

16th January 2014

Chandler Stage One Drilling Program Successfully Completed

Key points:

- ➔ Tellus completed stage one drilling program at Chandler Salt Mine Project in the Northern Territory
- ➔ Two holes drilled totalling 1,937 m, Chandler salt bed 260 m thick
- ➔ Drilling confirms key mine plan assumptions
- ➔ Independent German salt expert Dr Henry Rauche (ERCOSPLAN) confirms no fatal flaws identified
- ➔ Next steps:
 - Core samples to be sent to Australian and German laboratories for detailed chemical and geo-technical analysis
 - JORC resource report to be prepared by ERCOSPLAN
 - Definitive feasibility study stage one report expected by April 2014

Tellus Holdings Ltd (Tellus) has successfully completed the stage one drilling program at the Chandler Salt Mine Project, 120 km south of Alice Springs in the Northern Territory.

Two drill holes were completed at a total length of 1,937 m. CH003 intersected the top of salt unit at 772 m and CH001 at 825 m. CH001 was cored from surface to 1,094 m and showed 260 m thick salt bed.

Fig 1: Drilling salt core at CH003



Drill holes have confirmed the key mine planning assumptions used in the prefeasibility study and these results are consistent with historic drilling results and seismic interpretation of the Chandler salt formation over the project area. Site specific information has expanded regarding mine access planning, underground mine design, salt volume, quality and process and geotechnical issues associated with the mine safety case and site selection criteria.

Preliminary geological and geotechnical assessment of recovered core indicate two layers of salt suitable for future dual mining/storage business.

Core was assessed onsite by one of the world's leading salt experts.

Fig 2: Core assessment by Dr Rauche MD of ERCOSPLAN

Dr Henry Rauche Managing Director of ERCOSPLAN said: "Based on the initial analysis, very good core recovery has been achieved, good quality halite mineralisation is evident, there are two layers of salt suitable for future dual mining/ storage business and there appear to be no fatal flaws identified at this stage".



"The Company is delighted with the results which assists in supporting the technical and commercial aspects of the business case," Tellus Managing Director Duncan van der Merwe said.

The next steps are for the core samples from both drill holes to be sent to Australian and German laboratories for detailed chemical and geotechnical analysis with results expected late February 2014.

An independent JORC resource report will be prepared by ERCOSPLAN by March 2014. Product assessment studies and definitive feasibility study stage one report is expected by April 2014.

Fig 3: Pure salt core on left and salt core with associated minerals on the right



About ERCOSPLAN

ERCOSPLAN is a German based engineering company recognised by international financial institutions and regulators around the world for its mineral salt, potash exploration and development expertise and salt mine/backfill expertise. ERCOSPLAN has over 50 years' experience; has 125 engineers, scientists, technicians and experts; has worked on over 500 projects around the world; has designed over 100 plants and has been involved in developing more than 20 different mineral salt and potash products.

About Tellus Holdings

Tellus Holdings Ltd ("Tellus") is an Australian exploration company in mine evaluation stage with an attractive portfolio of rock salt and kaolin deposits. Tellus' flagship projects are a proposed underground rock salt mine in the Northern Territory and a proposed kaolin mine in Western Australia. Tellus is the parent of a group of companies that plans to be involved in mine building, processing and the sale of industrial and edible salts, associated salt minerals and kaolin. Proposed complementary businesses include the safe storage in voids created by mining as is done in countries like the UK, EU, USA and Canada.

For further information on Tellus:

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