



ASX RELEASE

Tellus Resources Ltd is an Australian-based mineral exploration company.

On 16 May 2012 Tellus announced it had purchased the Chillagoe Gold Project from Premier Mining Pty Ltd.

The Chillagoe Gold Project includes Exploration Permits covering a combined area of ~57,411 hectares plus Mining Leases covering a combined area of approx. 480 hectares, including the Wandoo & Empire prospects.

In addition Tellus has a large tenement package in regional New South Wales prospective for Intrusive Related Gold Deposits (IRG).

A key part of the Company's strategy is to actively pursue the acquisition of, and/or participation in additional advanced resource projects.

Directors/Officers:

Anthony Wehby
 Stephen Woodham
 Richard Willson
 Ben Salmon
 Anne Adaley

Issued Shares and Options:

44,380,555 shares
 6,000,000 unlisted options

Tellus Resources Ltd

ASX Code: TLU

QUARTERLY ACTIVITIES REPORT MARCH 2013

HIGHLIGHTS

- **Continued assessment & evaluation of project opportunities leading to the agreement to acquire PNC Aust Pty Ltd post Quarter end**
- **Tenement Applications significantly increase footprint at Chillagoe**

Introduction

During the March quarter, the Company:

- continued an active program to identify and evaluate additional new opportunities. As a result, the Company has announced today that it has signed a share sale and purchase Agreement to acquire a private company, PNC Aust Pty Ltd (**PNC**), which holds oil and gas assets in the Cooper and Surat Basin. Tellus will acquire 100% of the shares in PNC subject to shareholder approval.
- lodgement of three new EPM applications adjacent to the existing Chillagoe title significantly increasing the overall footprint Tellus has in the region by over 100%.
- reviewed the NSW assets which resulted in the relinquishment of the non-core Southeast Lachlan Project. The Southeast Lachlan Project was a very large area exhibiting early stage / high risk grass roots exploration that would have taken considerable resources to progress. Tellus still retains six highly prospective tenements in NSW.

CHILLAGOE GOLD PROJECT, QLD (TLU 100%)

Three (3) tenement applications were lodged during the March Quarter adding significantly to the overall footprint of the Chillagoe Project.

The new applications represent a 103% increase in the size of the tenement holding in the Chillagoe Project area, the whole area now stands at 574 square kilometres or 57,411 hectares (figure 1).

EPM25193, EPM25233 and EPM25230 were made in the March quarter. All of the title applications are either adjacent to the existing tenements held 100% by Tellus and/or along strike of the highly prospective Palmerville Fault Zone.

The Palmerville Fault Zone is a large north-west oriented fault zone with multiple fracture points. The fault zone has been the weak point that

plumbed the source of intrusives responsible for the known mineralisation within Tellus's existing 100% owned mining leases at Wandoo and Empire. These felsic intrusions are also interpreted to be responsible for the mineralisation at Red Dome and Mungana on the neighbouring titles.

Parts of EPM 25230 and EPM 25233 have competing applications.

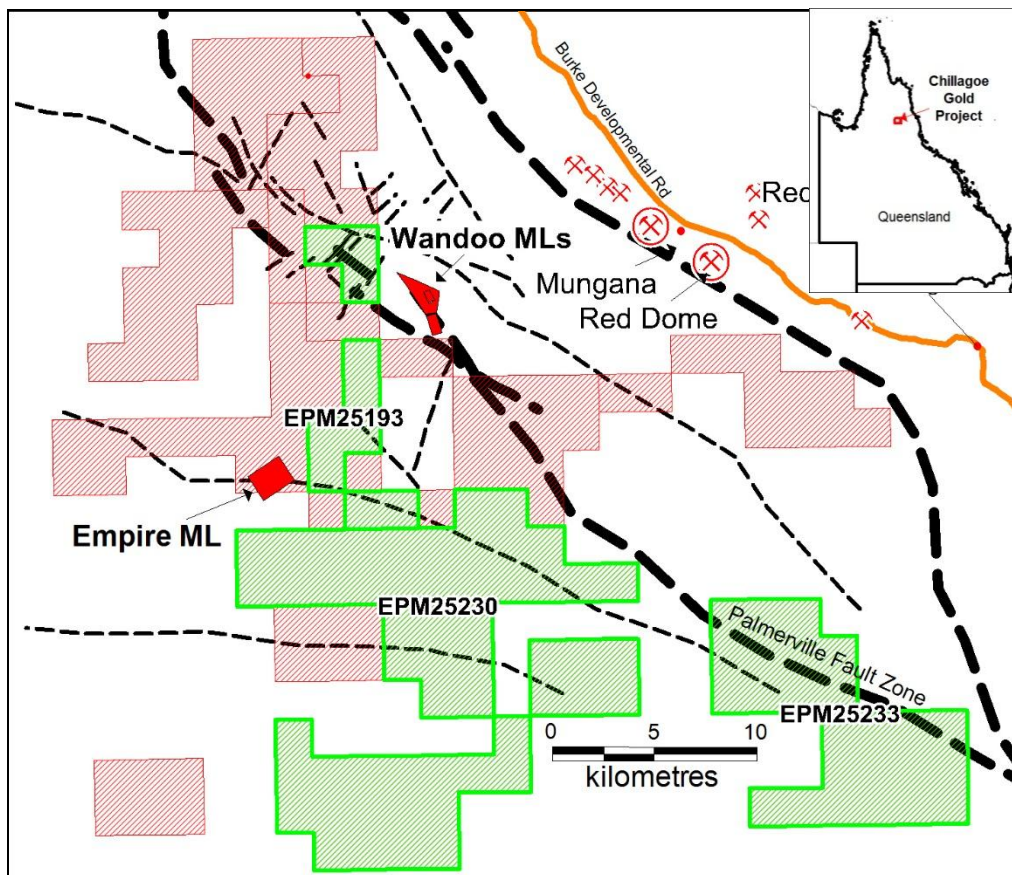


Figure 1 – Chillagoe Project Tenement Locations. EPM25193, EPM25233 and EPM25230 Applications made during the March quarter (new applications shown as green hatching).

