **Tellus** has funded 30% of the farm in terms including the promoter fees and the following work program for its 25% PI (better than a 5:4 promote):

Drill 2 conventional oil wells to 9500 feet (2900m) estimated at USD 2M per well on a P&A basis;

If successful, the wells must be cased, completed and connected to tanks for an estimated cost of USD 1M per well.

- ✓ After Landowner and other third party Royalty interests, **Tellus** net revenue interest is approx. 18.0%.

Asset Overview

Key



Wolverine Fields



Covenant Mondo Project



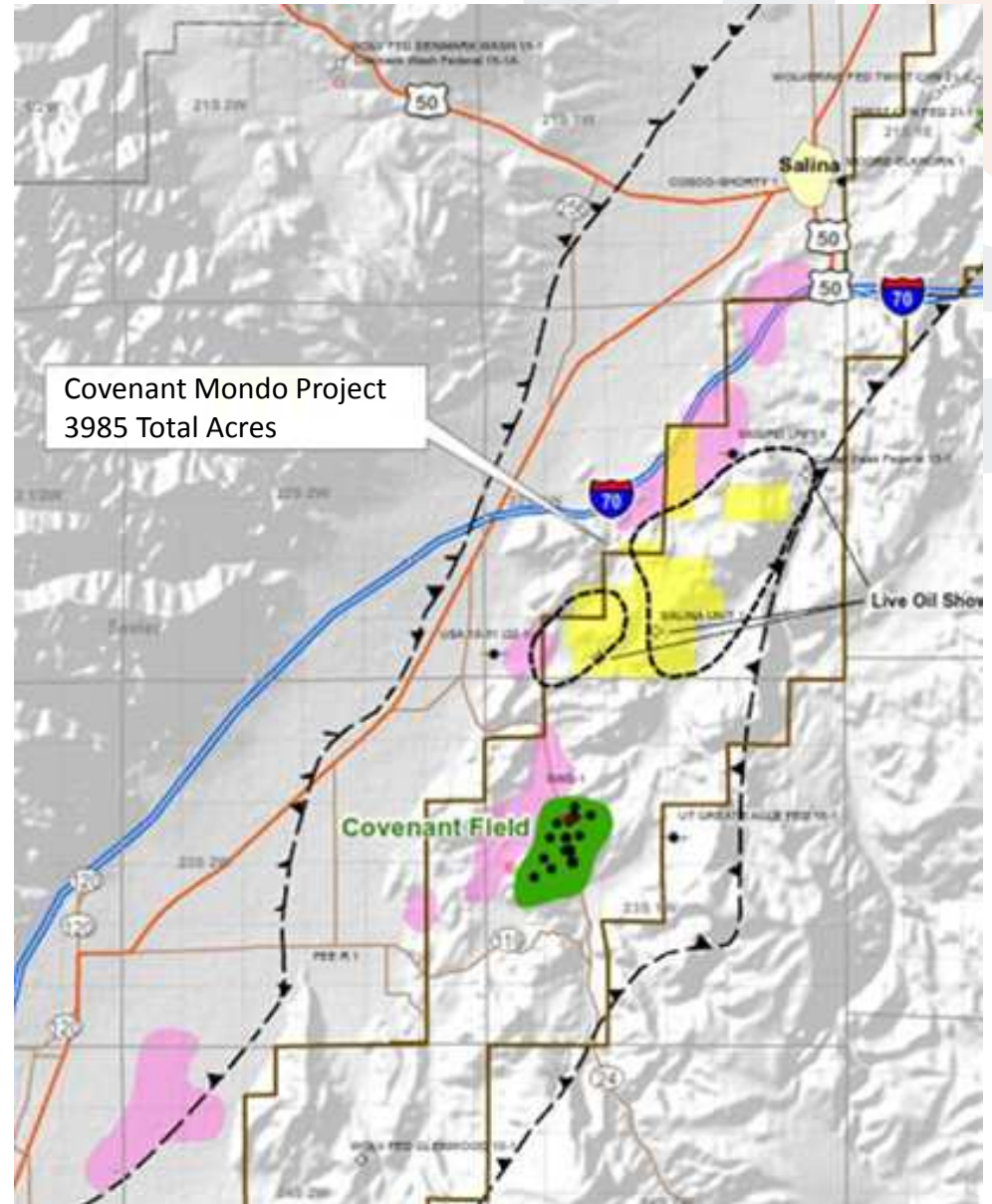
Regional Thrust Faults



Geochemical Anomaly

Wolverine Field

- The nearby Covenant (Wolverine) field discovered in 2004 has produced 17.3 million barrels of oil from 23 wells to date.
- Current production approx 6,400 BOPD.



