

NOTICE OF 2013 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Annual General Meeting to be held at Thomsons Lawyers
Level 25, 1 O'Connell Street, Sydney, NSW 2000
on Friday, 29 November 2013, 2 pm AEDT

Important Notice

This Notice of Annual General Meeting and Explanatory Statement require your immediate attention. It should be read in its entirety. If you are in doubt as to the course of action you should take and how you should vote, you should seek advice from your accountant, solicitor or other professional adviser without delay

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Tellus Resources Limited

ABN 45 144 733 595

Notice of 2013 Annual General Meeting

Notice is hereby given that the 2013 Annual General Meeting of Shareholders of Tellus Resources Ltd (**Company**) will be held at the offices of Thomsons Lawyers, Level 25, 1 O'Connell Street, Sydney NSW on Friday, 29 November 2013, at 2 pm AEDT.

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting sets out the background information on the various matters to be considered. This Notice of Annual General Meeting and Explanatory Statement should be read in their entirety.

AGENDA

1 Financial Statements and Report

To receive and consider the Company's financial statements and reports of the Directors and auditor for the financial year ended 30 June 2013.

2 Resolution 1: Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **advisory resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as set out in the Company's annual report for the financial year ended 30 June 2012 be approved."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company;

3 Resolution 2: Re-election of Anthony Wehby

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Anthony Wehby, who was appointed to the Board on 12 November 2010, who will retire at the close of the Meeting in accordance with Clause 13.2 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

4 Resolution 3: Ratification of prior issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

'That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and issue of 7,721,414 Shares on the terms and conditions set out in the Explanatory Statement.'

5 Resolution 4: Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the

Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

6 Resolution 5: Increase in Non-Executive Director Fee Pool

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.17 and clause 13.8 of the Company's Constitution, the total aggregate amount available to pay non-executive directors for their services each year be increased from \$150,000 to \$250,000.

7 Other business

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

(Please note defined terms used in this Notice have the same meanings set out in the Glossary of Explanatory Memorandum).

Notes

1 Voting Exclusions

1.1 Resolution 1 – Remuneration Report

The Company will disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of any of the following:

- (a) Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) Closely Related Parties of Key Management Personnel.

However, the Company need not disregard a vote if it is:

- (c) cast by a person as proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1 and the vote is not cast on behalf of a person described in paragraph (a) and (b) above; and
- (d) cast by the Chair as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the Chair to exercise the proxy, even if the Resolution is connected directly with the Remuneration Report and the vote is not cast on behalf of a person described in paragraphs (a) and (b) above.

1.2 Resolution 3 – Ratification of prior issue of Shares

The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue and any associate of such person.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or if the vote is cast by the Chairman for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

1.3 Resolution 4 – Approval of 10% Placement Facility;

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or if the vote is cast by the Chair for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

1.4 Resolution 5 – Increase in Non-Executive Director Fee Pool

The Company will disregard any votes cast on Resolution 5 by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2 Entire Notice

The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.

3 Voting Entitlement

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Share register of the Company at 7 pm AEDT on Wednesday, 27 November 2013.

4 Proxies

4.1 Voting by Proxy

To vote by proxy, please complete and sign the enclosed proxy form and return by the time and in accordance with the instructions set out on the Proxy Form.

In summary, under sections 250BB and 250BC of the Corporations Act:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

4.2 Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the Resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the Resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

4.3 Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the Resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the Resolution,

the chair of the meeting is taken, before voting on the Resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the meeting.

4.4 How undirected proxies held by the Chair of the Meeting will be voted

If you appoint the Chair of the Meeting as your proxy and you do not specify in the Proxy Form the manner in which you wish the Chair to vote on the Resolutions to be considered at the Meeting, you expressly authorise the Chair to vote in accordance with the voting intentions of the Chair to vote in favour of all Resolutions. In particular, if you do not direct the Chair how to vote on Item, you expressly authorise the Chair to vote in favour of Resolution 1 for the adoption of the Remuneration Report, Resolution 2 for the re-election of Anthony Wehby or Resolution 5 for the increase in the Non-Executive Director Fee Pool.

If you appoint the Chair of the Meeting as your proxy and wish to direct the Chair how to vote on some or all of the Resolutions to be considered at the Meeting, you must complete the directed proxy part of the Proxy Form (Step 2 on the Proxy Form).

