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NSW MINERAL TENEMENTS UPDATE

ASX RELEASE

Tellus Resources Ltd is an Australian-based oil, gas and mineral exploration company with licences in Utah, Madagascar, South Australia, Queensland and New South Wales.

Directors:

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

Issued Shares:

283,848,295 ordinary shares

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Highlights

- ***Significant Copper in Soils Discovered at Rockley***
- ***Mineralisation Coincident with a Strong Magnetic Anomaly***

Tellus Resources Ltd ("TLU" or "the Company") is pleased to provide the following update on its NSW Minerals Portfolio. As advised in the September Quarterly Report, the Company is reviewing this as part of an optimization and rationalisation strategy.

Reconnaissance XRF sampling was conducted recently at the Rockley Project (EL7993 Triangle Flat and EL8004 Rockley) as part of the review and ***has identified a significant surface copper anomaly within the Byrnes Creek Prospect*** (see Figure 1 below). Soil Cu (copper) values are continuous for 110m north-south and up to 30m wide at an average of 2,000 ppm Cu. The anomaly is truncated to the north and south due to shallow transported soil cover and should continue beneath the cover. More detail follows in the discussion below.

The Managing Director of TLU, Mr Carl Dorsch said, *"Although not now our core business, the result at Rockley is very exciting and verifies the underlying value of our hard rock portfolio. The results also justify the Company's decision to allocate a small portion of its resources to maintaining the tenements in good standing whilst alternative strategies for maximizing shareholder returns are sought."*

DISCUSSION

The Byrnes Creek Prospect was first identified by elevated Cu, Pb, Zn in regional stream sediment sampling in the mid-1970's. Union Corporation drilled two diamond holes to test vertically beneath soil zinc anomalies (shown as drill traces in Figure 2 below). The core from these holes are stored at the NSW Core Library and upon inspection by TLU personnel, a positive relationship between pyrrhotite (a magnetic sulphide mineral) and base metals was identified.

Figure 3 shows the positive correlation between magnetic susceptibility and mineralisation which is significant as it provides a simple geophysical tool for identification of the trend.

A section of the NSW Government Statewide magnetic data (Figure 4) shows a prominent linear north-south magnetic anomaly spatially associated with the known soil anomalism. Correlation between the magnetic susceptibility results from the old drill core and the regional scale magnetic anomaly suggests that the mineralisation discovered in the soil sampling ***may have a strike extent of up to 1.7km.***

The reconnaissance work completed within EL7993 Triangle Flat has added significant value to the project and application has been made for renewal of 100% of the tenement. Work within the adjacent EL8004 in turn reduced its prospectivity and the tenement was allowed to lapse.

A detailed ground magnetic survey and RC drill testing of the soil copper anomaly is planned in the near future.

