

ANNUAL TECHNICAL REPORT EL27971 FOR PERIOD ENDING 19TH OCTOBER 2014

| 12th December 2014



Titleholder:	Tellus Holdings Ltd		
Operator:	Tellus Holdings Ltd		
Tenements:	EL27971 Bluebush		
Project Name:	Bluebush Project		
Report Title:	Annual Technical Report for EL27971		
	"Bluebush" for the period 20 October 2013 to		
	19 October 2014		
Author:	Jaime Livesey		
Target Commodity:	Halite (Sodium chloride) and trace minerals		
Date of Report:	12 December 2013		
Datum/zone:	GDA94 / zone 53		
250K map sheet:	SG5302 Rodinga		
100K map sheet:	5848 Pillar Range		
Address:	Tellus Holdings Ltd		
	Suite 1, Level 5, 71 Macquarie Street		
	Sydney, NSW, 2000		
Telephone:	+61 2 9241 7678		
Fax:	+61 2 9241 7691		
Email for further Technical details:	jaime@tellusholdings.com		
Email for Expenditure:	duncan@tellusholdings.com.au		
	1		

TELLUS HOLDINGS LTD ABN: 97 138 119 829 E: info@tellusholdings.com.au Suite 501, Level 5 71 Macquarie Street Sydney NSW 2000

T: +61 2 9238 7678 **F:** +61 2 9241 7691





COPYRIGHT

The owned information acquired by Tellus Holdings Ltd includes all information under the previous work by Tellus Holdings Ltd and work during reporting year sections. The rest of the information has been sourced from open reports and data through the Department of Mines and Energy. The Minister has authority to publish the copyrighted information accordingly.



Table of Contents

Exec	cutive Summary	1		
1	Introduction	2		
2	Project Description	2		
3	Location	2		
4	Tenure	2		
5	Regional Geology	3		
6	Local Geology	6		
7	Exploration activities conducted 2010-2011			
8	Exploration activities conducted 2011-2012	9		
9	Exploration activities conducted 2012-2013	9		
10	Exploration activities during current year	9		
	10.1 Drilling program on nearby tenement EL29018	9		
	10.2 Exploration Target	9		
	10.3 Review of Target Sites	11		
11	Proposed exploration	11		
12	References	12		



EXECUTIVE SUMMARY

The Bluebush Project is located in the Amadeus Basin, approximately 120km south east of Alice Springs. Tellus Holdings consider this area to be prospective for evaporitic mineralisation. This annual report relates EL27971 Bluebush for the reporting period ending 19th October 2014.

Tellus is targeting subsurface salt deposits to assess potential evaporitic mineralisation within the Amadeus Basin. Two known salt units are present in the region, namely the Chandler Formation and the deeper Gillen Salt Member.

Exploration activities to date indicate a significant thickness of massive to semi massive halite exists in the Bluebush project area within the Chandler Formation at a depth of approximately 808m – 1,478m.

During the reporting period Tellus completed a diamond drilling program on nearby tenement EL29018. Core sampling collection and wireline logging were completed. Geochemical and mineralogical analysis results were positive confirming massive halite unit.

In order to assess potential evaporitic mineralisation further; drilling, core sampling and geochemical analysis of samples is required. Additional seismic data acquisition and processing would improve data coverage over the project area giving greater confidence is the salt unit model.



1 INTRODUCTION

EL27971 is located in the Amadeus Basin, approximately 120km south east of Alice Springs. Tellus Holdings consider this area to be prospective for evaporitic mineralisation.

2 PROJECT DESCRIPTION

The Bluebush Project is targeting subsurface salt deposits to assess potential evaporitic mineralisation within the Amadeus Basin. Two known salt units are present in the project area, namely the Chandler Formation and the deeper Gillen Salt Member. Exploration activities by Tellus have included initial assessment of open file geochemical and geophysical data, detailed review of petroleum well data, seismic interpretation and modelling, geochemical analysis and mineralogical investigation of core samples from previously drilled petroleum wells and from two drillholes completed by Tellus in 2013-2014.

3 LOCATION

The tenement EL27971 is located in the southern part of the Northern Territory, approximately 120km south east of Alice Springs (Figure 1). The area can be accessed via station tracks and stock routes.