Resource Estimates

CMP is estimated to have significant upside potential based on Tellus' in-house calculations from existing seismic interpretation¹.

Estimated Resource	OIIP (MMBO) ^{2.}	Ultimate recovery ^{3.} (MMBO)	Tellus Share (at 25.0%PI) (MMBO)
CMP Upside Success Case with 1800 feet oil column	413	165.2	29.7
<i>Riskd (at COS of 35% - P10)</i>			10.4
CMP Downside Success Case with 450 feet oil column just around the mapped crest	19	7.6	1.4
<i>Riskd (at COS of 35% - P90)</i>			0.5

Notes:

(1) In house report prepared by P. McCarthy : Consultant Reservoir Engineer (Sep 2013).

(2) OIIP : Oil initially in place – MMBO (million barrels of oil) ; cases based on estimated gross rock volume with success based volumes assuming oil with very little gas.

(3) Assumes a 40% recovery factor as Utah Geological Survey estimates for Covenant Field.

Madagascar - Oil Exploration Project



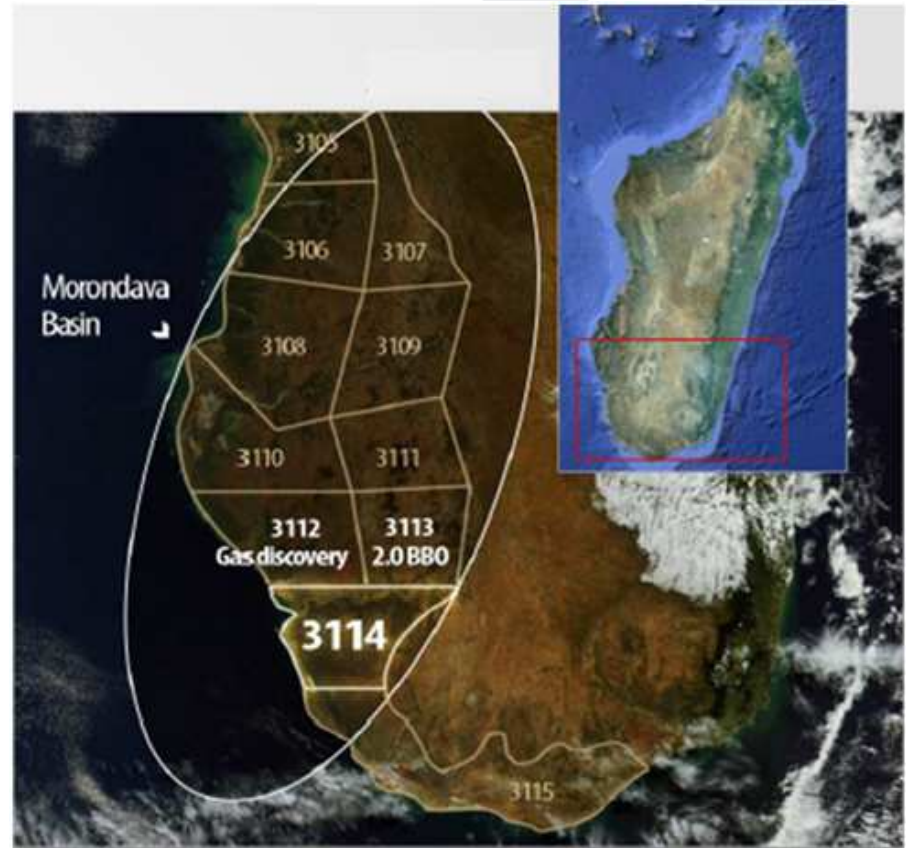
Madagascar



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).
- 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.



