

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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CHAIRMAN'S ADDRESS & MANAGING DIRECTOR'S PRESENTATION

Tellus Resources Ltd ("TLU" or "the Company") is pleased to release the following Chairman's Address and Managing Director's Presentation both of which will be delivered at the Company's Annual General Meeting that will be held at 10:00am (ACDT) today.

ANNUAL GENERAL MEETING – 28 NOVEMBER 2014

CHAIRMAN'S ADDRESS

Fellow Shareholders

It gives me pleasure to welcome you to Tellus Resources Ltd's 2014 Annual General Meeting, which is my first as your company's Chairman.

Since last year the composition of the company's Board has been refreshed to provide it with the set of oil and gas focused skills that are appropriate for the change of strategic direction that was taken by the company last year. I welcome our new Directors and thank the departing Directors for their contributions.

A resolution will be considered at our meeting today to change the company's name to Crestal Petroleum Ltd. This new name reflects the company's change of strategic direction and I commend it to you.

The company has called a number of General Meetings since last year's AGM. Generally these have been necessary to deal with technical issues such as seeking shareholder approvals for capital raisings and transactions.

Over the course of the second half of 2014, the price of oil has fallen significantly and considerable uncertainty surrounds its future direction. This fall has occurred in an environment in which investor enthusiasm for small cap exploration companies was already very low. This has caused widespread share price falls in our sector and Tellus has certainly not been immune from that.

In the medium term, your Board believes that the fundamentals will support increases in the oil price and market sentiment will eventually recognize that exploration is required to deliver the world the energy that it fundamentally relies on for all other economic activities.

Raising capital for our activities has been a challenging exercise in this market context. Since the last AGM, we have undertaken a number of small placements and I welcome our new shareholders who participated in the associated raisings.

I also welcome the considerable number of new shareholders who acquired shares in Tellus as a result of the company's acquisition of Madagascan assets from ASX listed Caravel Energy. I know a good body of you have only very small parcels of Tellus shares and over the next few months the Board plans to give you an opportunity to acquire a material and marketable parcel of shares in Tellus.

In the year, the company expanded its oil and gas exploration portfolio outside of its foundation Cooper Basin asset in Australia, acquiring conventional oil exploration assets in the USA and more recently in Madagascar. The Managing Director will provide you with updates on these in his presentation.

Your Board considers that asset diversification is necessary for an oil and gas exploration company who will always face high risks on any particular well or venture. We therefore continue to review a range of opportunities that play to our strategy and skill-sets, but ultimately we will cut our cloth to address prevailing capital market realities.

Tellus has maintained its legacy hard rock exploration assets in Queensland and New South Wales in good standing. Encouraging results have emerged from a recent low-cost exploration exercise on one of these and these will also be elaborated on by the Managing Director.

I take this opportunity to thank our small team at Tellus, as well as my fellow Directors, past and present, who have all worked extremely hard in the course of the last year in trying conditions.

Finally, I'd like to thank our shareholders for your ongoing support.

Our Managing Director, Mr Carl Dorsch, will now make his presentation on the Company.

Thank you

Robert M Kennedy
Chairman

A large oil drilling rig is the central focus, set against a clear blue sky. The rig is a tall, lattice-structured derrick with a red top section. In the foreground, there are several yellow and white modular buildings, a white pickup truck, and other smaller pieces of equipment. The ground is dry, dusty, and brown, typical of an arid environment. The entire scene is framed within a large, rounded rectangle that has a subtle gradient and a slight drop shadow.

TELLUS RESOURCES LTD

HIGH IMPACT OIL & GAS ASSETS

2014 Annual General Meeting

Managing Director's Report



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.
- This presentation contains forward-looking statements and projected drilling schedules that are not based on historical fact, including those identified by the use of forward-looking terminology containing such words as “believes”, “may”, “will”, “estimates”, “continue”, “anticipates”, “intends”, “expects”, “should”, “schedule”, “program”, “potential” or the negatives thereof and words of similar import.
- Management of TLU cautions that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by the statements. Management believes that the estimates are reasonable, but should not unduly be relied upon.
- TLU makes no representation, warranty (express or implied), or assurance as to the completeness or accuracy of these projections and, accordingly, expresses no opinion or any other form of assurance regarding them. Management does not intend to publish updates or revisions of any forward-looking statements included in this document to reflect TLU’s circumstances after the date hereof or to reflect subsequent market analysis.
- By its very nature exploration for oil and gas and gold is a high risk business and is not suitable for certain investors. TLU securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are a number of risks, both specific to TLU and of a general nature which may affect the future operating and financial performance of TLU and the value of an investment in TLU including and not limited to economic conditions, stock market fluctuations, gold, copper and silver price movements, regional infrastructure constraints, securing drilling rigs, timing of approvals from relevant authorities, regulatory risks, operational risks, reliance on key personnel and foreign currency fluctuations.
- You should not act or refrain from acting in reliance on this presentation material. This overview of TLU does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company’s prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.
- 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% Participating Interest in the **Covenant Mondo Joint Venture** (subject to further payments by Tellus), a large conventional oil asset with the potential to deliver massive upside.
- ✓ 25.0% interest in **Block 3114** (10,000 km²) located onshore Madagascar with a drill ready anticlinal oil target as well as prospective fault block trap geometries. Option available to go to 80%.
- ✓ 30% interest in **PRLs 108,109 and 110** (formerly PEL 105) in the Cooper Basin following full free carry in work (a well or equivalent) to be completed by end December 2014.
- ✓ Legacy gold assets in Qld/NSW – near term drilling proposed in NSW.