4 TENURE

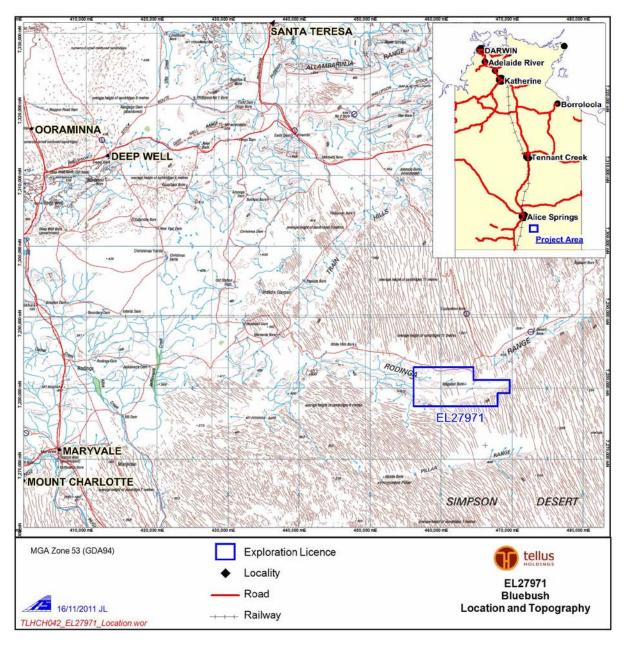
Exploration licences EL27971 "Bluebush" was granted to Tellus Holdings Ltd on the 20th October 2010 for a 6 year term. Tenure details are summarized in table 1.

Table 1: Details of Exploration Licence EL29017 held by Tellus Holdings

TENURE	NAME	STATUS	EFFECTIVE_DATE	EXPIRY_DATE	SUBBLOCKS
EL27971	Bluebush	Grant	20/10/2010	19/10/2016	20



Figure 1: Project Location and Topography



5 REGIONAL GEOLOGY

The Amadeus Basin is an asymmetrical, east-west trending, intracratonic depression covering 155000 sq km of central Australia (Figure 2).

The oldest elements of the Amadeus Basin are Neo-Proterozoic units having a very restricted known extent. These units consist of clastic sedimentary rocks and basalts along the south western margin of the basin (Mount Harris Basalt, Bloods Range Beds, Dixon Range Beds) and an unnamed succession of sedimentary rocks, basalt and dacite near Kintore in the north-west. The units have



been interpreted as a rift sequence marking the opening of the Amadeus Basin (Lindsay and Korsch, 1989).

The fluvio-volcanic rift sediments are unconformably overlain by epeirogenic clastics of the Heavitree / Dean quartzites, followed by carbonates and evaporites of the Bitter Springs Formation. The Bitter springs Formation is terminated by an erosional surface upon which shallow marine and glacigene sediments of the Inindia Beds and its equivalents in the northern Amadeus Basin were deposited. An unconformity surface within the Bitter springs Formation at or near the top of the Gillen Member has wide extent and can be used as a seismic marker.

The top of the Inindia Beds is marked by a flooding surface upon which deeper water pelagic and turbiditic sediments accumulated. This deeper marine sequence is known as the Winnall beds in the south and the Pertatataka Formation in the north. It shallows upward into shallow marine and fluvial clastics in the south west and oolitic platform carbonates of the Julie Formation in the north. The Inindia Beds are thickest in the west and centre of the basin and are absent from the eastern margin of the basin.

The Late Proterozoic phase of deposition was terminated in the south by the Petermann Ranges Orogeny, a period of mountain building, recumbent folding and northward overthrusting (Wells et al. 1970). Molasse sediments were shed north and north-east from uplifted areas and accumulated in a foreland style basin immediately before the rising orogen (Mt Currie Conglomerate, Ayers Rock Arkose), bypassed the middle and eastern fringes of the basin, and accumulated as a prograding deltaic sequence in the north (Arumbera Sandstone).

The Petermann Ranges Orogeny shaped the framework of the Palaeozoic basin, and a northern trough initiated at this time persisted through most of the Palaeozoic. The southern central and south eastern parts of the basin remained uplifted. Palaeozoic sequences in these areas are generally thin with common significant breaks in accumulation.

During the early Cambrian, continental sedimentation persisted in the north-west (Cleland Sandstone), while shallow marine shales, carbonates and evaporites were deposited in the northeast (Shannon, Giles Creek and Chandler Formations). A widespread transgressive cycle in the Late Cambrian resulted in the deposition of the Goyder Formation.

Two transgressive cycles during the Ordovician resulted in the alternating deposition of tidal flat/barrier bar sands and deeper marine, euxinic muds and silts (Pacoota Sandstone, Horn valley Siltstone, Stairway sandstone, Stokes Siltstone). These sediments form the source-reservoir-seal sequence of the Mereenie and Palm valley hydrocarbon fields in the north-western Amadeus Basin. Of this Larapinta Group, only the Stairway Sandstone persists into the centre and southeast of the basin.