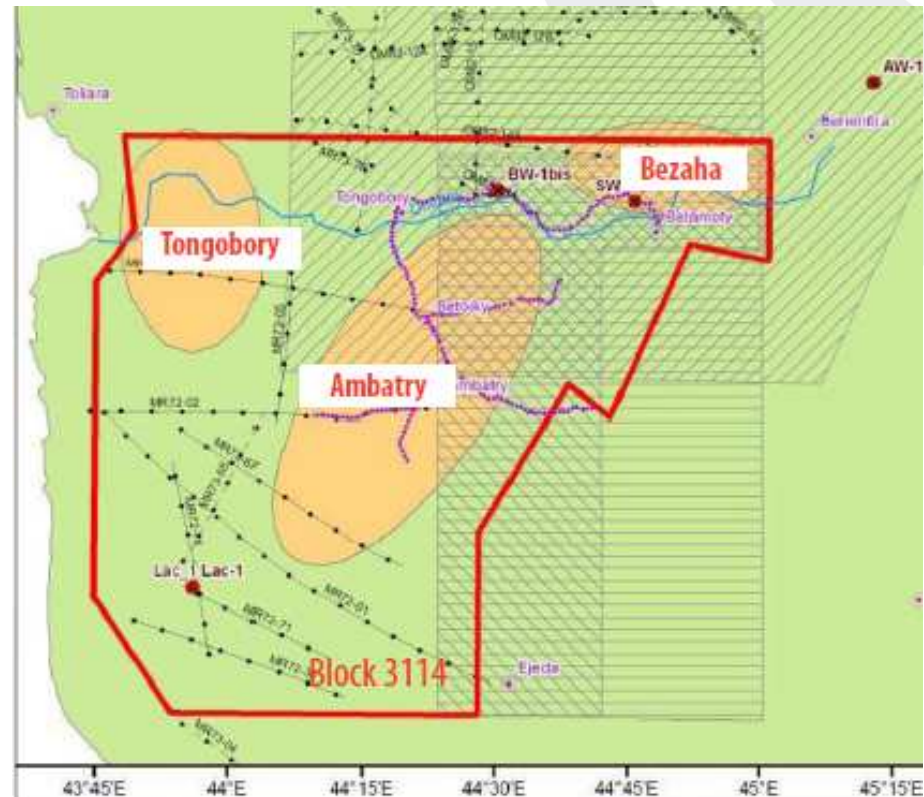
1. The Ambatry Area



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	Total Risked Recoverable Oil Resources ^{1.} (millions of barrels)			Comments
		Low	Best	High	
Betioky Prospect	Anticlinal	10.5	38.9	108.6	Drill ready
Caravel Prospect	Fault Trap	3.8	16.3	51.4	Drill ready ^{2.}

Notes

1. Resources reported by Independent Expert (MHA Consultants – July 2014).
2. Subject to an additional 2D strike line to define closure and optimize the drill site.



*Prospective Drill Location
Betioky Prospect*



The Asset

- Block 3114 has a total of :

815 kms interpreted historic 2D seismic.

165 kms interpreted 2D seismic (2012 : Ambatry) – 2 drill ready prospects identified

120 kms 2D seismic (2013 : Bezaha) – acquired but not yet paid for.

- Drill targets are close to infrastructure :

Tulear on SW coast has port facilities and is one hour flight from capital Antananarivo.

6 hours by truck from Tulear to site (except wet season from Nov – Feb)

Deal Terms for an Interest in the Asset

- Block 3114 is 100% owned by PetroMad.
- **Tellus** to acquire a 51% interest in Block 3114 via acquisition of shares in Petromad and settling with current creditors.
- Vendor is an ASX listed company with approx. 1600 shareholders (Caravel).
- Balance of Petromad held by Dr Emma Rasolovagny (the Owner), a geophysicist and Madagascan national with 20 years in O&G.
- **Tellus** can earn up to 70% by spending 9M USD. Plans to drill 2 wells with first well in 2014 – farm out negotiations to commence on deal settlement.
- **Tellus** can acquire a further 10% (total 80%) for a cash payment of USD 20M to the Owner upon identifying hydrocarbon reserves of 100 MMBOE.

Consideration

Tellus to acquire a 51% stake in Petromad for the following consideration:

- 25M ordinary shares to Vendor creditor for payment of outstanding loan;
- 60M ordinary shares to Vendor - Vendor required to distribute 55M in specie to all its shareholders;
- **Tellus** to assume all the liabilities of the Vendor in relation to the Petromad asset – expected to be a maximum of \$3M (staggered over 12 months);
- **Tellus** and Vendor will require shareholder approval – deal completion expected by end October 2014.