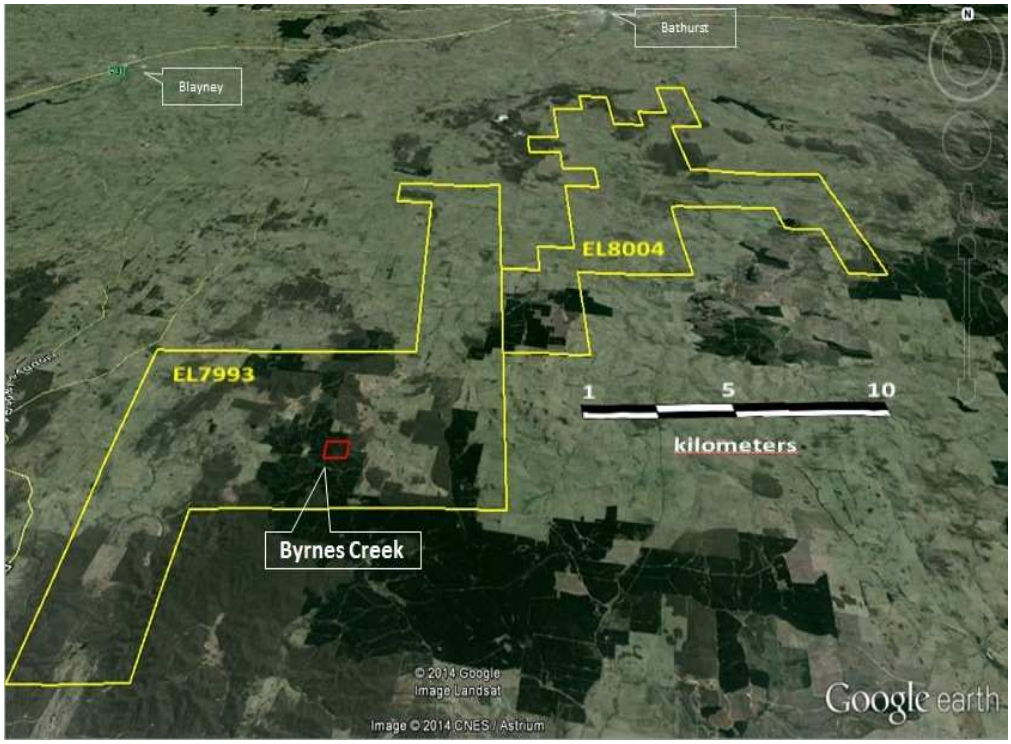

Figure 1 – Byrnes Creek Prospect within EL7993 and EL8004

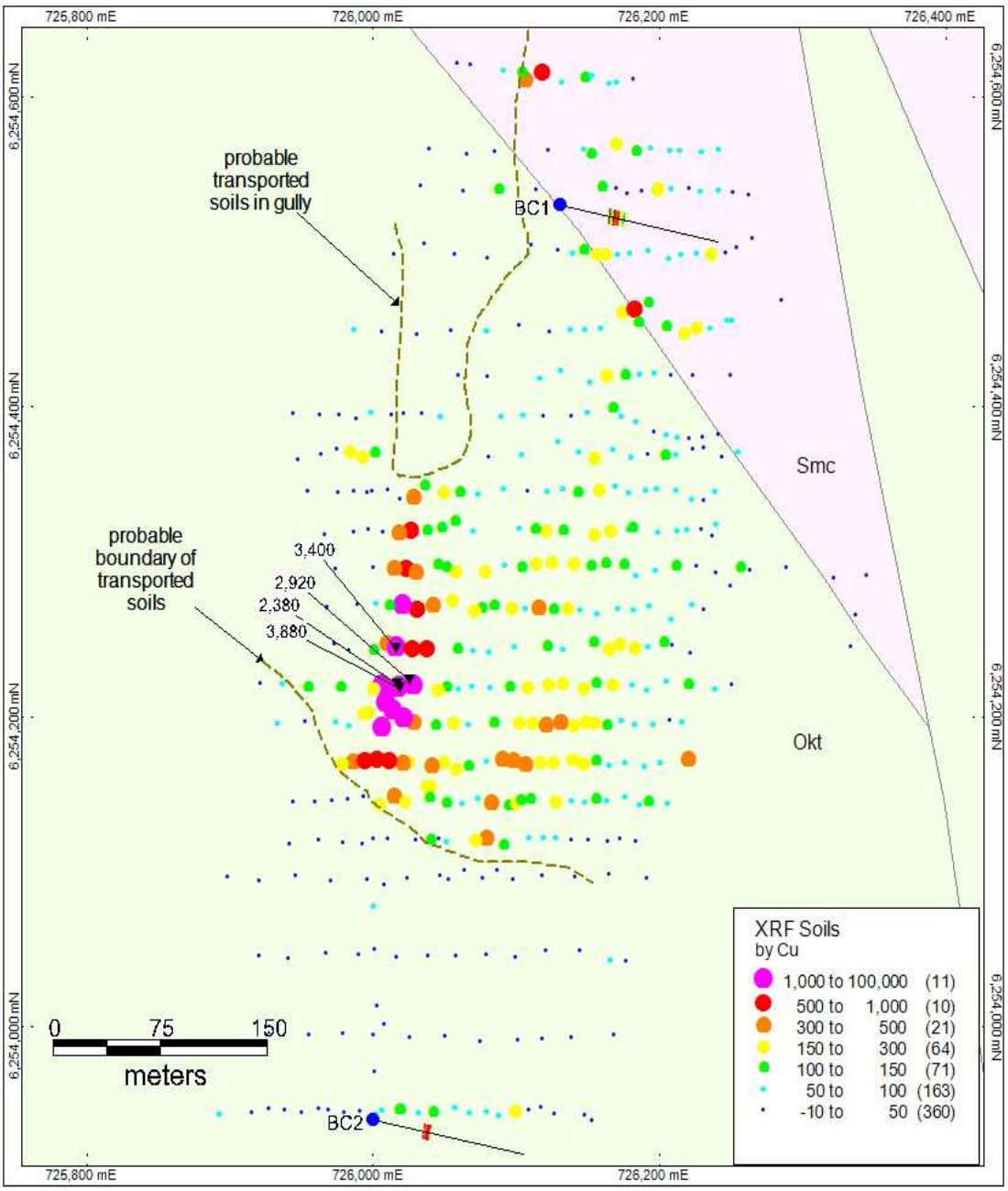

Figure 2 – Byrnes Creek XRF Soils by Cu (ppm)

Background – Bathurst Sheet 250K Geology. Black Triangles Represent Lab Check soil and subcrop rockchip samples