Marine deposition was terminated by the Late Ordovician Rodingan Movement. Uplift of the northeastern basin resulted in the erosion of up to 3000m of Cambro-Ordovician sediments. This area became the source region for the Early Devonian Carmichael and Mereenie Sandstone. Arid climatic conditions prevailed with sediments transported by both aeolian and fluvial action into a shallow sea transgressing from the west.

Major uplift of the Arunta block along the present northern margin of the basin commenced in the Middle Devonian. Continental deposition continued as thick molasse sediments accumulated south



of the uplifted area. High depositional loading at this time contributed to movement of the Bitter Springs Formation and Chandler Formation evaporites.

A lacustrine siltstone (Parke Siltstone) was laid down conformably on the Meerenie Sandstone, and after uplift, coarser sediments were deposited (Hermannsburg Sandstone, Brewer Conglomerate). These three units, comprising the Pertnjara Group, thin and become finer grained to the south.

Uplift of the Musgrave Province and deformation of the southern Amadeus sequence culminated in the Early-Middle Devonian Finke Movement (Polly Conglomerate), after which fluvial sands of the Langra Formation and estuarine silts of the Horseshoe Bend Shale accumulated. These sediments comprise the Finke Group, which is the southern time equivalent of the Pertnjara Group, although the former sequence fines upward in contrast.

Regional deposition was terminated in the Late Devonian-Early Carboniferous by the Alice Springs Orogeny. Some earlier structures were reactivated during this period of deformation. Substantial uplift of the basement Arunta block along the current northern margin initiated movement of thrust sheets in the Alice Springs and Altunga regions, and resulted in significant structuring of the basin. North over south thrusting and reverse faulting is typical of Alice Springs orogeny deformation.

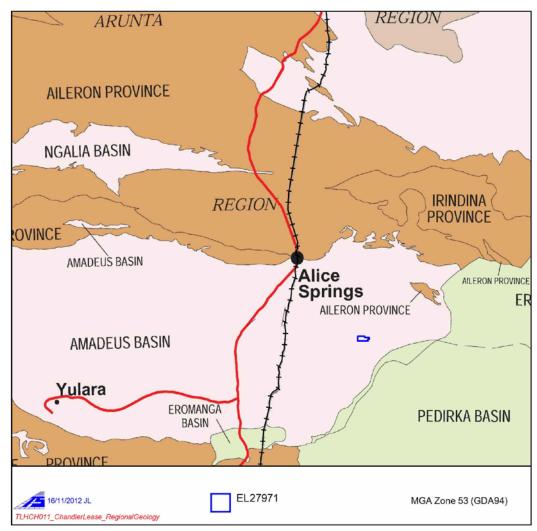


Figure 2: Geological Regions of Northern Territory (adapted from NTGS, 2006)



6 LOCAL GEOLOGY

The project area overlies 1:250K map sheets Rodinga, which was geologically mapped in 1964 by the Bureau of Mineral Resources. EL27971 overlies the Rodinga Ranges, marked by Palaeozoic sandstones and Cambrian Pertaoorrta Group outcrop. Surface geology is shown in Figure 3 and stratigraphy is included as figure 4.

The stratigraphy within the area has been well defined from drilling of petroleum well Bluebush 1, the generalised local stratigraphy is given in Table 2 and published stratigraphic correlation across the Southern Amadeus basin is shown in figure 5.

Bluebush No. 1 EL27971 1-9 RT E MGA Zone 53 (GDA94) Exploration Licence tellus Petroleum Well EL27971 Road Bluebush 16/11/2011 JL Geology Railway 1 1 1 TLHCH043_EL27971_LocalGeology.woi