THREE PROJECTS/THREE AREAS

Covenant Mondo Joint Venture (CMJV)	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	283,848,295
Market Cap (at 1 cps)	\$2.84M
Cash as at Nov 14	250,000
Unlisted Options on issue	22,666,666
Performance Rights	46,050,000
Top 20 Shareholders	45.7%
Directors	2.5%

Covenant Mondo JV – Utah, USA



Project Overview

- ✓ The **Covenant Mondo Joint Venture (CMJV)** is a large conventional oil play located in Utah, USA.
- ✓ The **CMJV** has the potential to deliver massive upside with substantial resource estimates in a well known US overthrust belt (the “Hingeline”).
- ✓ The **CMJV** 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 and subject to further payments to be agreed on.

Farm-in Summary

- ✓ **Tellus** is required to fund 30% of the costs of the farm-in which includes the promoter/owner fees and the following work program for its 25% PI :

Drill 2 conventional oil wells to 9500 feet (2900m) – first well drilled and believed to be plugged as a dry hole;

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

- ✓ After Landowner and other third party Royalty interests, **Tellus** net revenue interest is approx. 18.0%.
- ✓ Farmin costs have risen substantially from preliminary estimates – the Operator has cash called Tellus for the extra costs which Tellus intends to meet subject to funding and other conditions to be agreed between the Parties.

Asset Overview

Key



Covenant Mondo JV



Covenant Fields (Wolverine)



