

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

Directors:

Robert Kennedy - **Chairman**
Carl Dorsch - **Managing Director**
Neil Young - **Non-Executive Director**

Issued Shares:

194,348,295 ordinary shares

Tellus Resources Ltd**ASX Code: TLU**

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CMP Update – Receipt of Well Approval

Tellus Resources Limited (TLU or the Company) is pleased to provide the following market update in relation to the Covenant Mondo Project ("the CMP") located in Utah in the USA.

The Operator has advised the Company today that the Application for Permit to Drill (APD) the Trans Western Petroleum USG #1 well (TWP USG #1) has been approved by the State of Utah : Division of Oil, Gas and Mining.

The drilling pad for the well has been completed and is ready to accept a drilling unit once the cellar and conductor are pre set by a specialist contractor (see photos below). The Company expects to be advised by the Operator of a commencement date for the well ("spud") in the coming days. An appropriate and available drilling rig has been selected.

The well will be drilled to a total vertical depth (TVD) of 7400 feet (2255m) with a minor horizontal displacement of some 150m to land at a distance of the regulated 400 feet from the northern tenement boundary. The measured depth at TD will be 7439 ft (2270m).

TLU has already funded 30% of the unrisks cost of the farmin program to the CMP which includes an owner and promote fee as well as two wells to a maximum depth of 9500 feet. Once the farmin is complete, TLU will have a working interest (WI) or participating interest (PI) in the project of 25%. In house estimates for the potential recoverable oil in the CMP are very material and have been reported previously.

Commenting on the developments, the Managing Director Carl Dorsch said *"It is such good news to finally have the regulatory approval to drill our first well in the CMP and I would like to thank the Operator for its efforts both in this process but also in getting the first well location finished in a timely fashion. The negotiations with the land owner have started off well and been to the mutual benefit of all parties involved. Although we are some 150m from our desired bottom hole location, it is a vast improvement on the original surface location."*

Spud to TD for the well should be around 2 – 3 weeks and I very much look forward to working with the Operator and getting a technical and commercially successful outcome."



Figure 1 : Completed Rig Pad Location for TWP USG-1



Figure 2 : Aerial view of TWP USG-1 Location (looking east 2 weeks ago)