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NSW MINERAL TENEMENT 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:

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Issued Shares:

495,209,075 ordinary shares

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Highlights

- ***Results from RC Drilling at Byrnes Creek***
  - ***8m @ 0.65% Cu and 6.73g/t Ag; within***
    - ***22m @ 0.38% Cu and 4.6g/t Ag***

Tellus Resources Ltd ("TLU" or "the Company") is pleased to provide the following update on its NSW Rockley Project. Results have been received for the quick look RC drilling program completed at the Byrnes Creek Prospect within EL 7993 (Triangle Flat) in line with the previous announcement made on the 16th January 2015.

The drill program (Table 1) was targeting the significant surface base metal anomalism identified in the previous XRF soil sampling program conducted in late October 2014.

The second of two holes (BCRC002) intersected a mineralized structure returning 22m @ 0.38% Cu and 4.6g/t Ag from 104m (using a 0.1% Cu cut-off) including **8m @ 0.65% Cu and 6.73g/t Ag** (using a 0.5% Cu cut-off).

The nature of the mineralisation is vein, fracture controlled and massive pyrrhotite (magnetic sulphide) and chalcopyrite (copper sulphide) host within intense chlorite altered sediments. Pyrrhotite is a magnetic sulphide, as a result the magnetic readings within hole BCRC002 correlate strongly with the copper values received from the lab data. A low cost detailed ground magnetic survey is underway.

The pyrrhotite-chalcopyrite mineralisation and intense chlorite alteration is consistent with a Cobar Style Deposit. Cobar is in western NSW and known for its high grade polymetallic deposits. The largest of these is the CSA mine which produces more than 185,000 tonnes of copper concentrate per annum and has produced more than a million tonnes of copper since 1964.

The Managing Director of TLU, Mr Carl Dorsch said, *"The lab results at Triangle Flat confirm the value of our hard rock portfolio. The results also justify the Company's decision to drill and explain the soil anomalies whilst also demonstrating the presence of a prospective structure deserving of further work."*

Hole_ID	*MGA_East*	*MGA_North*	*RL*	*Total Depth*	*Azimuth*	*Dip*
BCRC001	725990	6254222	911	99	94.5	-60
BCRC002	726196	6254468	885	159	294.5	-60

Table 1 - RC Drillhole Locations

Discussion

Two (2) reverse circulation (RC) holes for a total of 258m of RC drilling was conducted in early January at the Byrnes Creek Prospect. The drilling was designed as a 'quick look' program to test significant soil base metal anomalism from an XRF soil survey conducted in October 2014.

Hole BCRC002 was drilled to 159m magnetic east to west perpendicular to the interpreted stratigraphy. BCRC002 was designed to test both an XRF surface zinc anomaly and surface gossan (weathered sulphides). The hole intersected strong silica-chlorite altered sediments and a coarsely porphyritic rhyolite. On the western margin of the rhyolite the alteration graded into intense chlorite and significant pyrrhotite-chalcopyrite mineralisation, massive between 104m and 106m (figure 1). Lab results returned 22m @ 0.38% Cu and 4.6g/t Ag from 104m[1], including **8m @ 0.65% Cu and 6.73g/t Ag from 104m[2]**.

Figure 1 – RC drill chips from hole BCRC002 (each tray represents one meter downhole width)

