



T 000001 000 MTH
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

8 January 2015

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

On 19 December 2014 Tellus Resources Limited (TLU or the Company) announced the details of a partially underwritten capital raising by way of a three (3) for two (2) pro-rata renounceable rights issue at a price of 0.2 cents per share.

The Rights Issue seeks to raise up to approximately \$897,000. The funds to be raised from the Rights Issue will be used to fund the Company's ongoing working capital requirements, meet expenses associated with the Covenant Mondo joint venture and maintain its various tenements and other assets in good standing.

TLU invites shareholders who were registered as such at 7.00 pm (Sydney time) on 13 January 2015 (Record Date), and who have a registered address in Australia or New Zealand, to participate in the Rights Issue.

Fractional entitlements will be rounded up to the nearest whole number.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

Assuming the Offer is fully subscribed, following completion of the Offer the Company will have issued approximately 448,272,443 New Shares resulting in total Shares on issue of approximately 747,120,738.

Shareholders are also invited to consider applying for Additional Shares in addition to their rights, particularly if they have small or unmarketable parcels of Company Shares.

Full details of the Rights Issue are contained in the Prospectus which will be mailed to shareholders shortly. A copy of the Prospectus will also be made available on the ASX and Company websites.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may take up all or some of your rights to subscribe for New Shares pursuant to the Prospectus (Entitlements). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services Pty Ltd (Share Registry) by no later than 5.00pm (Adelaide Time) on 28 January 2015, by either completing and returning your Entitlement and Acceptance Form together with your application money or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- To apply for additional shortfall Shares you will need to complete the relevant section of your Entitlement and Acceptance Form. There is no guarantee that applicants will receive the number of additional TLU shares applied for, and the Directors reserve the right to allot and issue additional TLU shares at their discretion.
- The Offer is renounceable, meaning that Eligible Shareholders may sell their Entitlement to subscribe for new TLU shares under the Offer (Rights) to third parties if they do not want to take them up. A market will be established on ASX to facilitate trading of these Rights, and trading of Rights on ASX will commence on 9 January 2015 and will cease on 20 January 2015.
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.



Key dates which shareholders should note are as follows:

EVENT	DATE
Announcement of Rights Issue	19 December 2014
Prospectus and Appendix 3B lodged with ASIC and ASX	7 January 2015
Ex Date Rights trading commences	9 January 2015
Record Date to identify Shareholders entitled to participate in the Offer	13 January 2015
Prospectus and Entitlement and Acceptance Forms dispatched to Shareholders Opening Date	16 January 2015
Rights trading ends	20 January 2015
Deferred settlement trading of securities begins	21 January 2015
Closing Date for Acceptances (5.00pm Adelaide time)	28 January 2015
Notification to ASX of under subscriptions	2 February 2015
Issue Date – Allotment of New Shares Deferred settlement trading ends	4 February 2015
Expected date for commencement of normal trading of New Shares on ASX	5 February 2015

These dates are subject to change and are indicative only. TLU reserves the right to amend this timetable, including, subject to the Corporations Act and Listing Rules, to extend the Closing Date.

Yours faithfully

A handwritten signature in black ink, appearing to read "Bob Kennedy", with a large, stylized loop at the end.

Bob Kennedy
Chairman