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each Resolution.

5 General

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote at the Annual General Meeting.

Where more than one proxy is appointed and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes. A proxy may, but need not be, a member of Tellus Resources.

Appointment of a proxy by a member who is a corporation must be executed in accordance with section 127 of the Corporations Act.

A Proxy Form accompanies this Notice of Annual General Meeting.

To be effective, the completed proxy together with the power of attorney (if any) under which it is signed, must be received at the Company's corporate registry, Boardroom Pty Limited, at one of the addresses or the facsimile number below no later than 48 hours before the commencement of the Meeting:

- in person: Level 7, 207 Kent Street, Sydney NSW Australia
- by mail: GPO Box 3993 Sydney NSW 2001 Australia
- by facsimile: +61 2 9290 9655

- on-line: www.boardroomlimited.com.au/vote/tellusagm2013

Any proxy form received later than 48 hours before the commencement of the Meeting will not be valid for the Meeting.

6 Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting the attached "Corporate Representative Certificate" should be completed and produced prior to the Meeting.

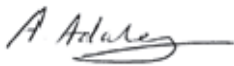
7 Questions from Shareholders

The Chair of the Meeting will allow a reasonable opportunity for shareholders to ask questions or make comments on the management of the Company at the Meeting. In addition to asking questions at the Meeting, Shareholders may address written questions to the Chair about the management of the Company, or to the Company's auditor which are relevant to:

- (a) the content of the auditor's report to be considered at the Meeting; or
- (b) the conduct of the audit of the annual financial statements to be considered at the Meeting.

Any written questions must be submitted to the Company Secretary before 5:00pm AEDT on 14 November 2013 by email to info@tellusresources.com.au, fax to (08) 8223 3235 or by mail to GPO Box 93 Adelaide SA 5001.

By order of the Board



Anne Adaley
Company Secretary
25 October 2013

2 EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders in relation to the business to be conducted at the Annual General Meeting to be held at Level 25, 1 O'Connell Street, Sydney NSW on Friday, 29 November 2013, at 2 pm AEDT.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting and is intended to provide shareholders with information that is reasonably required by them to decide how to vote upon the Resolution.

1 Financial Statement and reports

The Corporations Act requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting. In addition, the Company's Constitution provides for such reports to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders at the Annual General Meeting on such reports or statements. However, Shareholders will be given a reasonable opportunity to raise questions with respect to these reports and statements at the Annual General Meeting.

In accordance with the Corporations Act the Company is not required to provide a hard copy of the Company's Annual Report to shareholders unless a shareholder has specifically elected to receive a printed copy. Shareholders may view the Company's Annual Report on the Company's website at www.tellusresources.com.au or request a copy from the Company at any time.

2 Resolution 1: Adoption of remuneration report

The Corporations Act requires that the Remuneration Report be put to Shareholders for adoption by way of a non-binding vote. Under the current legislation, this vote is advisory and does not bind the Directors or the Company in relation to the remuneration policy.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company and is contained in the Annual Report.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3 Resolution 2: Re-election of Anthony Wehby

Section 13.2 of the Constitution provides for the retirement of one-third of the Directors (rounded up) from office at each annual general meeting of the Company. Clause 13.2 provides that such Directors are eligible for re-election at that annual general meeting.

In accordance with Clause 13.2 of the Constitution, Anthony Wehby retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

Set out below is a brief bio for Anthony Wehby:

Anthony Wehby has 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, Anthony specialised in providing corporate finance advice to a wide range of clients, including those in the mining and exploration sectors.

Anthony serves on the board of ASX-listed YTC Resources Limited (since 2007) and as Chairman of YTC since December 2011. He also serves on the board of the Royal

Rehabilitation Centre Sydney. Anthony is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Australian Institute of Directors.

The Directors unanimously support the re-election of Wehby as a Director of the Company (with Anthony Wehby abstaining).

