

TELLUS RESOURCES LTD

ASSET OVERVIEW – PORTFOLIO OF OIL, GAS & GOLD INTERESTS

MAY 2013



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Company Structure

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- Cash at Bank: \$2.0 million
- Directors: Anthony Wehby, Stephen Woodham (MD), Richard Willson, Ben Salmon
- Current capital structure:

Ordinary shares – quoted	34,683,000
Ordinary shares – escrowed	9,697,555
Total ordinary shares	44,380,555
Performance rights – \$0.25 exercisable on or before 27 January 2017	300,000
Performance rights – \$0.40 exercisable on or before 27 January 2017	400,000
Performance rights – expiring 21 September 2015	350,000
Total performance rights	1,050,000
Options – expiring 31 March 2014 : exercise price \$0.30	4,800,000
Options – expiring 30 April 2014 : exercise price \$0.30	1,200,000
Options – \$0.25 expiring 25 September 2014	5,000,000
Total options	11,000,000

Transaction Overview

- Proposed acquisition of 100% interest in PNC Aust Pty Ltd (including underlying interests in assets outlined on the following slides)
- Issue of 40,000,000 ordinary Tellus shares upfront as scrip consideration with the shares subject to escrow
- Carl Dorsch to join the Board and be appointed Managing Director
- 45,000,000 performance options to Dorsch nominees exercisable on achievement of specific performance hurdles (outlined on the following slides)

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Carl Dorsch – Managing Director (proposed)

- BSc, BE, CEng, FICChemE
- Chartered Chemical Engineer
- Founder and Managing Director of Adelaide Energy Limited (ASX: ADE) with initial market capitalisation of A\$12 million in 2007 and acquired by Beach Energy for A\$94 million during 2011
- Over 35 years of Australian and international experience in the hydrocarbon sector
- Main focus in the oil and gas sector has been in the upstream side with extensive drilling, completion and production experience
- Pioneer of the Cooper Basin's Patchawarra and Nappamerri Troughs unconventional play

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Summary of Assets

Oil & Gas Assets

Permit	PEL 105	ATP 904
Basin	Cooper	Surat
Location	Sth Australia	Qld
Equity interest	100% ¹	100%
Size	219.6 km ²	1,101.2 km ²
Play Type	Wet gas	Oil
Comments	Conventional with unconventional deep coal gas play	Conventional with CBM/deep shale gas prospectivity

¹ 50% now and 50% to be purchased from AKK Ltd for either \$1.25M or \$1.75M Tellus scrip by 30 September 2013

NOTE : Tellus (via 100% owned PNC Aust Pty Ltd) will be the operator of all projects

Summary of Assets

Gold Assets

Location	Type	Leases	Area	Interest
QUEENSLAND – CHILLAGOE				
Wandoo	Mining Leases (ML)	3	229.1ha	100%
Empire	Mining Lease (ML)	1	252ha	100%
Chillagoe Gold Project	Exploration Permits for Mineral (EPM)	5 granted 5 applications	>400 km ²	100%
NEW SOUTH WALES				
Southern New England	Exploration Leases (EL)	2	160.4 km ²	100%
Other	Exploration Leases (EL)	4	619.4 km ²	100%

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Why Australian Oil & Gas?

- Significant interest in Cooper Basin, South Australia
- Recent activity includes influx of majors (BG, Chevron)
- Australian unconventional potential starting to be recognised
- Low sovereign risk and established industry
- Access to existing infrastructure
- Australia is hydrocarbon liquids short – PEL 105 is attractive from this standpoint
- The world's six major oil companies all have operations in Australia

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Recent Activity in the Cooper Basin

- PEL 106B JV Sales Agreement with the SACBJV for 10BCF of gas
- Peak flow of 4.2Mscfd reported at the Halifax 1 shale gas well (March 2013)
- Beach Energy Ltd (BPT) farms out 60% of its interests in PEL 218 and ATP 855 to Chevron for up to US\$349M (February 2013)
- Senex Energy (SXY) commences a five well fracture stimulation program on its unconventional Patchawarra wells (February 2013)
- Commissioning of the Growler to Lycium to Moomba oil pipelines from the Western Flank Cooper Basin (December 2012)
- Drillsearch Energy (DLS) announces all cash off-market takeover offer for Acer Energy (ACN) (October 2012)