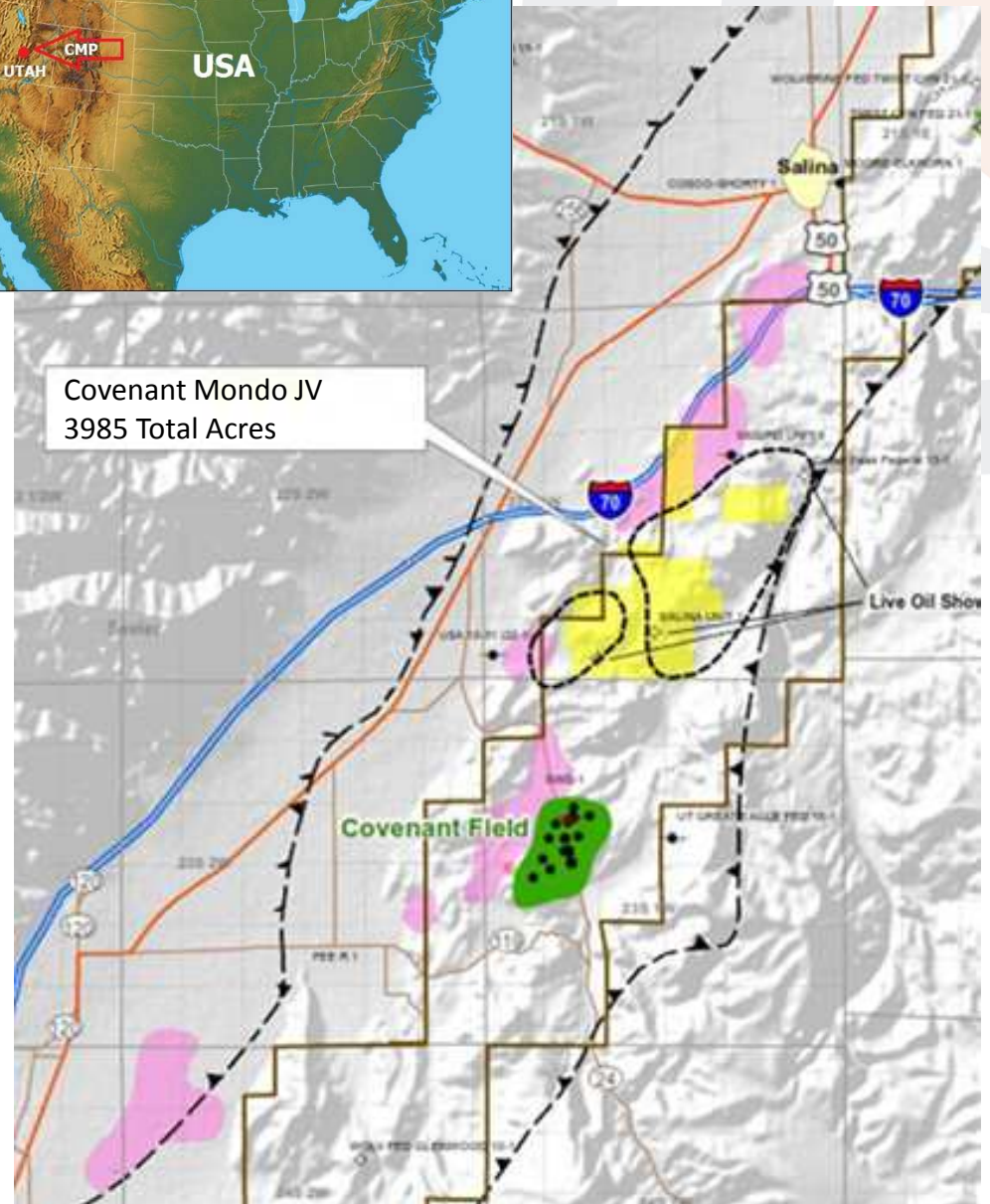
Regional Thrust Faults

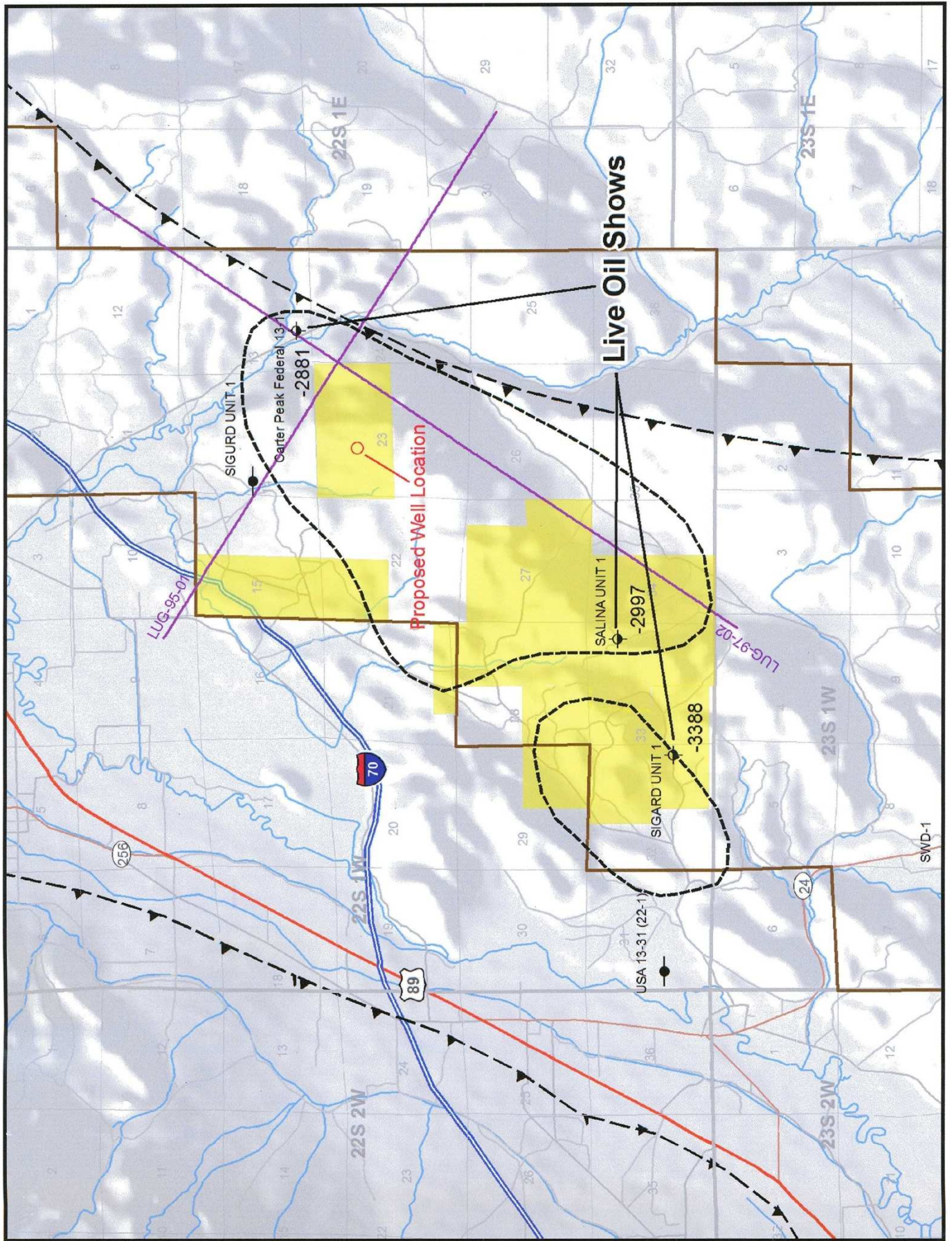


Geochemical Anomaly

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.