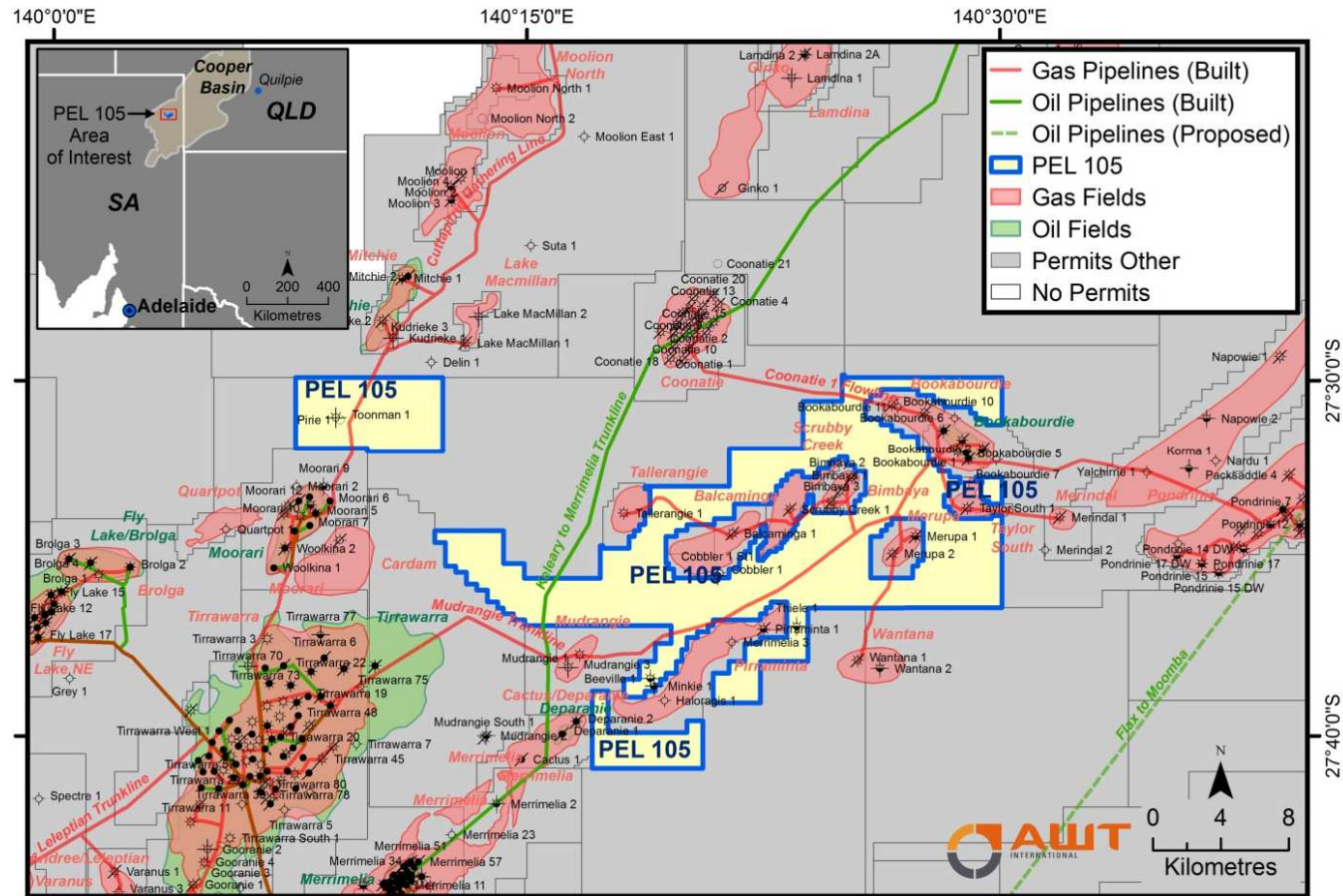
PRLs 108, 109 & 110 (formerly PEL 105)

– Cooper Basin, South Australia



PRLs 108, 109 & 110 – Asset Overview

Petroleum retention licences totalling 219.6 km² (54,260 acres) located in the Cooper Basin, South Australia



PRLs 108, 109 & 110 – Asset Overview

- Licences located in the heart of the Cooper Basin
- Surrounded by extensive oil & gas production and commercial activity
- Senex to drill one well by end September 2014 – **Tellus** fully carried
- Final interests 30% **Tellus** and 70% Senex (Operator)
- Large “wet” gas potential as well as unconventional “deep coal” prospectivity
- Potential Birkhead oil (unconventional?)
- Licence has been converted to 3 x PRL’s (**15 year tenure**)

SUMMARY

PROJECT	Location	Prospective Resource Best Estimate (MMBO) ^{1.}	
		TELLUS SHARE	
Covenant Mondo, Utah ^{2.}	Utah, USA	25% WI (19% NRI)	0.9
Block 3114, Madagascar ^{3.}	Madagascar	25%	13.8
PEL 105 (PRL's 108,109,110) ^{2.}	Cooper Basin, SA	30%	0.5
		TOTAL	15.2

1. Defined as risked and recoverable resource – units of million barrels oil equivalent
2. In house estimates of prospective resource
3. As reported by independent consultants MHA Petroleum Consultants LLC.

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