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ASSET OVERVIEW

PEL 105 – Cooper Basin, South Australia

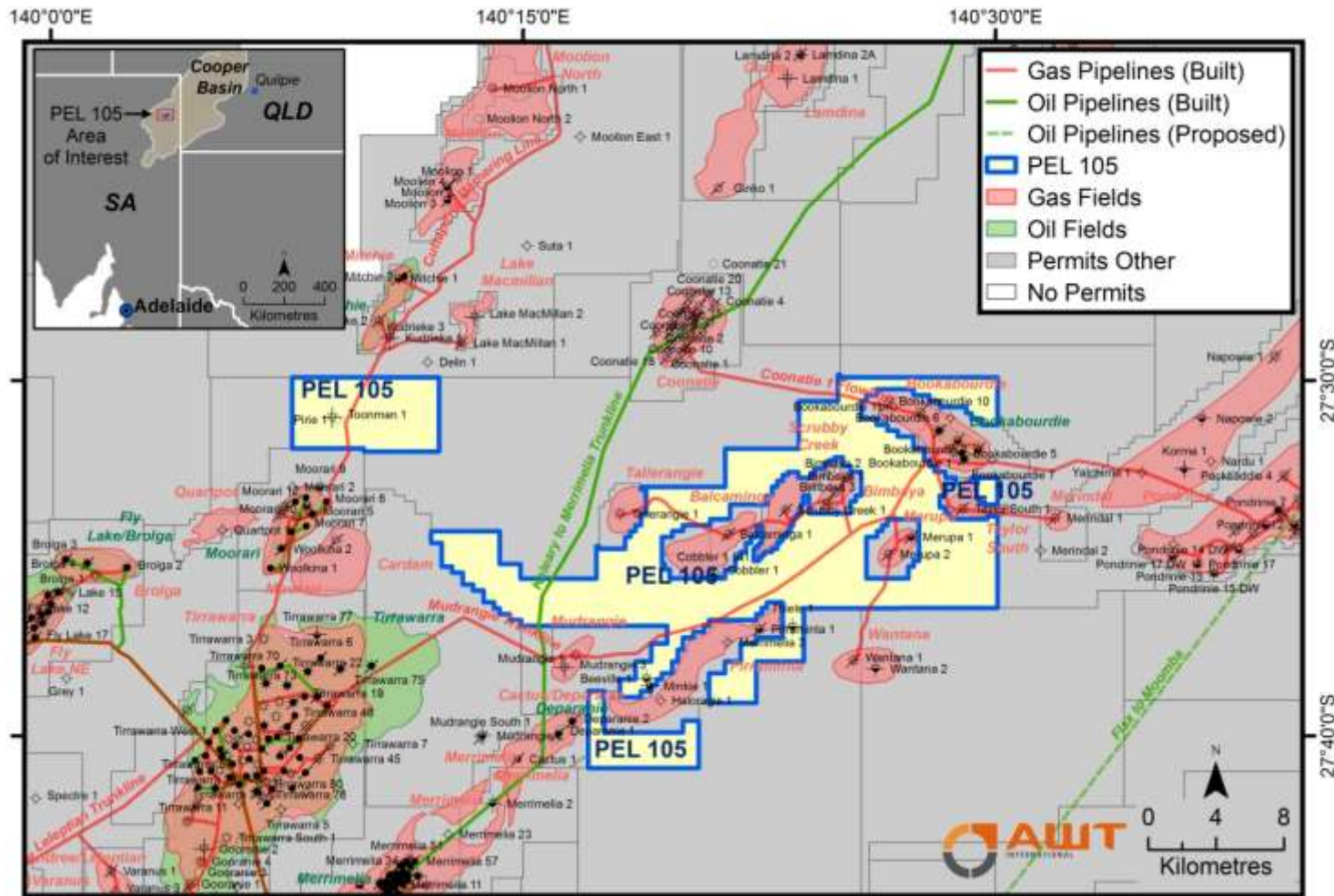
- Cooper Basin, South Australia, centrally located petroleum exploration licence (PEL 105) of 219.6 km²
- 100% operated interest (NRI of +/- 83%)
- P10 reserves OOIP (original oil in place) estimated at up to 10 MBO
- The Pirie 1 well is drill ready
- Unconventional “deep coal” prospectivity
- Surrounded by producing oil and gas wells: Moorari (4MBO produced from the Tirrawarra) & Kurdreicke



