

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

Tellus Resources Ltd

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COVENANT MONDO JV UPDATE

Tellus Resources Ltd (“TLU” or “the Company”) provides the following update on the status of the Covenant Mondo Joint Venture (CMJV), a conventional oil play located in Sevier County, Utah, USA.

The Operator has recently cash called the Company in an amount and a manner which has resulted in a somewhat contentious dialogue between the parties. From TLU’s point of view, there has been a significant—as yet unexplained—increase in drilling costs from what TLU anticipated based upon the initial AFEs, a fact that the Company had not been informed on until after the spud of the first well, TWP USG #1. In response to TLU’s inquiries regarding these cost increases, the Operator has ceased providing well reports or other pertinent data to TLU since Monday morning 10 November 2014; the Company has also been denied access to the well site during this period.

TLU has engaged the services of US Attorneys to represent its interests in the CMJV. Communications with TWP’s counsel has commenced with the goal being to seek a commercial solution prior to initiating arbitration. The Company will do everything it can to bring an early resolution to the dispute.