Madagascar - Oil Exploration Project



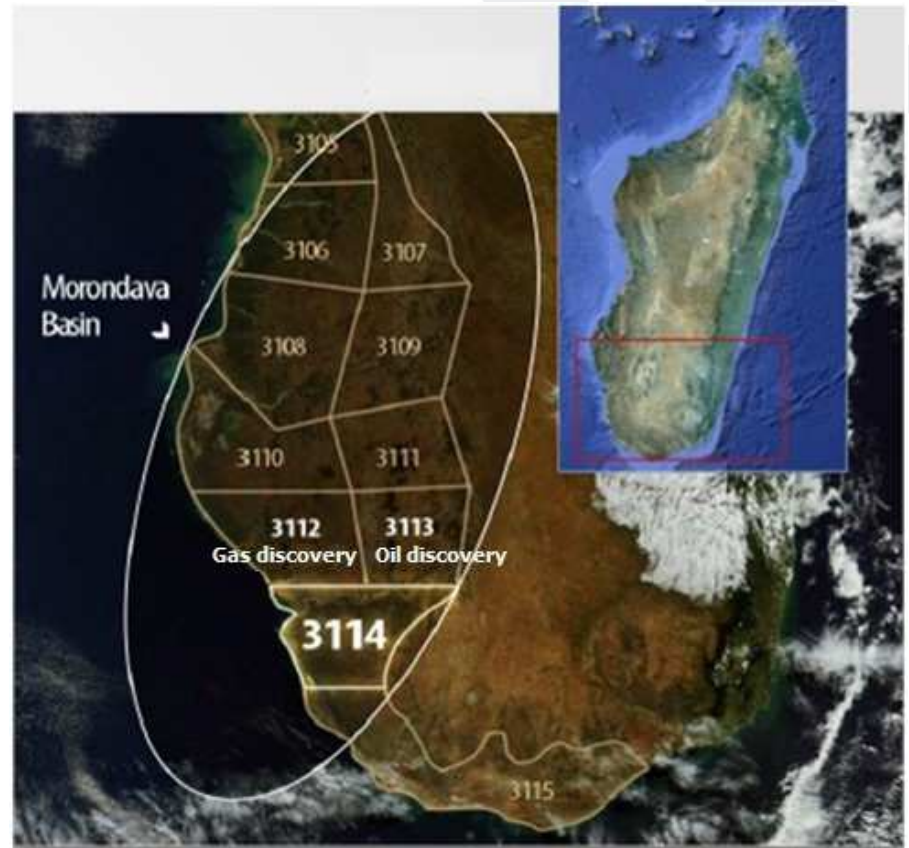
Madagascar



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.