Figure 3: Local Geology over EL27971



Undifferentiated wium, sand, travertine, gypsum, conglomerate (section only) Q Qa Alluvial gravel, sand and silt Qs Aeolian sand QUATERNARY Travertine QI Qg Gypsum Qc onglomerate Undifferentiated Sandstone, calcareous silty sandstone, conglomerate, limestone (section and rock relationship diagram only) onic limestone, siltstone and calcareous san Tc Conglomerate TERTIARY Silcrete (grey billy) Та Laterite, ferricrete dstone, siltstone, conglomerate, clay and some lignite Тs CRETACEOUS Rumbalara Shale ous shale, siltstone, porcellanite, sandstone JURASSIC ? De Souza Sandstone Md Sandstone, pebbly sandstone, conglomerate and siltstone Santo Sandstone Pzt andstone, pebbly sandstone, minor claystone Group Horseshoe Bend Shale Red-brown biotite shale, grey-green calcareous siltstone inke Langra Formation Pzn bbly sandsto erate, siltstone (section only) DEVONIAN TO Undifferentiated Pzp CARBONIFEROUS ne, pebbly sandstone, conglo nerate and siltstone Group Brewer Conglomerate Pzb Coarse conglomerate rtnjara Hermannsburg Sandstone Pzr ed-brown sandstone, pebbly sandstone, minor siltstone Parke Siltstone Pzk illstone, calcareous siltstone and fine silty sandstone interbeds SILURIAN? TO CARBONIFEROUS Undifferentiated Pz Sandstone, pebbly sandstone SILURIAN? TO DEVONIAN Mereenie Sandstone Pzm White cross-bedded sandstone Undifferentiated ous sandstone, siltstone, shale, limestone Stokes Siltstone OI ne, shale, fossiliferous limestone CAMBRIAN TO ORDOVICIAN ne, silty sandstone, siltstone and limestone; Stairway Sandstone Os Horn Valley Siltstone siliferous siltstone, shale and limestone Pacoota Sandstone €-Op Fossiliferous sandstone and silty sandsto Undifferentiated €p Goyder Formation €g rous silty sandstone, siltstone and limestone Jay Creek Limestone £j stone, shale and dold Shannon Formation €s siliferous siltstone, shale and limeston CAMBRIAN Giles Creek Dolomite Ck slone, siltstone, and shale Ci Chandler Limestone ne and dolomite with chert laminae Đr Todd River Dolomite Pink fossiliferous glauconitic dolomite, minor shale Arumbera Sandstone €a Red-brown sandstone, conglon neratic sai Istone and shale with lenses of sand estone and conglomerate Pup Pertatataka Formation Pupc eratic sandstone Julie Member Puj ses of calcareous san Waldo-Pedlar Member Pul ne, shale and fine-grained thin-bedded sandstone Olympic Member Puf te, siltstone, sandstone, dolomite PROTEROZOIC Limbla Member PE Ringwood Member Pur Igal dolomite, limestone and siltstone Areyonga Formation Conglomeratic siltstone, sandstone, conglomerate, minor dolomite with red chert Bitter Springs Formation Pub Dolomite, limestone, siltstone, sandstone, shale; some volcanics

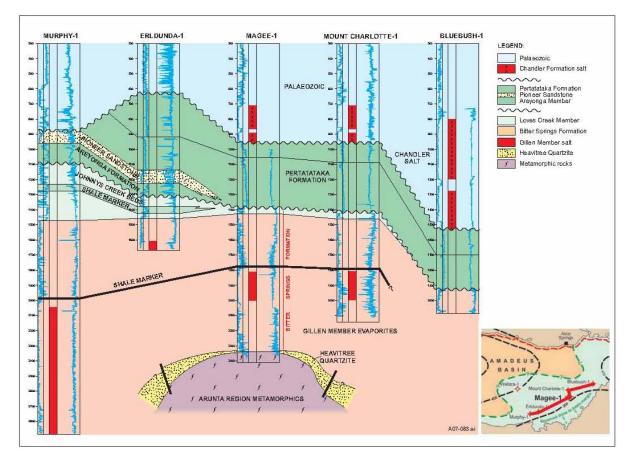
Figure 4: Stratigraphy (from Rodinga SG5302 1:250K map sheet)



Table 2: Generalised stratigraphy for the Project area

AGE		STRATIGRAPHY			
Cainozoic	Quaternary	undifferentiated			
	Tertiary		undifferentiated		
Palaeozoic	Devonian		Santo Sandstone		
		Finke Group			
		Pertnjara Group	Pertnjara Formation		
	Ordovician	Larapinta Group	Stairway Sandstone		
	Cambrian	Pertaoorrta	Jay Creek Limestone		
		Group	Chandler Formation		
			Arumbera Formation		
Precambrian	Upper		Winnall Beds	Pertatataka Formation	
	Proterozoic		Bitter Springs Formation	Loves Creek Member	
				Gillen Member	Upper Gillen
					Gillen Salt
					Lower Gillen
			Heavitree Quartzite		
	Middle	Musgrave Block	Arunta Complex		
	Proterozoic				

Figure 5: Correlation between wells (from Young and Ambrose, 2007)





7 EXPLORATION ACTIVITIES CONDUCTED 2010-2011

Exploration by Tellus within this reporting period was limited to literature reviews.

8 EXPLORATION ACTIVITIES CONDUCTED 2011-2012

Tellus completed the requirements for the Mine Management Plan ("MMP") for exploration operations for the Chandler Project. The MMP was approved in August 2012 for proposed seismic and drilling over target areas within the Bluebush sub-project (EL27971) and within the Charlotte sub-project (EL27972 and EL29018).