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PEL 105 – Cooper Basin, South Australia

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PEL105 Permit

PEL 105 – Cooper Basin, South Australia

Unrisked Petroleum Initially in-place (PIIP) – Tirrawarra Formation

Resource Range	Area of closure (km ²)	PHI (%)	Sh (%)	Bg/ Bo	PIIP Case 1 (Attic Gas/Oil leg)	PIIP Case 2 (Liquids/ Associated Gas at 5000 scf/stb)
Low Estimate PIIP	0.13	8	60	218/2.5	0.81BCF	0.26 mmstb 1.3 BCF
Best Estimate PIIP	1.36	9	65	218/2.5	18.7BCF	6.12 mmstb 30.6 BCF
High Estimate PIIP	2.3	9	70	218/2.5	30.5 BCF 6.6 mmstb	9.96 mmstb 49.8 BCF

- scf/stba standard cubic feet/stock tank barrels
- rb/stbb reservoir barrels/stock tank barrels

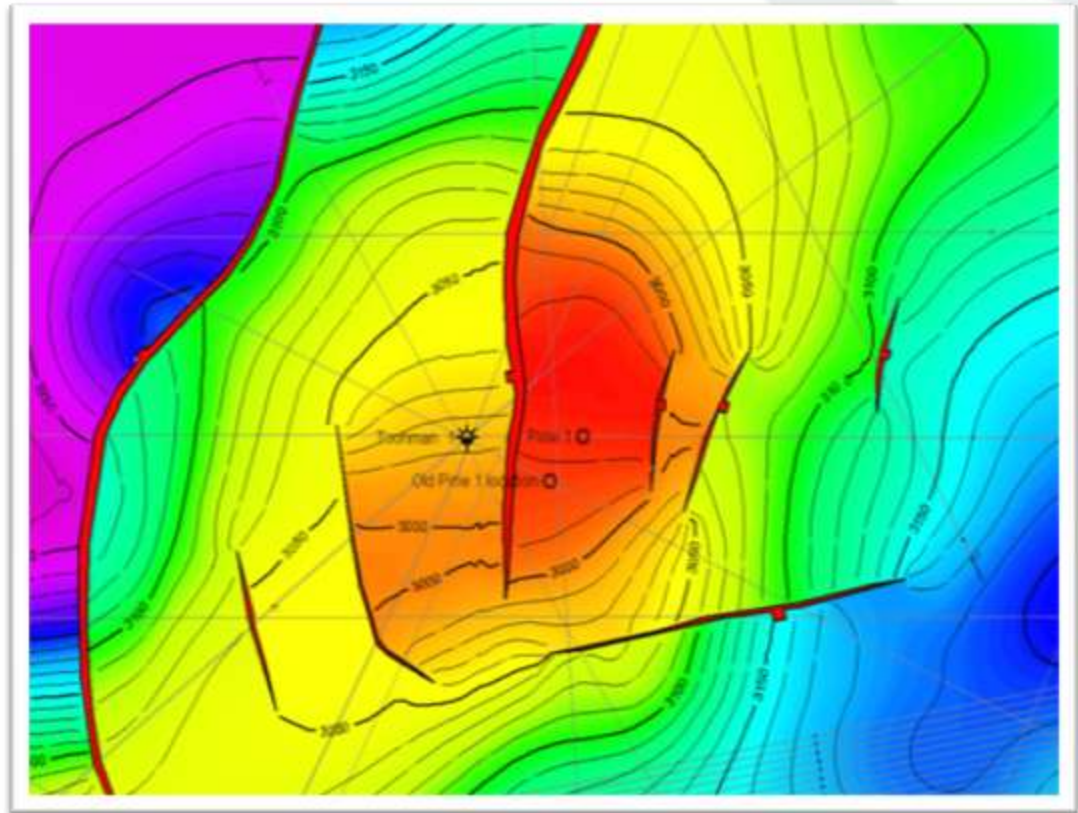
Source: The technical information contained herein is extracted from the Independent Expert Report prepared by AWT International (AWT) dated 18 April 2013 (IER)

PEL 105 – Cooper Basin, South Australia

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Prospectivity – Pirie 1 : Drill ready