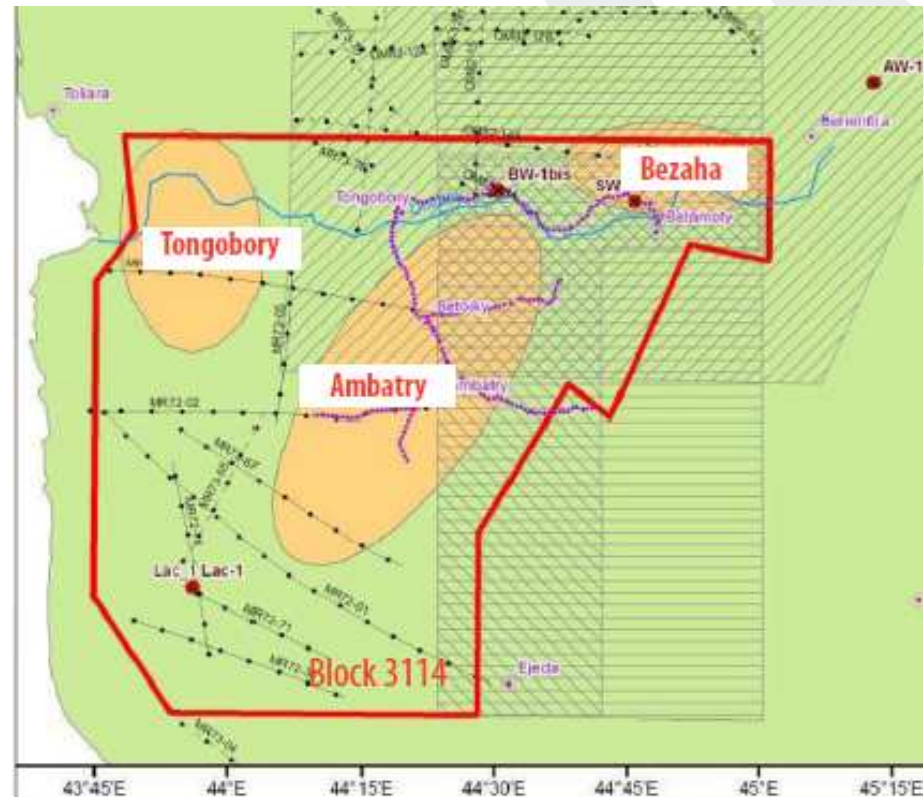
1. The Ambatry Area



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

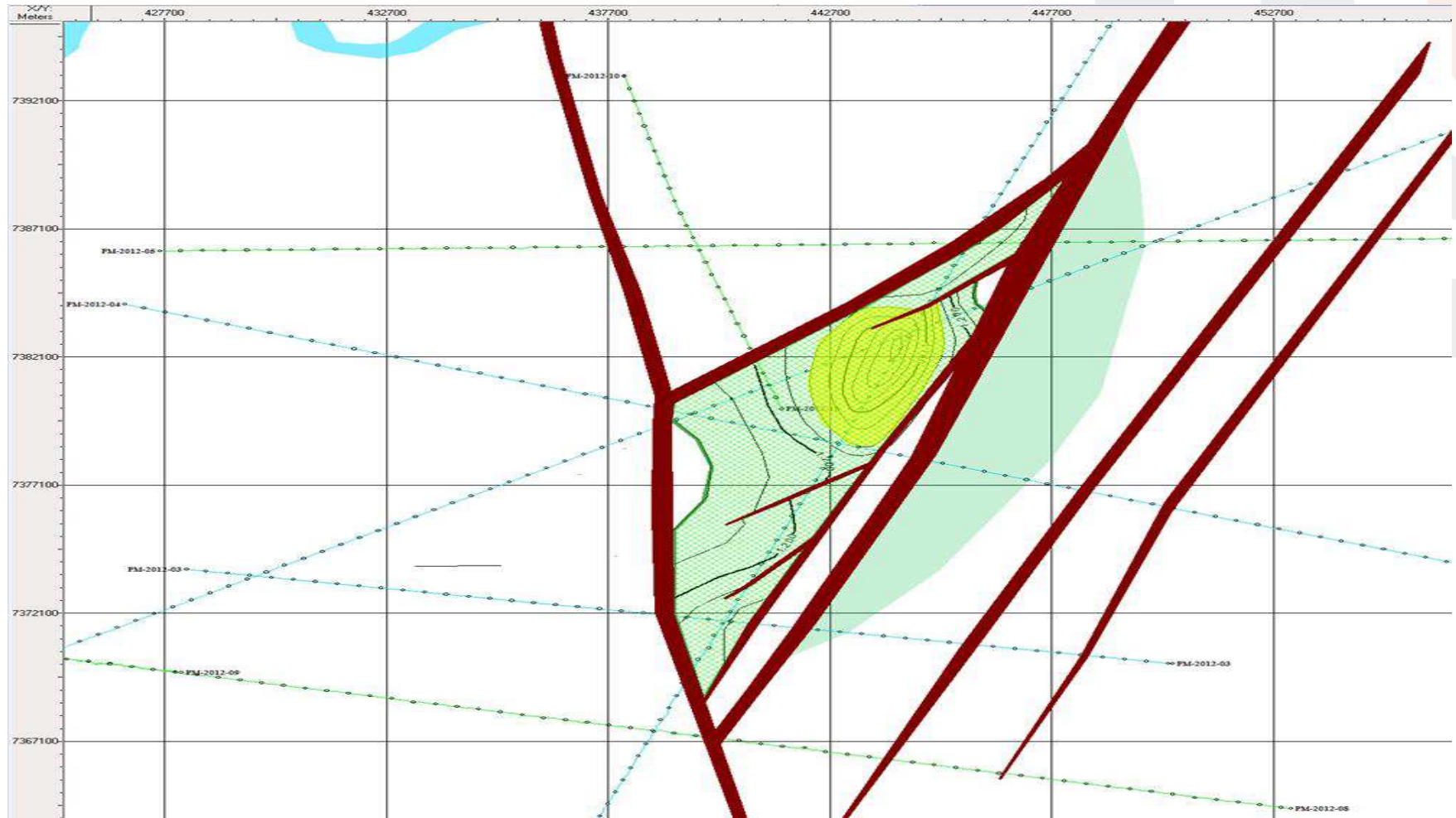
1. Resources reported by Independent Expert (MHA Consultants – July 2014).
2. Subject to an additional 2D strike line to define closure and optimize the drill site.