4 Resolution 3: Ratification of Prior Issue of Shares

The purpose of Resolution 3 is for Shareholders to approve, pursuant to Listing Rule 7.4, those securities issued on 23 August 2013, which will otherwise count toward the 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of Shares detailed in Resolution 3 did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 3 proposes the approval of the previous allotment and issue of Shares for the purpose of satisfying the requirements of Listing Rule 7.4. The information required to be provided to Shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the allotment and issue:

Date of issue	23 August 2013
Number of Shares issued	7,721,414
Issue price and terms of issue	\$0.055 The Shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.
Persons to whom Shares were issued	Various sophisticated and institutional investors
Intended use of funds	Funding exploration program and working capital

5 Resolution 4: Approval of 10% Placement Facility

5.1 General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. The Company is currently undertaking exploration activities at its existing projects and is also seeking to acquire new resources assets or investments. The Company may use the funds raised from the issue of Equity Securities under the 10% Placement Facility on its existing projects and/or acquisition of new resource assets or investments.

5.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue three classes of Equity Securities: Shares, unlisted options and unlisted performance rights.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

"A"	is the number of shares on issue 12 months before the date of issue or agreement:
(a)	plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
(b)	plus the number of partly paid shares that became fully paid in the 12 months;
(c)	plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

	(d) less the number of fully paid shares cancelled in the 12 months. Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.
"D"	is 10%
"E"	is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

5.3 Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has on issue 132,614,942 Shares and therefore has a capacity to issue 19,892,241 Equity Securities under Listing Rule 7.1; and

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2.3 above).

5.4 Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

5.5 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general Meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general Meeting at which the approval is obtained; or
- (b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (10% Placement Period).

5.6 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1. Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.7 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities. The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' Meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.055 50% decrease in issue price	\$0.11 Issue price	\$0.22 100% increase in issue price
132,614,942 Current Variable A	10% voting dilution	13,291,494 Shares	13,291,494 Shares	13,291,494 Shares
	Funds raised	\$731,032	\$1,462,064	\$2,924,128
198,922,413 50% increase in current Variable A	10% voting Dilution	19,892,241 Shares	19,892,241 Shares	19,892,241 Shares
	Fund raised	\$1,094,073	\$2,188,146	\$4,376,293
265,229,884 100% increase in current Variable A	10% voting Dilution	26,522,988 Shares	26,522,988 Shares	26,522,988 Shares
	Funds raised	\$1,458,764	\$2,917,528	\$5,835,057

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the exploration activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and

- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at the 2012 Annual General Meeting.

- (f) Information under Listing Rule 7.3A.6(b):

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, and is now seeking Shareholder approval to renew its capacity to issue an additional 10% of its issued capital under Listing Rule 7.1A, it is required by Listing Rule 7.3A.6 to provide details of all issues of securities in the 12 months preceding the date of the meeting.

As required by Listing Rule 7.3A.6(a) the total number of securities issued preceding the date of meeting and the percentage they represent of the Company's securities on issue at the commencement of that 12 month period are presented in the Table below:

Total Number of Equity Securities issued in last 12 months (Listing Rule 7.3A.6(a))	
Number of Equity Securities issued	88,234,387 Shares 50,000,000 unlisted options
Percentage previous issues represent of total number of Equity Securities on issue at 14 November 2012 being commencement of the 12 month period	145%

As required by Listing Rule 7.3A.6(b) the details of all issues of securities by the Company during the 12 months preceding the date of meeting are presented in the Table below:

Details of Equity Securities Issued in Last 12 Months (Listing Rule 7.3A.6(b))	
Date of Issue	9 October 2013
Number issued	19,776,020 Shares
Class and type of Equity Security	Ordinary fully paid shares ranking equally with all other fully paid ordinary Shares
Summary of terms	Consideration to complete the acquisition of remaining 50% interest in PEL 105 from AKK Limited as approved by the Shareholders at Extraordinary General Meeting of the Company on 10 July 2013
Names of persons who received Equity Securities	AKK Limited
Issue price	\$0.088491
Discount to market price (if any)	No discount.
For cash issue	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use of remaining cash consideration	N/A
For non cash issues	
Non-cash consideration paid	50% interest in PEL 105
Current value of that non-cash consideration	\$1,750,000

Date of Issue	23 August 2013
Number issued	40,000,000 Shares
Class and type of Equity Security	Ordinary fully paid shares ranking equally with all other fully paid ordinary Shares
Summary of terms	Consideration to complete the acquisition of PNC Aust Pty Ltd as approved by the Shareholders at Extraordinary General Meeting of the Company on 10 July 2013

