

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Tellus Resources Ltd

ABN

35 144 733 595

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 448,272,443 Ordinary Shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Pari Pasu to existing fully paid Ordinary Shares |

| | | |
|----|--|--|
| 4 | <p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes |
| 5 | Issue price or consideration | \$0.002 per ordinary share |
| 6 | <p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | To provide funds for exploration activities and for general working capital purposes |
| 6a | <p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p> | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 28 November 2014 |
| 6c | Number of ⁺ securities issued without security holder approval under rule 7.1 | Nil |
| 6d | Number of ⁺ securities issued with security holder approval under rule 7.1A | Nil |

⁺ See chapter 19 for defined terms.

| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil | | | | |
|-------------|---|--|--------|--------|-------------|----------------------------|
| 6f | Number of +securities issued under an exception in rule 7.2 | 448,272,443 Ordinary Shares | | | | |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | Not Applicable | | | | |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | Not Applicable | | | | |
| 6i | Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | Listing Rule 7.1 : 27,577,244 Listing Rule 7.1A : 28,384,830 | | | | |
| 7 | +Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B. | 4 February 2015 | | | | |
| 8 | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable) | <table><tr><th>Number</th><th>+Class</th></tr><tr><td>747,120,738</td><td>Fully Paid Ordinary Shares</td></tr></table> | Number | +Class | 747,120,738 | Fully Paid Ordinary Shares |
| Number | +Class | | | | | |
| 747,120,738 | Fully Paid Ordinary Shares | | | | | |

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

| Number | ⁺ Class |
|---|--|
| <u>Options & Performance Rights</u> | |
| 6,666,666 | Options expiring 31 December 2015 exercisable at \$0.10 |
| 2,000,000 | Options expiring 5 March 2018 exercisable at \$0.20 |
| 1,500,000 | Options expiring 17 September 2017 exercisable at \$0.20 |
| 7,500,000 | Options expiring 31 December 2016 exercisable at \$0.093 |
| 5,000,000 | Options expiring 17 Sep 2017 exercisable at \$0.20 |
| 30,000,000 | Performance Rights Refer to Note 1 below for terms |
| 350,000 | Performance Rights to convert if the share price reaches 30c per share on or before 21 September 2015 |
| 300,000 | Performance Rights, to convert if the 20 day VWAP for the shares reaches 25 cents per share on or before 27 January 2017 |
| 400,000 | Performance Rights, to convert if the 20 day VWAP for the shares reaches 40 cents per share on or before 27 January 2017 |

Note 1: Performance Rights Terms

- 5,000,000, where the 30 day volume weighted average price (**VWAP**) for the ordinary shares of the Company reaches at least \$0.175 per share;
- 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at least \$0.200 per share;
- 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at least \$0.225 per share; and
- 15,000,000 where the Company has acquired a direct or indirect interest in the Wichita County Project and the production from the leases which form the Wichita County Project reaches an average of 50BOEPD over a three month period.

⁺ See chapter 19 for defined terms.

| | | |
|----|--|----------------|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Not Applicable |
|----|--|----------------|

Part 2 - Pro rata issue

| | | |
|----|--|---|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Renounceable |
| 13 | Ratio in which the ⁺ securities will be offered | Three (3) new shares for every two (2) existing shares held |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | Ordinary fully paid |
| 15 | ⁺ Record date to determine entitlements | 13 January 2015 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not Applicable |
| 17 | Policy for deciding entitlements in relation to fractions | Rounding up to nearest whole number |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | All countries except Australia and New Zealand. |
| 19 | Closing date for receipt of acceptances or renunciations | 28 January 2015 (unless extended) |
| 20 | Names of any underwriters | Entities associated with Carl Dorsch |
| 21 | Amount of any underwriting fee or commission | \$200 |
| 22 | Names of any brokers to the issue | Adelaide Equity Partners Ltd |
| 23 | Fee or commission payable to the broker to the issue | 6% |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | Not applicable |

| | | |
|----|---|--|
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | Not applicable |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | 16 January 2015 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 7 January 2015 |
| 28 | Date rights trading will begin (if applicable) | 9 January 2015 |
| 29 | Date rights trading will end (if applicable) | 20 January 2015 |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | Contact your stockbroker and provide instructions to your stockbroker regarding the entitlement you wish to sell on ASX |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | Complete the personalised Entitlement and Acceptance form accompanying the Prospectus by inserting the number of new shares you wish to take up and contact your stockbroker in respect of the part of your entitlement you wish to sell. Forward the form to the Company's share registry together with a cheque for the total amount payable or arrange payment by BPAY in respect to the new shares accepted. |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | Forward a completed standard renunciation form and transfer form (obtainable from the Company's share registry) together with a cheque for the shares they wish to subscribe for to the Company's share registry, Computershare Investor Services Pty Ltd. |
| 33 | ⁺ Issue date | 4 February 2014 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)

⁺ See chapter 19 for defined terms.

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the ⁺securities in clause 38)

| Number | ⁺ Class |
|--------|--------------------|
| | |

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Company secretary

Date: 7 January 2015

Print name: George Yatzis

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|-------------|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 144,920,005 |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 138,928,290 |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 283,848,295 |

+ See chapter 19 for defined terms.

| | |
|---|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 |
| Multiply “A” by 0.15 | 42,577,244 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 15,000,000 |
| “C” | 15,000,000 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 42,577,244 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 15,000,000 |
| Total [“A” x 0.15] – “C” | <p>27,577,244</p> <p>[Note: this is the remaining placement capacity under rule 7.1]</p> |

+ See chapter 19 for defined terms.

Part 2

| | |
|--|-------------|
| Rule 7.1A – Additional placement capacity for eligible entities | |
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 283,848,295 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 |
| Multiply “A” by 0.10 | 28,384,830 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “E” | 0 |

+ See chapter 19 for defined terms.

| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
|--|---|
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 28,384,830 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | 0 |
| Total [“A” x 0.10] – “E” | 28,384,830 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.