

PEL 105 Update

Tellus Resources Ltd is an Australian-based oil & gas and mineral exploration company with licences in South Australia, Queensland and New South Wales. The Company has oil interests in Utah, USA as well.

Directors:

Robert Kennedy - **Chairman**
Carl Dorsch - **Managing Director**
Ben Salmon - **Non-Executive Director**
Neil Young - **Non-Executive Director**

Issued Shares:

168,099,767 ordinary shares

Tellus Resources Ltd**ASX Code: TLU**

T: +61 8 8100 9200

F: +61 8 8223 3235

Website:

www.tellusresources.com.au

Enquiries:

Tellus Resources Ltd

Level 5, 70 Pirie St.

(PO Box 190, Rundle Mall)

Adelaide SA 5000

Attention: Carl Dorsch

M: +61(0)400 508 088

Carl.Dorsch@tellusresources.com.au

Highlights

- **PEL 105 converted to 3 Petroleum Retention Licences (PRLs) with up to 15 year tenure on each**
- **Operatorship transferred**
- **Drill ready prospect upgraded**

Tellus Resources Limited (TLU or the Company) is pleased to announce a number of exciting developments concerning the PEL 105 licence located in the heart of the Cooper Basin in South Australia. TLU presently has a 50% interest in the tenement with Senex Energy Limited (Senex) having the other 50%.

Firstly, the Company has recently been advised by the South Australian regulator (DMITRE) that it has converted the licence into three PRLs, viz. PRL 108, 109 and 110. This is very important to the JV partners as it gives them tenure over the area for up to 15 years. TLU has recently signed up to a Group Area Deed with Senex and the South Australian regulator which means that the PRLs fall under the umbrella of Senex's extensive PRL portfolio. This allows for the spreading of costs over the entire Senex scheme area allowing the JV more flexibility and efficiency in meeting expenditure commitments and holding on to the acreage for the full term. This will allow more thorough investigation of the considerable potential of the PEL105 area into the future.

Secondly and following the terms of the Farmin Agreement between TLU and Senex (announced on 11 September, 2013), Senex assumes operatorship from TLU.

Thirdly and as part of the Farmin Agreement noted above, Senex is required to free carry (with no dollar cap) TLU in a well to be commenced prior to 30 June 2014. Subsequent to this and following rig release, Senex will earn a further 20% in the PRLs leaving TLU at 30% and Senex 70%. The Companies had initially considered drilling Cassam 1, an oil exploration well. However following further work by Senex and a recent JV technical meeting, the following was agreed:

- a. Senex will complete further work on a new and exciting conventional Toolachee play which is considered to be higher impact than Cassam 1.
- b. Senex will also further investigate a very exciting and potentially large gas play introduced by TLU and located adjacent to the very successful Bookabourdie gas field. The well would investigate an “off structure” play but one that could hold very significant amounts of condensate rich gas.
- c. As the work could yield significantly more upside for both companies than the Cassam 1 well, TLU has agreed to allow Senex more time to develop both plays and has agreed to drill in the third quarter of 2014.

Commenting on the present status of PEL 105, the Company’s Managing Director, Mr Carl Dorsch, said that *“following our successful and instructive JV technical meeting last week, it is exciting to note that the licence area holds multiple different, material and valid exploration plays. Following the drilling of the upcoming well, Tellus remains in the PRLs with an attractive 30% interest with a net 18,000 acres and extended tenure.”*