validating the XRF results. Smc = Silurian Sediments (Mumbil Group). Okt = Ordovician Sediments (Kenilworth Group)

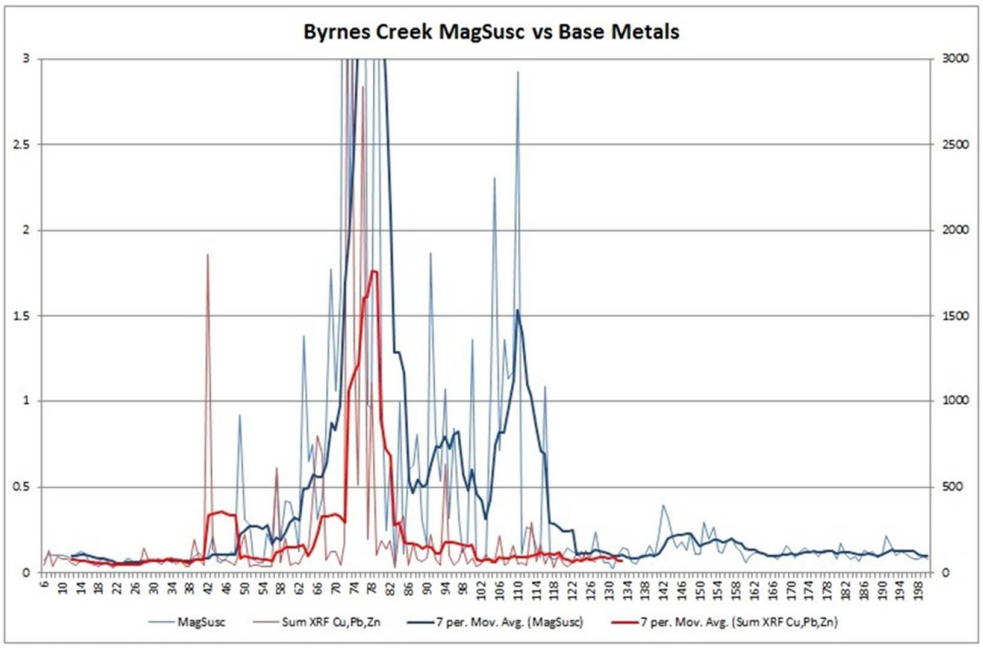

Figure 3 – Graphical representation of Magnetic Susceptibility (blue) compared to Base Metal Mineralisation (red) for diamond drillhole BC1.

