

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.

Since the last public announcement by the Company, the Operator has continued to refuse all requests to provide any further information on the well or to allow Company representatives access to the well site despite numerous attempts. Although no advice has been received from the Operator, the Company has no choice but to assume that the well (TWP – USG#1) has or will be plugged and abandoned as a dry hole.

TLU was hoping to confirm this by the time the Trading Halt was lifted to avoid speculation but has been unable to do so.

Following advice by the Company's US attorneys, the Operator has now been served with Notice that the dispute will be put before an arbitration panel for resolution. TLU expects that the arbitration will take place within the next sixty days.

Subsequently the Company received a purported Notice of Default from the Operator. The Company expects the arbitration process will deal with any valid issues raised therein.

TLU will continue to provide updates to the market on any developments at the CMJV as they arise.