- The Toonman structure was drilled in 1983. Four Drill Seam Tests (DSTs) were run across the Jurassic and Permian reservoirs. 50cc of condensate was recovered from a test of the Tirrawarra. Gas flowed at 0.17 MMCFD from the Patchawarra and at RSTM from the Tirrawarra were also recorded
- This lead lies along trend on an anticlinal ridge and between the Moorari and Kurdrieke fields
- Remapping of the existing seismic by Adelaide Energy revealed a north-south trending fault immediately to the east of the Toonman-1 well site, which creates additional Tirrawarra section



Pirie 1

PEL 105 – Cooper Basin, South Australia

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Prospectivity – additional targets

Lead 1 - Bookabourdie

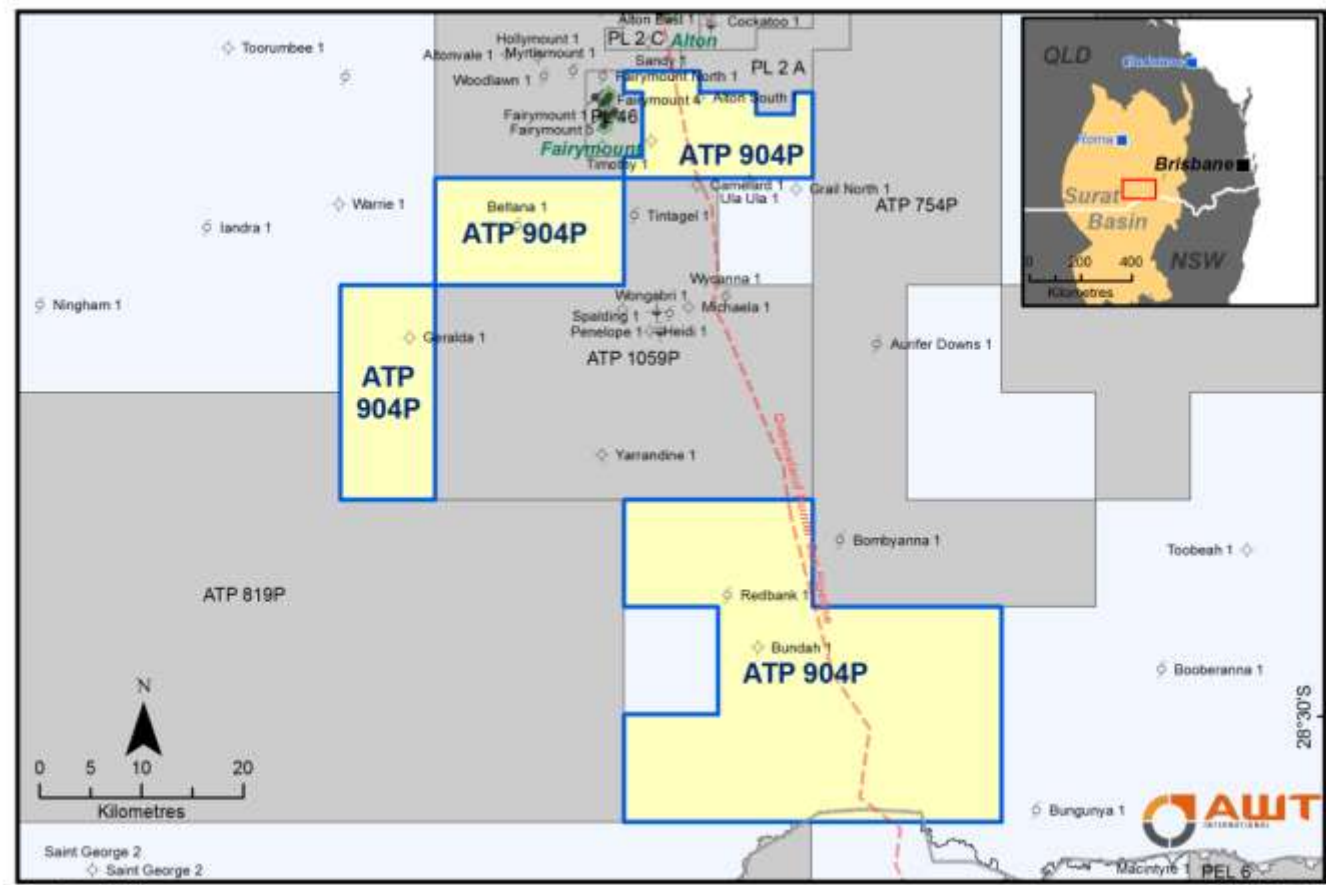
- Primarily a stratigraphic play located in a south-east trending embayment. Around the up-dip margins, i.e. towards the south-east are the Bookabourdie, Taylor South, Merupa and Bimbaya gas fields. There are areas within the “embayment” that are structurally higher than producing wells in the Bookabourdie field
- STO acquired 3D Seismic Survey during 2007. AFLs were granted surrounding the Bookabourdie PPL covering parts of PEL 105
- Possible reserves of 100BCF recoverable (Bookabourdie has produced over 90BCF). Risk may be pressure depletion of the reservoirs. However, there may be additional section within the embayment which could contain previously untapped reservoirs