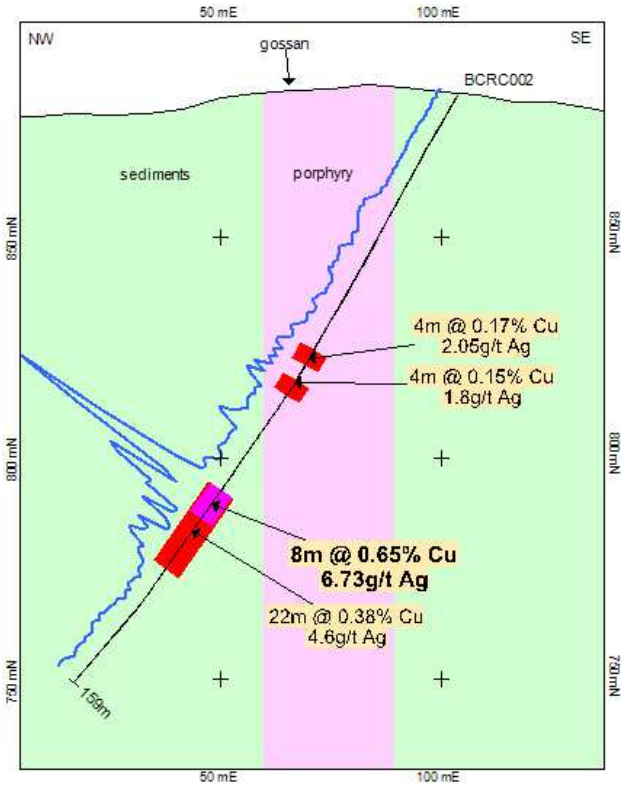

Figure 2 – Left BCRC002 NW-SE section.
(intervals >0.1%Cu in red, >0.5% Cu in magenta. Downhole magnetic susceptibility is displayed as the blue histogram)

Pyrrhotite is variably magnetic; in this case the pyrrhotite is magnetic and the magnetic susceptibility readings (blue trace in figure 2) show a strong correlation with copper.

BCRC002 was drilled approximately 40m north of hole BC1. BC1 is a diamond hole drilled in the mid-1970's, 23m of hole BC1 was sent for assay and returned 9.25m @ 0.30% Cu and 4.76g/t Ag from 68.25m.

Mineralisation, alteration and trace element geochemistry for hole BCRC002 has affinities with many of the Cobar deposits.

Cobar Style deposits form short-strike length lodes with extensive vertical extent. The mineralisation in BCRC002 it interpreted to represent the main structure hosting these styles of deposits.

The pyrrhotite intersected in BCRC002 is believed to be the cause of a prominent north-south magnetic high in the regional aeromagnetic. A detailed magnetic survey is underway to delineate the extent and width of pyrrhotite mineralisation along strike and in turn the associated base metals.

[1] 0.10% Cu cut-off with a maximum internal dilution of 2x the sample interval or 4m
[2] 0.50% Cu cut-off with a maximum internal dilution of 2x the sample interval or 4m

The Hole BCRC001 was 99m deep and drilled west to east into the previously defined XRF soil copper anomaly. The hole intersected strong silica-chlorite altered sediments and weak pyrrhotite-chalcopyrite mineralisation.

The surface copper anomaly was explained by surface supergene enrichment from three zones of moderate copper values with elevated lead, zinc and silver. Peak values of 16.2g/t silver, 0.15% copper, 0.30% lead and 0.40% zinc over 2m from 60m.

Results include

- 2m @ 0.29% Cu and 2.8g/t Ag from 38m
- 2m @ 0.16% Cu, 0.30% Pb, 0.40% Zn and 16.2g/t Ag from 60m
- 12m @ 0.14% Cu and 2.87g/t Ag from 78m