Names of persons who received Equity Securities	PNC Aust Pty Ltd shareholders all of which are sophisticated or institutional investors
Issue price	\$0.10
Discount to market price (if any)	No discount.
For cash issue	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use of remaining cash consideration	N/A
For non cash issues	
Non-cash consideration paid	50,000,000 shares in PNC Aust Ltd
Current value of that non-cash consideration	\$4,000,000

Date of Issue	23 August 2013
Number issued	20,736,953
Class and type of Equity Security	Ordinary fully paid shares ranking equally with all other fully paid ordinary Shares
Summary of terms	Fully paid ordinary Shares under the Placement and ranking equally with all other fully paid ordinary Shares
Names of persons who received Equity Securities	Various sophisticated or institutional investors
Issue price	\$0.10
Discount to market price (if any)	No discount.
For cash issue	
Total cash consideration received	\$2,073,695
Amount of cash consideration spent	\$1,350,000
Use of cash consideration	Funding exploration program and working capital
Intended use of remaining cash consideration	As above
For non cash issues	

Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of Issue	23 August 2013
Number issued	7,721,414
Class and type of Equity Security	Ordinary fully paid shares ranking equally with all other fully paid ordinary Shares
Summary of terms	Fully paid ordinary Shares under the Placement and ranking equally with all other fully paid ordinary Shares
Names of persons who received Equity Securities	Various sophisticated or institutional investors
Issue price	\$0.055
Discount to market price (if any)	39% discount
For cash issue	
Total cash consideration received	\$424,678
Amount of cash consideration spent	Nil
Use of cash consideration	Funding exploration program and working capital
Intended use of remaining cash consideration	As above
For non cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A
Date of Issue	23 August 2013
Number issued	45,000,000
Class and type of Equity Security	Unlisted options over ordinary fully paid Shares
Summary of terms	Unlisted options that convert into fully paid ordinary Shares in the Company on a 1:1 ratio, for nil consideration as follows: (a) 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at least \$0.175 per Share; (b) 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at

	least \$0.200 per Share; (c) 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at least \$0.225 per Share; (d) 15,000,000, when production testing of PEL 105 in either open or closed hole that can demonstrate an immediate flow capacity for the well in excess of a sustained minimum of 100 BOEPD for a period in excess of 7 days. Such test must be certified by a relevant expert in the field being either an independent consulting reservoir engineer or the contracted testing company, provided that such threshold is achieved on or prior to 31 December 2014; and (e) 15,000,000 where the Company has acquired a direct or indirect interest in the Wichita County Project and the Production from the leases which form the Wichita County Project reaches an average of 50 BOEPD over a three month period. Further terms are set out in Annexure D of the Notice of EGM.
Names of persons who received Equity Securities	Carl Dorsch
Issue price	Nil.
Discount to market price (if any)	N/A
For cash issue	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use of remaining cash consideration	N/A
For non cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A
Date of Issue	24 September 2013
Number issued	5,000,000

Class and type of Equity Security	Unlisted options over ordinary fully paid Shares
Summary of terms	Unlisted options over fully paid ordinary Shares with an exercise price of \$0.20, exercisable on or before 24 September 2017
Names of persons who received Equity Securities	Sophisticated and institutional investors introduced by Helmsec Global Capital Limited
Issue price	Nil. The exercise price of these options is \$0.20.
Discount to market price (if any)	N/A
For cash issue	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use of remaining cash consideration	N/A
For non cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6 Resolution 5: Increase in Non-Executive Director Fee Pool

Under both ASX Listing Rule 10.17 and clause 13.8 of the Company's Constitution, the total aggregate remuneration per annum that may be paid to non-executive Directors can only be increased by ordinary resolution of a meeting of Shareholders of the Company.

The current approved pool of aggregate fees to be paid to non-executive Directors is \$150,000 per annum, which is set out in clause 13.8 of the Company's Constitution.

The Directors wish to increase the approved pool of aggregate fees for non-executive Directors by 66.67% to \$250,000.

The maximum amount that may be paid to non-executive Directors as a whole is \$250,000.

Non-executive director remuneration reflects the Company's desire to attract, motivate and retain high quality directors and to ensure their active participation in the Company's affairs for the purposes of corporate governance, regulatory compliance and other matters. The Board aims to provide a level of remuneration for non-executive directors comparable with its peers, which include other exploration companies.