Lead 2 - Lovibond

- This a stratigraphic pinch-out play lying along a south-east trending change of slope. It aligns with a break trending in the same direction across the GMI Ridge
- STO completed a 3D seismic survey immediately to the southwest of this lead

ATP 904P – Surat Basin, Australia

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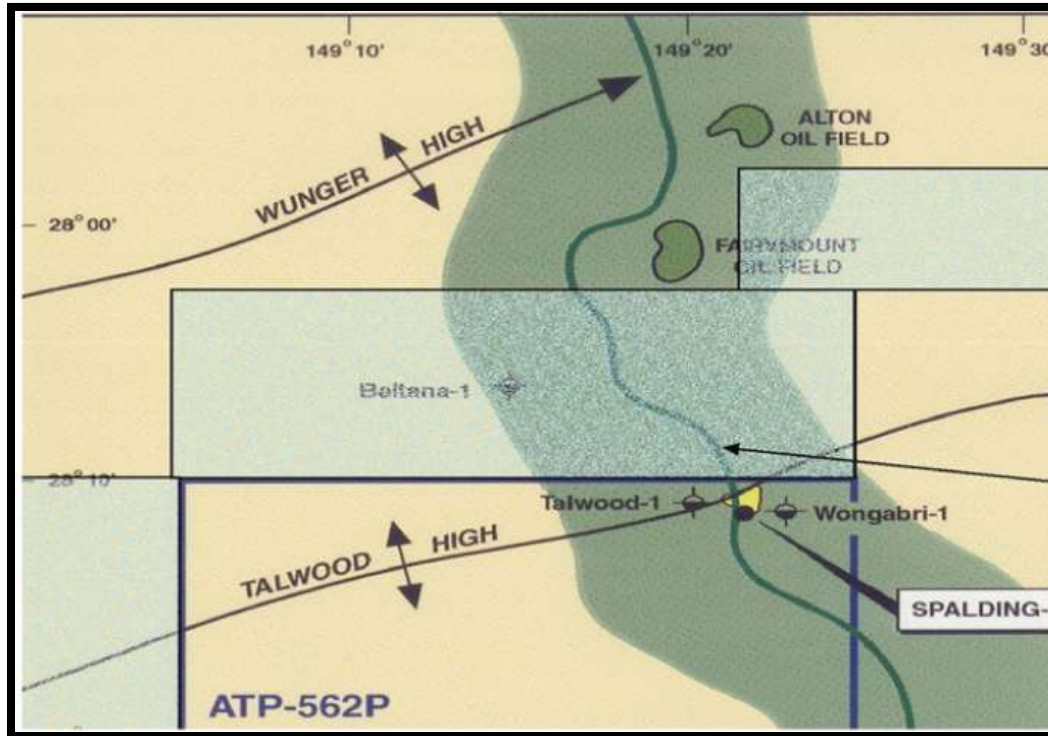


- Alton Oil Field
Evergreen Fm
2 MMbbl
recoverable
- Fairymount Oil Field
Showgrounds Sst
1 MMbbl
recoverable
- Other wells
minor shows

ATP 904P Permit

ATP 904P – Surat Basin, Australia

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- Play Fairway contains the Alton and Fairymount oil fields and wells with good shows
- Talwood Granite provenance of sands on shelving basement may aid improved reservoir. Better sands can be expected between the highs (Wunger High and Talwood High), particularly with Showgrounds on the Roma High