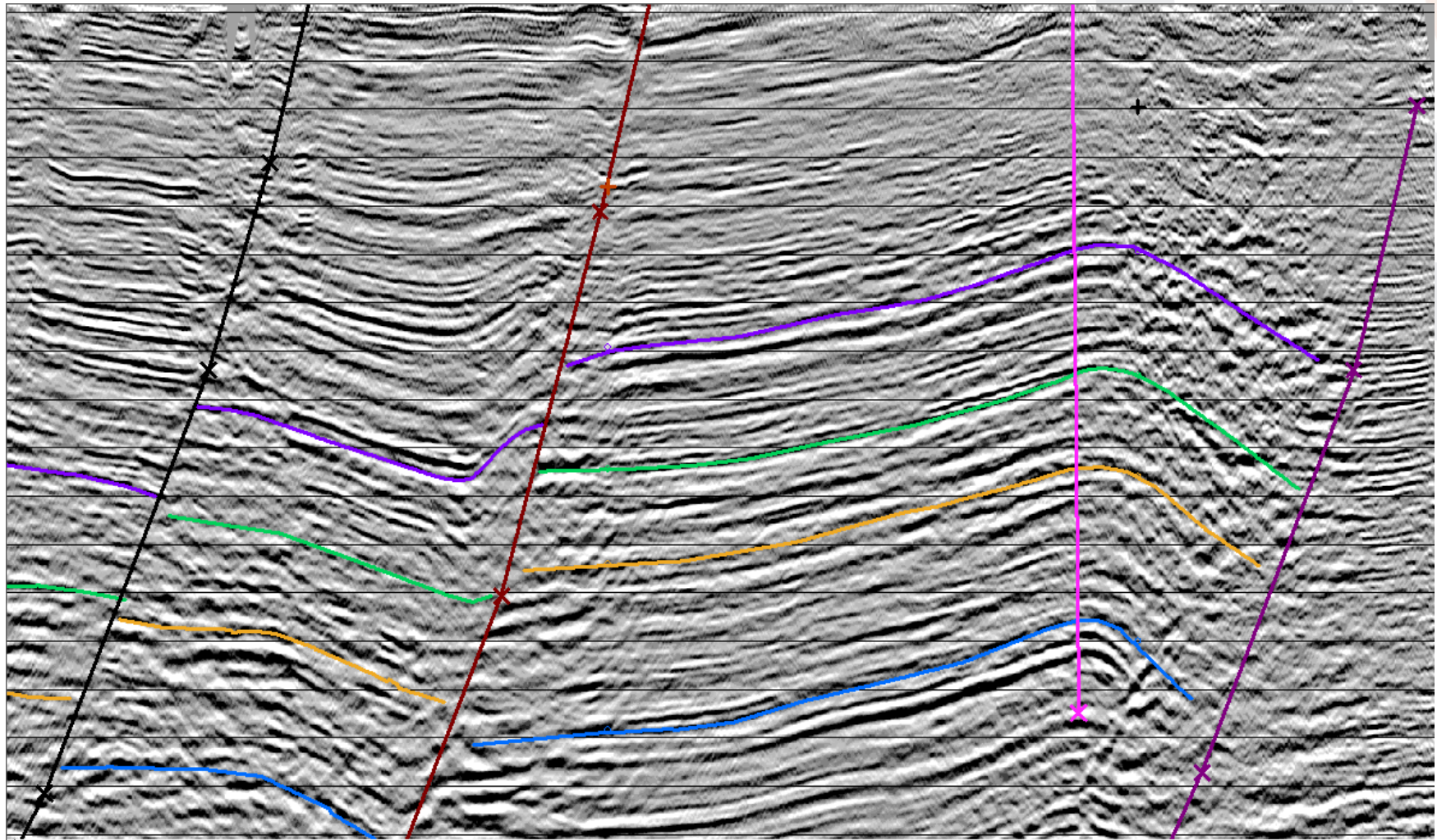
*Prospective Drill Location
Betioky Prospect*