The proposed increase will provide the Company with the flexibility to ensure that an experienced board of appropriate size and expertise continues to supervise the Company effectively.

The total amount of fees payable to Directors from the approved pool includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

A voting exclusion statement is included in the Notice.

GLOSSARY OF TERMS

In this Explanatory Statement the following expressions have the following meanings:

Annual General Meeting or Meeting	means the annual general meeting of shareholders of the Company convened by this Notice
Annual Report	means the 2013 Annual Report of the Company
ASIC	means the Australian Securities and Investments Commission
ASX	means ASX Limited ABN 98 008 624 691 or the securities market which it operates, as applicable
Board	means the board of Directors of the Company
BOEPD	means barrels of oil equivalent per day
Closely Related Party	of a member of the Key Management Personnel means: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the Corporations Regulations 2001 (Cth)
Company	means Tellus Resources Ltd ABN 35 144 733 595
Constitution	means the Constitution of the Company
Corporations Act	means the Corporations Act 2001 (Cth)
Director	means a director of the Company (from time to time as the context requires)
Dorsch ESA	has the same meaning in the Notice of EGM
EGM	means the Extraordinary General Meeting of the Company held on 10 July 2013
Equity Securities	has the same meaning as in the Listing Rules
Explanatory Statement	means the explanatory statement attached to the Notice of Meeting

Key Management Personnel	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company
Listing Rules	means the listing rules of the ASX
MMSTB	means Million Stock Tank Barrels
Notice or Notice of Meeting	means the notice of 2013 Annual General Meeting which accompanies this Explanatory Statement
Notice of EGM	Means the notice of meeting in respect of the EGM dated 6 June 2013
PEL105.	means Petroleum Exploration Licence 105 issued under the SA Petroleum Act
Remuneration Report	Means the section of the Directors' report for the 2013 financial year that is included under section 300A(1) of the Corporations Act
Resolution	means a resolution referred to in the Notice of Meeting
SA Petroleum Act	means the Petroleum and Geothermal Energy Act 2000 (SA)
Share	means a fully paid ordinary share in the capital of the Company
Shareholder	means a holder of a Share
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules
VWAP	means volume weighted average price
Wichita County Project	means 5 leases located in Wichita County, Wichita Falls, Texas, USA

CORPORATE DIRECTORY

ABN 35 144 733 595

Directors

Anthony Wehby - Non-Executive Chair
Carl Dorsch - Managing Director
Richard Willson - Non-Executive Director
Ben J Salmon RFD QC - Non-Executive Director

Company Secretary

Anne Adaley
George Yatzis

Registered Office and Principal Place of Business

Level 5/70 Pirie Street,
Adelaide
South Australia
T: (08) 8100 9208
F: (08) 8223 3235
E: info@tellusresources.com.au

Share Register

Boardroom Limited
Level 7
207 Kent Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

Securities Exchange Listing

ASX Code: TLU

Auditor

Grant Thornton Audit Pty Ltd
Level 19
2 Market Street
Sydney NSW 2000
T: (02) 8297 2400
F: (02) 9299 4445
www.grantthornton.com.au

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All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00pm (AEDT) on Wednesday 27th November 2013.**

🖥 TO VOTE ONLINE

STEP 1: VISIT www.boardroomlimited.com.au/vote/tellusagm2013

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your Voting Access Code:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm (AEDT) on Wednesday 27th November 2013.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.boardroomlimited.com.au/vote/tellusagm2013

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Tellus Resources Limited

ABN 35 144 733 595

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Tellus Resources Limited** and entitled to attend and vote hereby appoint

☐

Appoint the **Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the offices of **Thomsons Lawyers, Level 25, 1 O'Connell Street, Sydney NSW 2000 on Friday, 29 November, 2013 at 2:00pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

☐

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of resolutions 1 & 5, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolutions 1 & 5 and that votes cast by the Chair of the meeting for these resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolutions 1 and 5 and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	☐	☐	☐
Resolution 2	To re-elect Mr Anthony Wehby as a Director	☐	☐	☐
Resolution 3	Ratification of prior issue of Shares	☐	☐	☐
Resolution 4	Approval of 10% Placement Facility	☐	☐	☐
Resolution 5	Increase in Non-Executive Director Fee Pool	☐	☐	☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2013