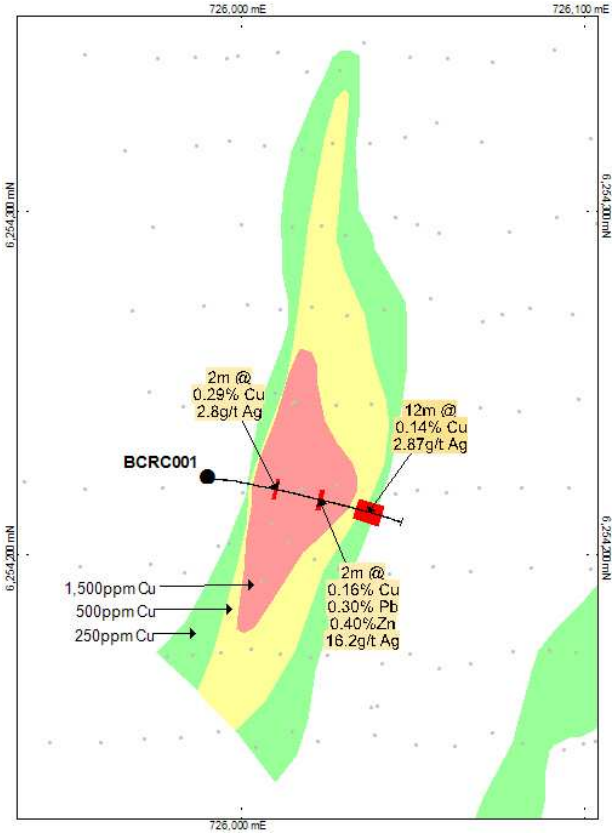

Figure 3 – Left BCRC001 Plan.
(BCRC001 Drill Track Projected to Surface with intervals >0.1%Cu in red. Overplayed on XRF soil copper contours)

The results from BCRC001 are encouraging. The intensity of the alteration and mineralisation in interpreted to be on the margins of the more intense mineralisation seen in hole BCRC002, this is supported by subdued magnetic susceptibility readings.

The regional magnetics and supporting geological information from BCRC001 suggests the main structure hosting the pyrrhotite-chalcopyrite mineralisation (as seen in BCRC002) has not been intersected and is interpreted to lie further to the east.

HoleID	from	to	Interval	Cu%	Pb%	Zn%	Ag ppm	Calculation Method
BCRC001	38	40	2	0.29	0.00	0.00	2.80	0.1%Cu cut-off
BCRC001	60	62	2	0.16	0.30	0.40	16.20	
BCRC001	78	90	12	0.14	0.03	0.07	2.87	
BCRC002	66	70	4	0.17	0.01	0.07	2.05	
BCRC002	74	78	4	0.15	0.01	0.03	1.80	
BCRC002	104	126	22	0.38	0.02	0.10	4.60	
including								
BCRC002	104	112	8	0.65	0.02	0.04	6.73	0.5%Cu cut-off

Table 2 – Significant Intersections
(Copper cut-offs as shown with maximum internal dilutions of 2x the sample interval or 4m)

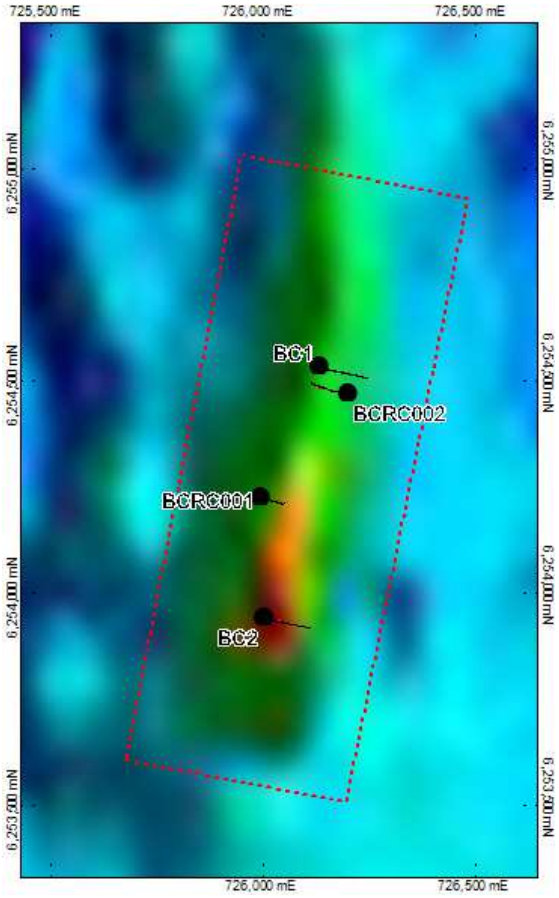

Figure 4 – Left Proposed Detailed Ground Magnetic Survey Outline on Regional RTP Magnetics.
(Drillhole traces on Regional RTP aeromagnetics)

The Byrnes Creek Prospect is underlain by a prominent north-south trending magnetic high that can be traced for a least 1.5km. Information gained from the recent drilling suggests that the magnetic feature seen in figure 4 correlates to the mineralized corridor as drilled in BCRC002. The red dashed outline in figure 4 is the planned outline of the detailed ground magnetic survey currently underway. Ground magnetics is a low cost exploration and effective tool given the magnetic association of the mineralisation. Results of the survey will be available in the coming weeks.