ATP 904P – Surat Basin, Australia

Prospectivity

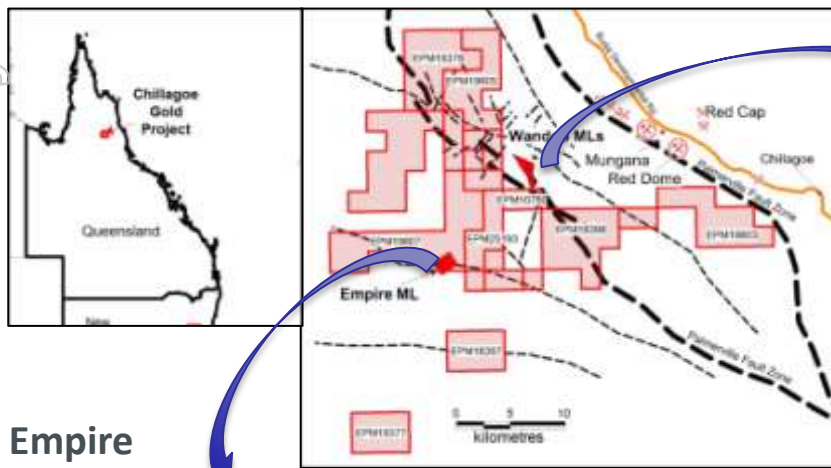
- Have identified the Snake Creek (a possible source kitchen)
- May be more important than Permian sourcing for the Showgrounds Sandstone
- It is likely that Alton and Fairymount are sourced from the Snake Creek

Exploration

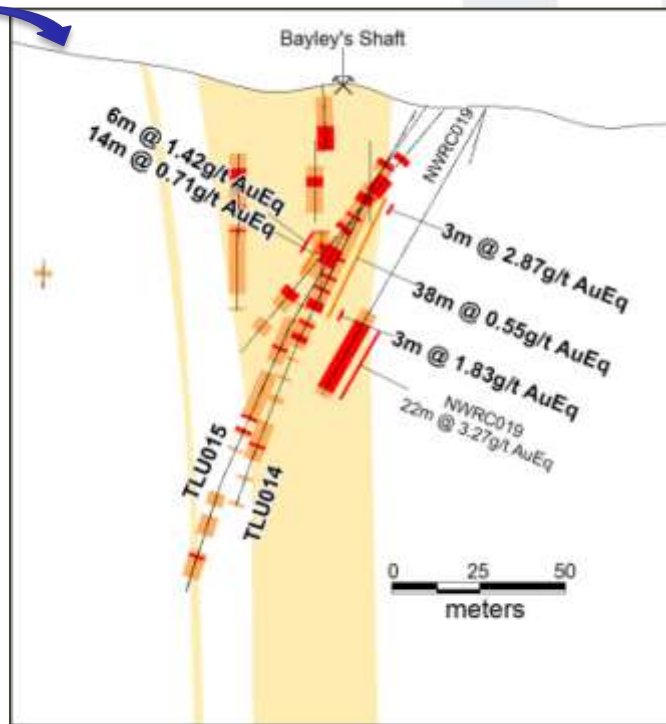
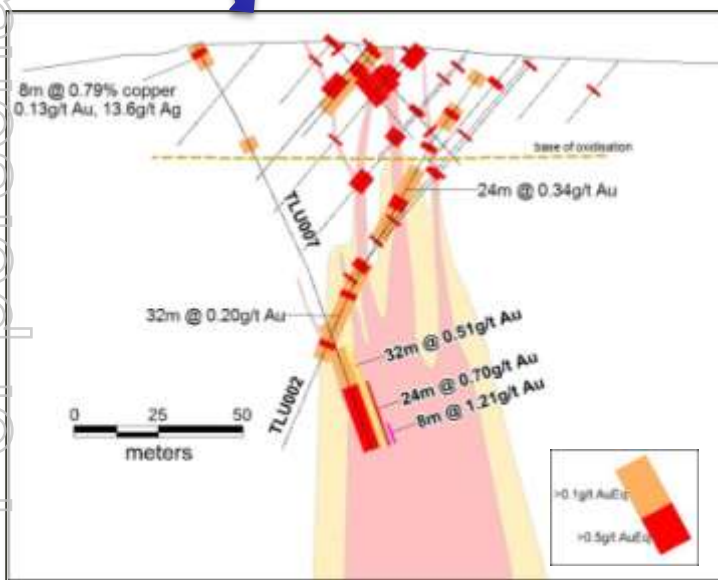
- NMR Technology (GeoResonance Pty Ltd) for identifying oil deposits
- Begin with remote sensing in “broad brush” terms
- Follow up with “on ground” work
- Advantages:
 - drill or narrow 3D seismic coverage
 - large cost savings over conventional techniques