(Note – Base metals values shown is based on the sum of field portable XRF Cu, Zn, Pb results)

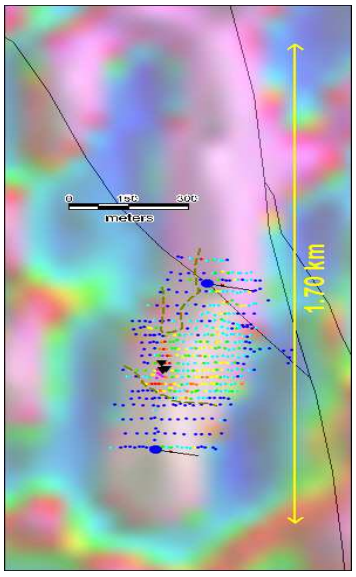

Figure 4 : NSW Government Statewide Magnetics Section

Competent Person's Statement

The information in this report that relates to Exploration Results from Projects in New South Wales, Australia are based on information compiled by Mr David Ward, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy and a consultant of Tellus Resources Limited. Mr Ward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ward consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	An Olympus Delta hand held XRF was employed with the device set to soil mode
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Calibration was performed on a daily basis using a '316' standard issued with the device
	Aspects of the determination of mineralisation that are Material to the Public Report.	
	In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Soil samples were collected between 10cm – 30cm deep where possible from the 'C' Horizon using a shovel
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	The Delta hand held XRF reading time was set at 30 seconds.Two check duplicate soil samples were selected from the high copper zone and analysed at ALS Orange using 4 acid digest (method ME-ICP61) and gold by 30g fire assay with AA finish (method Au-AA21). The average copper values for the lab results were 17% higher than the corresponding Hand Held XRF results. This is interpreted to be due to moisture within the soil samples and expected. The soil moisture was similar for all XRF samples.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	High copper values were verified from field duplicate soil smaples analysed at ALS Orange

	The use of twinned holes.	
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	
	Discuss any adjustment to assay data.	
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Sample locations were recorded using a hand held Garmin GPSmap 62s GPS in Lat Long WGS84 and converted UTM to GDA94 Zone 55 with an expected accurracy of ±4m
	Specification of the grid system used.	
	Quality and adequacy of topographic control.	
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Sample points are on a 25m x 25m grid and were infilled to 25m x 10m in areas of higher copper, lead, zinc
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	
	Whether sample compositing has been applied.	
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Sampling was conducted on east west lines, perpendicular to the strike of the interpreted mineralising structure
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	
Sample security	The measures taken to ensure sample security.	Duplicate soil samples and rockchips were delivered by TLU staff to ALS Orange. When at ALS, samples are stored in a secure building before processing, and subsequently monitored through preparation and analysis using the ALS laboratory tracking system Webtrieve.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	An orientation soil survey was conducted to validate the sampling technique. XRF results were compared at varying depths. The results showed there was no significant variation in results assuming the sample was collected below the 'A' horizon.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	Byrnes Creek Prospect is within EL7993 Triangle Flat. Application for renewal of 100% of EL7993 was made on the 25th October 2014, the renewal is pending. TLU expects the renewal will be granted.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Union Corporation conducted soil sampling and diamond drilling at Byrnes creek in the mid-1970's. Soil sampling was conducted on a 50m x 25m grid.
Geology	Deposit type, geological setting and style of mineralisation.	The deposit type is not well defined at this stage, the mineralisation is associated with a north-south structure
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:	Drillhole locations and results were sourced from DIGS report GS1976_392. One sample point per meter was collected on drill core using a SM-30 Magnetic Susceptibility Meter as displayed in figure 3. Magnetic Susceptibility results are represented by SI units x10-3
	easting and northing of the drill hole collar	
	elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar	
	dip and azimuth of the hole	
	down hole length and interception depth	
	hole length.	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Single point XRF results were collected one per meter on the Union Corporation drill core for use as a graphical representation only to represent the relative position of mineralisation to magnetic susceptibility
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	

	The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results.	N/A
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	All samples collected at the Byrnes Creek Prospect are displayed in figure 2
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All samples collected at the Byrnes Creek Prospect are displayed in figure 2
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All samples collected at the Byrnes Creek Prospect are displayed in figure 2
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	Further planned work is described in the text
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	