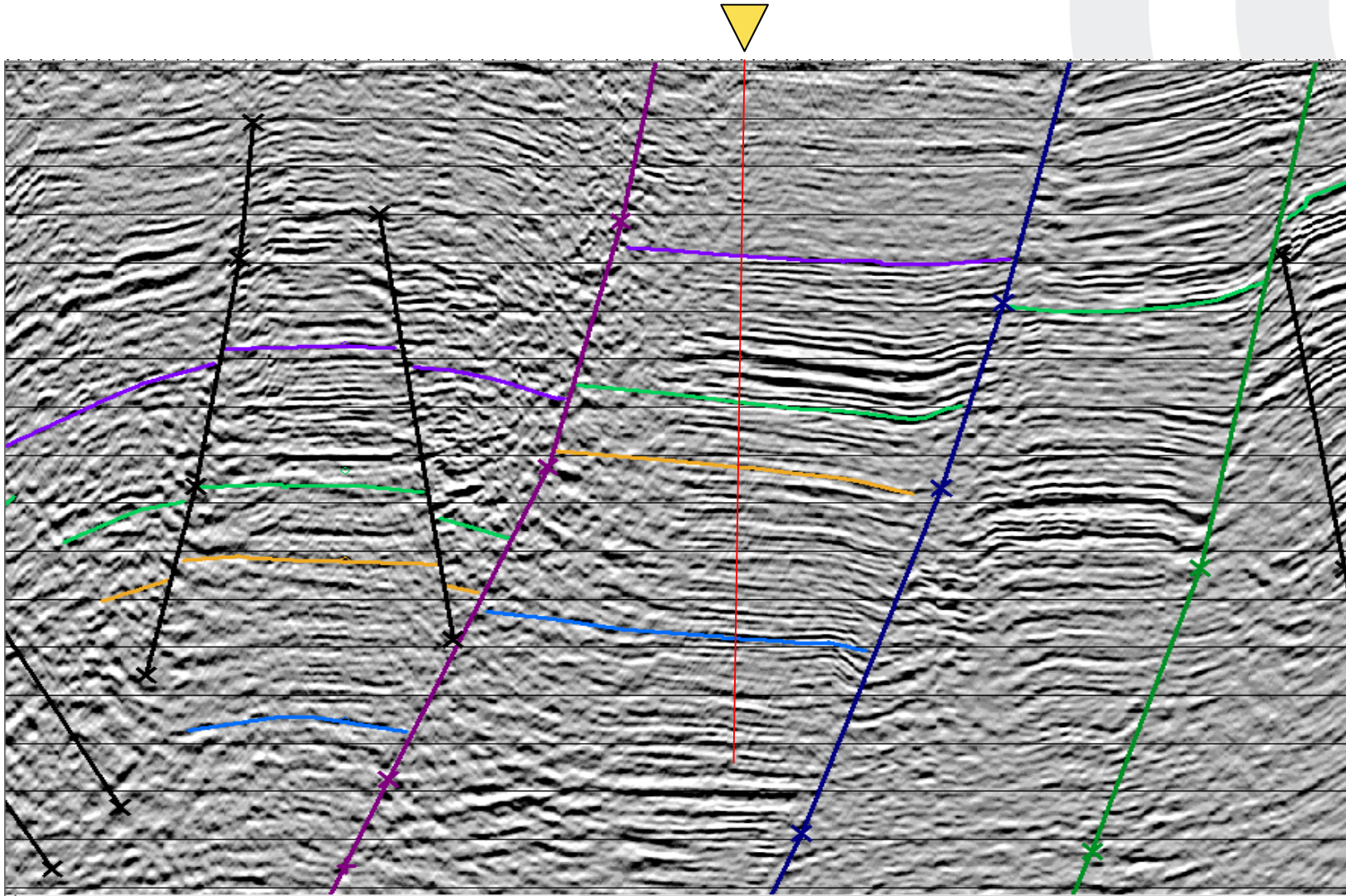
The Ambatry Area Prospects



The Ambatry Area Prospects - Betioky



The Ambatry Area Prospects - Caravel



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)