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Chillagoe Gold Project – Far North Queensland



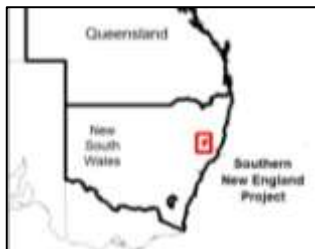
Empire



- IRG Gold with Late Carboniferous Intrusions
- Open at depth
- Granted Mining Leases
- Similar to Red Dome next door
- Red Dome is open at >1,000m deep

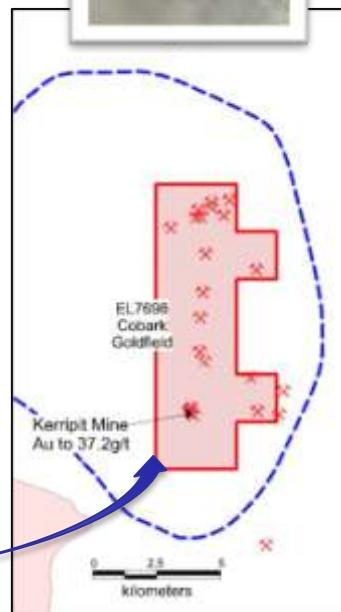
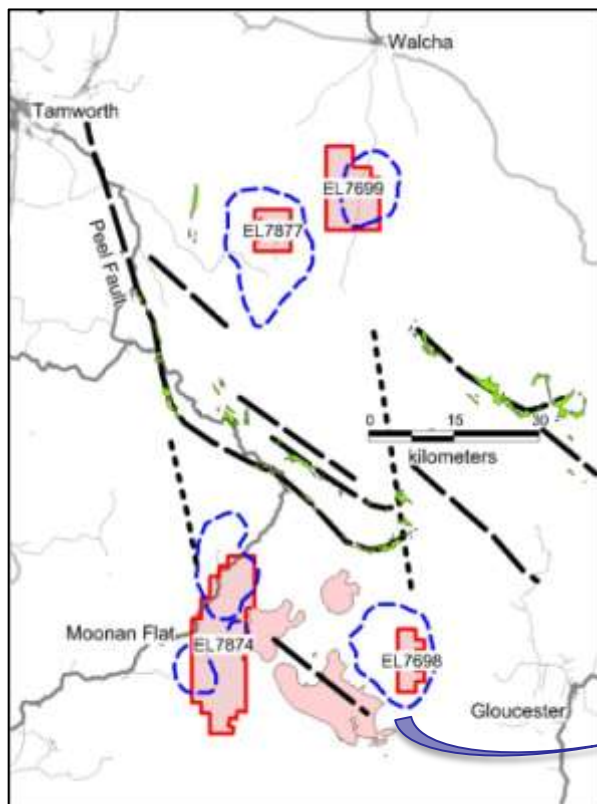
Southern New England Project – NSW

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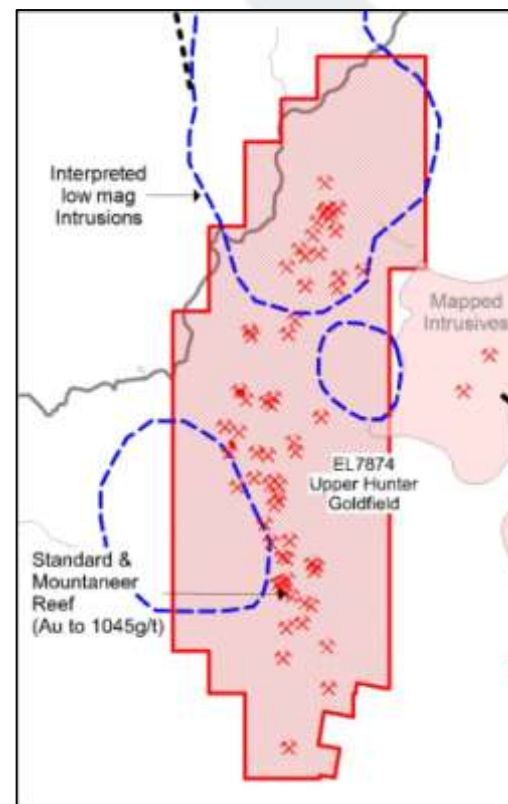