CORPORATE

During the quarter, the Company focussed on assessing and evaluating PNC Aust Pty Ltd, a private company which has a 50% operated interest in PEL105 in the Cooper Basin and a 100% operated interest in ATP904P in the Surat Basin. This resulted in the signing of a Share Sale & Purchase Agreement whereby Tellus will acquire 100% of PNC subject to a number of conditions and shareholder approval.

As a condition of the acquisition of PNC, Mr Carl Dorsch will join the company. Mr Dorsch will bring extensive oil and gas industry experience to the Tellus team.

Available Funds

- At 31 March 2013 the Company had available cash totaling \$1.9M.

Shareholder Information

As at 31 March 2013, the issued capital comprised of 44,380,555 ordinary fully paid shares (ASX code: TLU) held by 358 holders with the top 20 shareholders holding 61.02% of the total issued capital.

OUTLOOK

During the June Quarter, a General Meeting will be held seeking shareholder approval for the proposed acquisition of PNC. Following shareholder approval, drilling will be undertaken at a drill ready prospect called Pirie 1 in the Cooper Basin.

The company will also work on strategies to extract maximum value from the company's highly prospective gold assets.

For further information on this announcement or Tellus Resources please contact:

Stephen Woodham
Managing Director
T: 0417 293 449
E: stephen.woodham@tellusresources.com.au

or

Anne Adaley
Company Secretary & Chief Financial Officer
T: 02 9231 6231
E: anne.adaley@tellusresources.com.au

About Tellus

Tellus Resources Ltd is an ASX-listed mineral exploration company focused on generating value for its shareholders by identifying and acquiring properties and projects that have significant discovery and development potential.

Tellus has acquired a large tenement package in northern Queensland and regional New South Wales prospective for Intrusive Related Gold Deposits (IRG). The strategic objectives of the Company are to enhance Shareholder wealth through implementing exploration programs on its existing projects whilst continuing to evaluate additional exploration and value-accretive opportunities within Australia and internationally.

Competent Person's Statement

The information in this report that relates to Exploration Results based on information provided by Mr D Ward, Member of Australasian Institute of Mining and Metallurgy and Senior Exploration Consultant to Tellus Resources Ltd. Mr Ward has sufficient experience that 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 Ward, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

This document has been prepared by Tellus Resources Ltd ("Tellus") and may contain some references to forecasts, estimates, assumptions and other forward looking statements. These forward-looking statements reflect the current internal projections, expectations or beliefs of Tellus based on information currently available to Tellus. Although the company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. Statements concerning reserves and/or resources may also be deemed to be forward looking statements in that they involve elements based on specific assumptions.

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APPENDIX 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity	
Tellus Resources Ltd	
ABN	Quarter ended ("current quarter")
35 144 733 595	31 MARCH 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(19)	(446)
(b) development	-	-
(c) production	-	-
(d) administration	(261)	(841)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	69
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(262)	(1,218)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	(20)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(450)	(450)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(450)	(470)
1.15 Total operating and investing cash flows (carried forward)	(712)	(1,688)

1.15	Total operating and investing cash flows (brought forward)	(712)	(1,688)
Cash flows related to financing activities			
1.16	Proceeds from issues of shares, options, etc.	-	-
1.17	Proceeds from sale of forfeited shares	-	-
1.18	Proceeds from borrowings	-	-
1.19	Repayment of borrowings	-	-
1.20	Dividends paid	-	-
1.21	Other – Capital raising costs	-	-
Net financing cash flows			
Net increase (decrease) in cash held		(712)	(1,688)
1.22	Cash at beginning of quarter/year to date	2,653	3,629
1.23	Exchange rate adjustments to item 1.20	-	-
1.24	Cash at end of quarter	1,941	1,941

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.25	Aggregate amount of payments to the parties included in item 1.2	102
1.26	Aggregate amount of loans to the parties included in item 1.10	-
1.27	Explanation necessary for an understanding of the transactions	
Directors fees /salary for the period: \$102,000		

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	-
4.3 Production	-
4.4 Administration	280
Total	305

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	17	15
5.2 Deposits at call	1,884	2,598
5.3 Commercial Bills	-	-
5.4 Other: Term Deposit	40	40
Total: cash at end of quarter (item 1.22)	1,941	2,653

Changes in interests in mining

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL7720 EL7721 EL7722 EL7723	100%	100%	0%
6.2 Interests in mining tenements acquired or increased	EPM25193 EPM25230 EPM25233	100%	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities (<i>description</i>)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	44,380,555	34,683,000		
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-back				
7.5 Convertible debt securities (<i>description</i>)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted	4,800,000	-	30 cents	31 Mar 2014
Unlisted	1,200,000	-	30 cents	30 Apr 2014
Unlisted	5,000,000	-	25 cents	25 Sep 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (<i>totals only</i>)				
7.12 Performance Rights (<i>totals only</i>)	1,050,000	-		
7.13 Unsecured notes (<i>totals only</i>)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2013

Anne Adaley
Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.