The Asset - contd

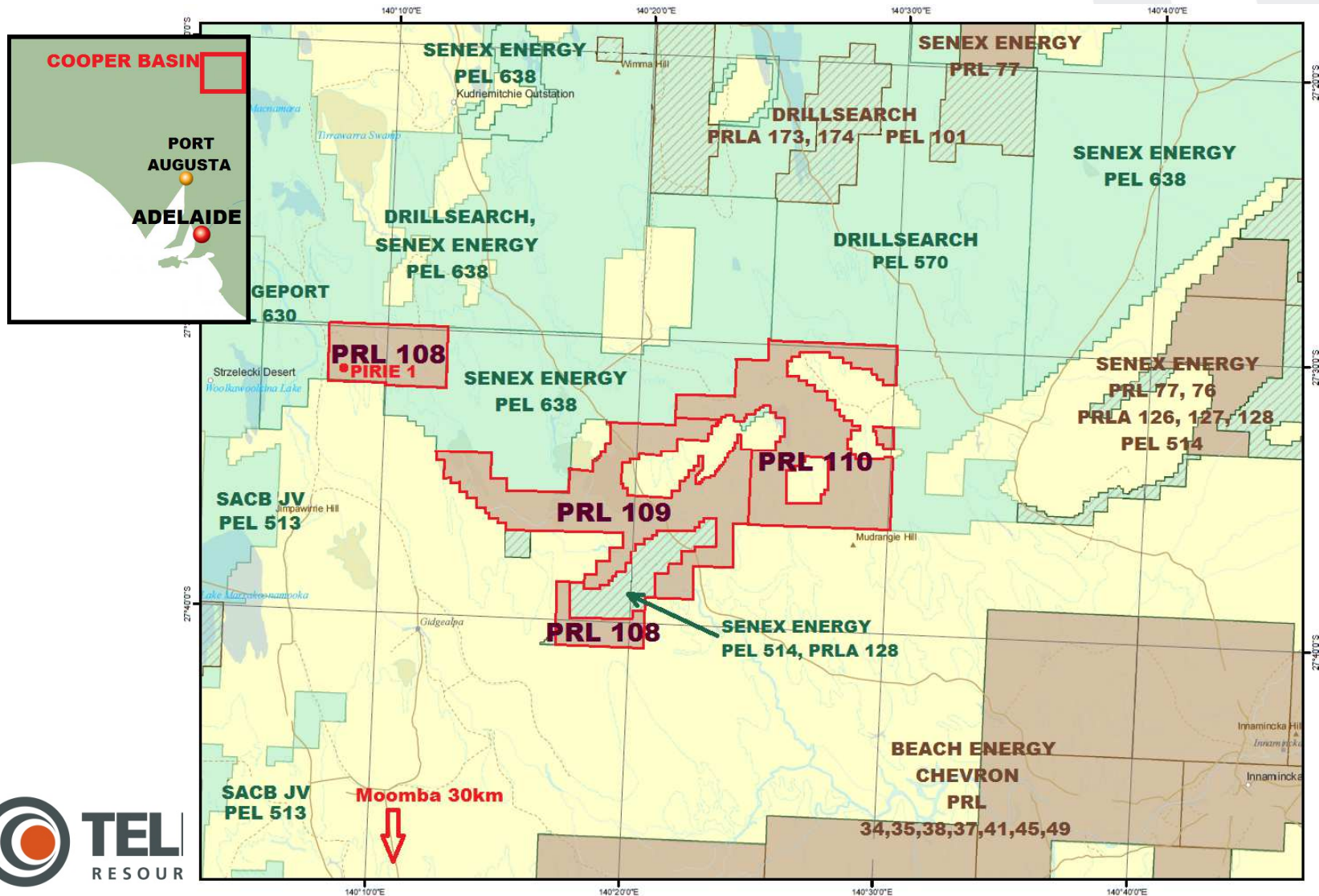
- Block 3114 is 100% owned by PetroMad (Mauritius) Ltd. (Petromad).
- **Tellus** has acquired its 25% interest in Block 3114 via purchase of shares in Petromad.
- **Tellus** has tripled its shareholder base following the completion of the transaction.
- Balance of Petromad held by Dr Emma Rasolovagny (RER), a geophysicist and Madagascan national with 20 years in O&G.
- **Tellus** can go to 51% by paying for the outstanding Bezaha seismic data and other creditors – expected to be a maximum of \$3M (staggered over 12 months).
- **Tellus** can earn up to 70% by spending a further 9M USD. Plans to drill 2 wells in 2015 – farm out negotiations have commenced.
- **Tellus** can go to 80% for a cash payment of USD 20M to the Owner upon identifying hydrocarbon reserves of 100 MMBOE.

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 (16,500 net acres to **Tellus**).
- Surrounded by extensive oil & gas production and commercial activity.
- Senex to drill one well (or equivalent expenditure) by end December 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 – OIL PORTFOLIO

PROJECT	Location	Prospective Resource Best Estimate (MMBOE) ^{1.}	
		TELLUS SHARE	
Covenant Mondo, Utah ^{2.}	Utah, USA	25%	Tbc
Block 3114, Madagascar ^{3.}	Madagascar	25%	13.8
PEL 105 (PRL's 108,109,110) ^{2.}	Cooper Basin, SA	30%	0.5
		TOTAL	14.3+

1. Defined as risked and recoverable resource – units of million barrels oil equivalent
2. In house estimates of prospective resource for Well #1 (now P&A) -
3. As reported by independent consultants MHA Petroleum Consultants LLC.

SUMMARY (cont'd)

Tellus has two near term projects with results due in Q1, 2015 viz:

- Results of CMJV Well #2 due – this well is to be drilled on a prospect with 3D seismic and offset well control.
- A quick look RC drill program of 3 holes along the Cu anomaly at Byrne's Creek, EL 7993, NSW to confirm the possible presence of a sizeable target.
- Potential for announcement on farmout of Madagascar and/or asset sale.

NEW BEGINNING



THANK YOU

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