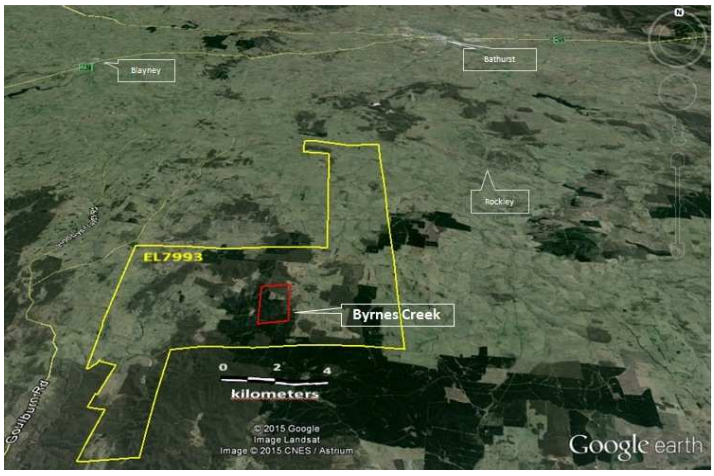

Figure 5 – Byrnes Creek Prospect within EL7993

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.*	Samples were collected from a cone splitter fitted to the base of the cyclone. Approximate 3kg samples were collected over 2m composites and submitted to ALS in Orange.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Field duplicates were collected at a rate of 1 for every 40 samples and submitted for analysis with the original. The differences between the results were within acceptable tolerances.
	Aspects of the determination of mineralisation that are Material to the Public Report.	Calculated intercepts using 0.1%Cu and 0.5%Cu with a maximum internal dilution of 2x the sample interval (4m in the case of 2m composited samples) were presented.
	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.	Reverse circulation drilling was used to obtain 2 m composite samples of approximately 3 kg. Samples have been submitted to ALS Orange for ICP multi-element analysis and fire assay AAS finish gold assay.
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.	Samples were analysed at ALS Orange for multi-element ICP Aqua Regia Digest and gold with 30g fire-assay and AAS finish. The assaying technique is considered total.
	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.	All significant copper values were below 1%. Procedure is to use Ore Grade digestion and finish for samples >1% Cu. Blanks Standards and

		Lab Duplicates were completed and were within acceptable tolerances.
	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.	Drillhole 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.	Samples submitted to ALS Orange are 2 meter downhole composite samples.
	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.	The drillhole orientation was designed to intersect the perpendicular to the mineralisation although not enough information is available at this stage to determine the true width or orientation of the mineralisation. The mineralised structures are interpreted to be close to vertical.
	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.	Drillhole samples 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.	Duplicate samples have been submitted to the lab for review of sampling techniques. Differences between the field duplicates were within acceptable tolerances.

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 interpreted to be Cobar Style based on the alteration, host rock and mineralisation style consistent with Cobar Deposits.
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 collar information in Table 1 above
	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.	Significant intercepts were calculated using a weighted average of samples >0.1%Cu and 0.5% Cu cut-offs with maximum internal dilution of 2x the sample interval.

	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.	There is not enough information to determine the geometry of the mineralisation, based on the position of sub-cropping surface gossan the mineralisation is interpreted to be close to vertical.
	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.	Significant intersections are shown in the text. 0.1%Cu and 0.5%Cu cut-offs were used with maximum internal dilutions of 2x the sample interval or 4m. It is not practical to list all assays.
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 intersections are represented in the text in tables and maps.
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 available information has been discussed in the text.
	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	The current extent of the 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.	