Tellus completed a prefeasibility study for the Chandler Salt Project.

9 EXPLORATION ACTIVITIES CONDUCTED 2012-2013

Exploration during the current reporting period were focussed on Tellus' Chandler project area. Seismic review and geotechnical studies were completed. The results providing information for project advancement. The definitive feasibility study commenced during 2013 to look at all aspects of the project, such as; best mining method, logistics, costs and technical aspects of the project. Drilling commenced within EL29018.

10EXPLORATION ACTIVITIES DURING CURRENT YEAR

10.1 Drilling program on nearby tenement EL29018

To confirm the depth and thickness of the Chandler salt Formation over the project area, two deep diamond drillholes (CH001A, CH003) were completed on nearby tenement EL29018 (Figure 6). The locations were selected based on combination of factors included proximity to existing seismic lines, interpreted depth and thickness of Chandler Formation. The drilling program took place from November 2013 to January 2014. The Chandler Formation was intersected in both drillholes, with high recovery of core achieved. Samples were sent for chemical and mineralogical analysis, results were positive confirming high grade halite.

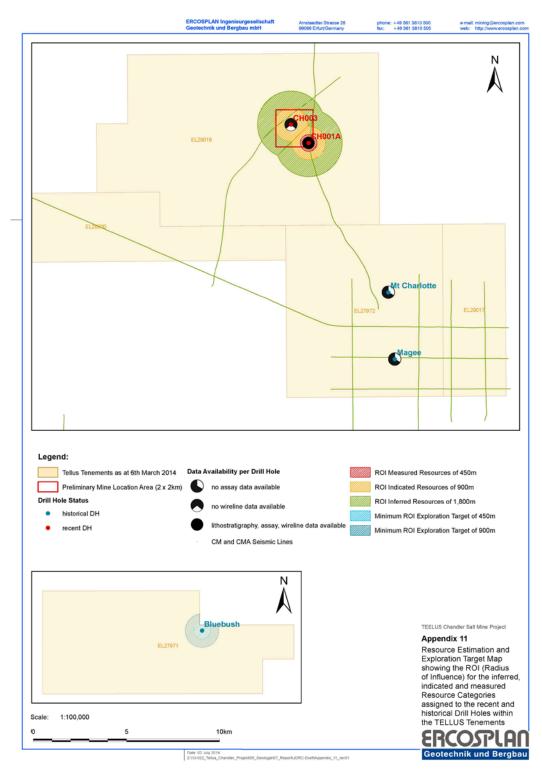
10.2 Exploration Target

Tellus commissioned Ercosplan to complete a JORC Technical Report for the Chandler Salt deposit, which included an exploration target estimation for Bluebush Project within EL27971 (Ercosplan, 2014).



The exploration target estimation was calculated using a radius of influence of 450m (minimum) and 900m (maximum) around petroleum well Bluebush 1 (Figure 6). Using a density of 2.22 g/cm³ and a NaCl grade of 93.64%, provided a target estimation of 812-2921 million tonnes of NaCl (Ercosplan, 2014).

Figure 6: JORC estimation





10.3 Review of Target Sites

Tellus conducted a thorough review of all target sites, short listing the most prospective sites for future exploration and recommending the least prospective for relinquishment. It was recommended that EL27971 be retained.

11PROPOSED EXPLORATION

Exploration activities to date indicate a significant thickness of massive to semi massive halite exists within the Chandler Formation. In order to assess potential evaporitic mineralisation further; drilling, core sampling and geochemical analysis of samples is required. During 2015 Tellus will review all held tenure and make recommendations for future exploration.



12 REFERENCES

Ercosplan. (2014). Chandler Salt Mine Project, Technical Report. Erfurt, Germany: Ercosplan Geotechnik und Bergbau.

Northern Territory Geological Survey, March 2006. Geological Regions of the Northern Territory map sheet.

Wakelin-King, G. and Austin L., 1992. EP 38, Well Completion Report Magee 1 Northern Territory. Pacific Oil & Gas. Limited, Report no. 304715. NTGS Open File Petroleum Report PR1992-0121

Young IF, Ambrose GJ, 2007. Petroleum geology of the southeastern Amadeus Basin: the search for sub-salt hydrocarbons. In Munson TJ and Ambrose GL (editors) 'Proceedings of the Central Australian Basin Symposium, Alice Springs, Northern Territory, 16/18 August 2005'. NTGS Special Publication 2, 183-204