- IRG (Intrusive Related Gold)
- Late Carboniferous Intrusives
- Underground Samples to 1,045g/t gold
- >100 historic workings never been drilled

Cobark



Upper Hunter



Work Programme

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Chillagoe

- Follow-up Drilling in significant gold results at Empire and Wandoo
 - Empire – 24m @ 0.7g/t gold (increasing grade with depth and open)
 - Wandoo – 22m @ 3.27g/t gold (open at depth)
- Detailed soil sampling over areas displaying significant surface anomalism
 - Simpsons (rockchip samples to 31g/t gold and 16% lead)

Southern New England

- Define surface extent from known gold workings using soil sampling and mapping
 - E.g. Royal Standard and Mountaineer Reefs – underground face sampling of veins returned gold values up to 1,045g/t
 - Upper Hunter goldfield extends for ~20km north-south with over 100 historical gold workings
- First 'modern' exploration and drilling into historically significant goldfields
 - Kerripit Mine returned assays up to 37g/t gold

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CORPORATE OVERVIEW

Current Tellus Board

Anthony Wehby

Non-Executive Chairman

Tony Wehby is a Fellow of the Institute of Chartered Accountants in Australia with more than 35 years professional experience. He was a partner with PwC for 19 years until 2000 and since that time has been a consultant providing advice on mergers and acquisitions, IPO's, funding and valuations. During his time at PwC, Tony specialised in providing corporate finance advice to a wide range of clients, including those in the mining and exploration sectors.

Stephen Woodham

Director

Stephen Woodham has over 15 years experience in the mining and exploration industry in Western Australia and New South Wales specialising in field logistics and support and land access in rural and remote environments. He also has a successful track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation.

Richard Willson

Director

Richard Willson has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and is a Fellow of the Australian Institute of Company Directors. He has experience in public practice and in various financial management and company secretarial roles within the resources and agricultural sectors for both publicly listed and private companies

Ben Salmon

Director

Ben Salmon was appointed as a director on 19 October 2012. He has practised as a barrister in Canberra since 1967. He was elected as a member of the ACT Law Society Council and the ACT Bar Council. He served two terms as President of the Bar Council.

He represents Asia Pacific Mining Capital Pte Ltd, a cornerstone investor following the capital raising for the Chillagoe Gold Project in 2012.

Indicative Capital Structure

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	Current		Post-acquisition	
Current	44,380,555	100.0%	44,380,555	52.6%
Vendors	-	0%	40,000,000	47.4%
Total number of shares	44,380,555	100.0%	84,380,555	100.0%
Performance Shares	45,000,000 ¹			
Existing Performance Rights	1,050,000			
Existing Options	11,000,000			

Note 1 - Performance criteria : 45 million performance shares to be issued to vendors on achievement of:		Shares
1	Carl Dorsch serving 24 months as full-time Managing Director and 30 day VWAP \$0.175; 30 day VWAP \$0.20; 30 day VWAP \$0.225	5,000,000 (each)
2	Achievement of > 100 BOEPD on testing from PEL 105	15,000,000
3	If, the company acquires a further asset that has been introduced by Carl Dorsch prior to the acquisition of PNC , then on the achievement of average production of 50 BOPD over a 3 month period	15,000,000
Total		45,000,000

Competent Persons Statement

Oil & Gas Assets

- Mr Carl Dorsch BSc, BE (Chem), CEng, FIChemE is a chartered chemical engineer with over 35 years experience in the hydrocarbon industry and in particular drilling, completion and production experience. He was Managing Director of Adelaide Energy Limited from its inception in 2007 and until its takeover in 2012. Mr Dorsch also has experience in hard rock exploration having been the founder and Managing Director of Primary Resources Limited at its inception which later became Strzelecki Metals Limited. He has the requisite experience and knowledge to make the statements in this material and consents to his inclusion in this presentation.

Gold Assets

- The information in this material that relates to Gold Exploration Results is based on information compiled by Mr David Ward who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ward is a consultant to Tellus Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr David Ward consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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