ASX RELEASE

30 October 2013

Tellus Resources Ltd is an Australian-based oil & gas and mineral exploration company with licences in South Australia, Queensland and New South Wales.

Directors:

Anthony Wehby - *Chairman*
Carl Dorsch - *Managing Director*
Richard Willson - *Non-Executive Director*
Ben Salmon - *Non-Executive Director*

Issued Shares:

132,614,942 ordinary shares

Tellus Resources Ltd
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QUARTERLY ACTIVITIES REPORT
30 SEPTEMBER 2013

HIGHLIGHTS

- **Spudded the Pirie-1 oil and gas exploration well in PEL 105 in the South Australian Cooper Basin.**
- **Farmed out PEL 105 to Senex Energy Ltd (SXY) – TLU is fully carried through Pirie-1.**
- **Completed the acquisition of 100% of PEL 105 from Austin Exploration Limited (AKK)**
- **Held an Extraordinary General Meeting at which all resolutions put to shareholders were overwhelmingly passed.**

PEL 105 & PIRIE-1 (TLU 50%)

Hunt Rig No. 3

The Company undertook a number of commercial transactions in the quarter which facilitated the spud of the Pirie-1 exploration well in PEL 105 on 1 October 2013.

As announced on 11 September 2013, the PEL 105 permit has been farmed out to respected Cooper Basin player, Senex Energy Ltd (SXY). TLU completed the previously announced purchase of the remaining 50% interest in PEL 105 from Austin Exploration Limited (AKK) for the issuance of 19,776,020 ordinary shares in the Company. TLU now holds 100% of PEL 105.

TLU is now fully carried (up to $3.5M) through the cost of Pirie-1 as SXY earns a 50% working interest in the permit. TLU expects the well to cost less than $3.5M with any excess cost over $3.5M to be borne by the Company.

Comments about results of Pirie-1 post end of quarter.

SXY will assume Operatorship of PEL 105 post the drilling of Pirie-1 and will then drill another well in the permit, fully carrying TLU thereon, to earn an additional 20% working interest.

TLU will then have a 30% equity interest in the permit, be carried through two wells, and expects the permit to be converted into a longer term retention lease thereafter.

ATP 904P (TLU 100%)

The Company has a right to acquire a 100% working interest in ATP 904P in Queensland's Surat Basin from Beach Energy Ltd (BPT). The transaction is subject to Ministerial approval, which has not yet been received. The Company expects further clarity on this approval process in the quarter ending 31st December 2013.

CHILLAGOE GOLD PROJECT, QLD (TLU 100%)

During the Quarter, the Company continued to work on the most effective strategy to maximise the value of its Chillagoe gold assets including the opportunity to negotiate with prospective suitable joint venture partners. No physical work was undertaken at Chillagoe in the quarter.

NEW SOUTH WALES EXPLORATION TENEMENTS (TLU 100%)

The Company did not undertake any material exploration activity on its New South Wales tenements in the quarter.

CORPORATE

The Company held an Extraordinary General Meeting on 10 July 2013 to consider various resolutions associated with the acquisition of oil and gas interests. All resolutions were overwhelmingly passed.

Mr Carl Dorsch was appointed as the Company's Managing Director at the Meeting.

The Company subsequently undertook a placement of ordinary shares, raising approximately $2.4M. At 30 September 2013 the Company had a cash balance of $3.515M.

The Company will hold its Annual General Meeting on 29 November 2013.

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	**30 September 2013**

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (3 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	(866)	(866)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(632)	(632)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		9	9
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		(1,489)	(1,489)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a) prospects		
		(b) equity investments	-	-
		(c) other fixed assets	-	-
1.9	Proceeds from sale of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	-
		(d) disposal of interest in PEL 105	1,750	1,750
1.10	Loans to other entities		(197)	(197)
1.11	Loans repaid by other entities		-	-
1.12	Other (Cash on hand of PNC Aust Pty Ltd upon acquisition on 23 Aug 2013)		19	19
	Net investing cash flows		1,572	1,572
1.15	Total operating and investing cash flows (carried forward)		83	83

1.15	Total operating and investing cash flows (brought forward)	83	83
	Cash flows related to financing activities		
1.16	Proceeds from issues of shares, options, etc.	2,499	2,499
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	(202)	(202)
	Net financing cash flows	2,297	2,297
Net increase (decrease) in cash held			
1.22	Cash at beginning of quarter/year to date	1,135	1,135
1.23	Exchange rate adjustments to item 1.20	-	-
1.24	**Cash at end of quarter**	3,515	3,515

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	134
1.26	Aggregate amount of loans to the parties included in item 1.10	197

1.27 Explanation necessary for an understanding of the transactions

1.25 - Directors fees / salary for the period and consultants fees paid to director related entities
1.26 - Loan payments from Tellus Resources Ltd (Tellus) to PNC Aust Pty Ltd (PNC) prior to acquisition of PNC by Tellus on 23 August 2013.

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

TELLUS RESOURCES LTD

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	1,750
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	2,000

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	1,959	14
5.2	Deposits at call	1,516	1,081
5.3	Commercial Bills	-	-
5.4	Other: Term Deposit	40	40
	Total: cash at end of quarter (item 1.22)	3,515	1,135

Changes in interests in mining tenements

		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	Nil			
6.2	Interests in mining tenements acquired or increased	PEL 105	50%	0%	50%

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	112,838,922	90,880,828		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-back	68,458,367	46,500,273		
7.5	**Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options**			*Exercise price*	*Expiry date*
	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
	Unlisted	45,000,000	-	Nil	Tenure of MD
	Unlisted	5,000,000	-	20 cents	17 Sep 2017
7.8	Issued during quarter	45,000,000		Nil	Tenure of MD
		5,000,000		20 cents	17 Sep 2017
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	**Debentures** *(totals only)*				
7.12	**Performance Rights** *(totals only)*	1,050,000	-		
7.13	**Unsecured notes** *(totals only)*				

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 October 2013

George Yatzis

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.