

## SHAREHOLDER UPDATE

16 February 2012

### PNG EXPLORATION UPDATE

#### Kupiano Office

The Company has now established its first permanent presence in PNG by establishing its PNG Operational Office at Kupiano in the Abau District. Kupiano is located immediately north of the Sunday Prospect on Marshall Lagoon.



The Kupiano office has been a hive of activity during the Abau Shallow water seismic survey and will be an important centre for the Company going forward with the exploration program in PNG. While the premises are not in the modern office category, it does provide an important operations and residential base for the team and has certainly announced to the local people that we are here and actively exploring.

Improvements continue to be made to the premises, but the limited access to facilities can make for testing circumstances at time.



#### **Abau Shallow Water Seismic Survey**

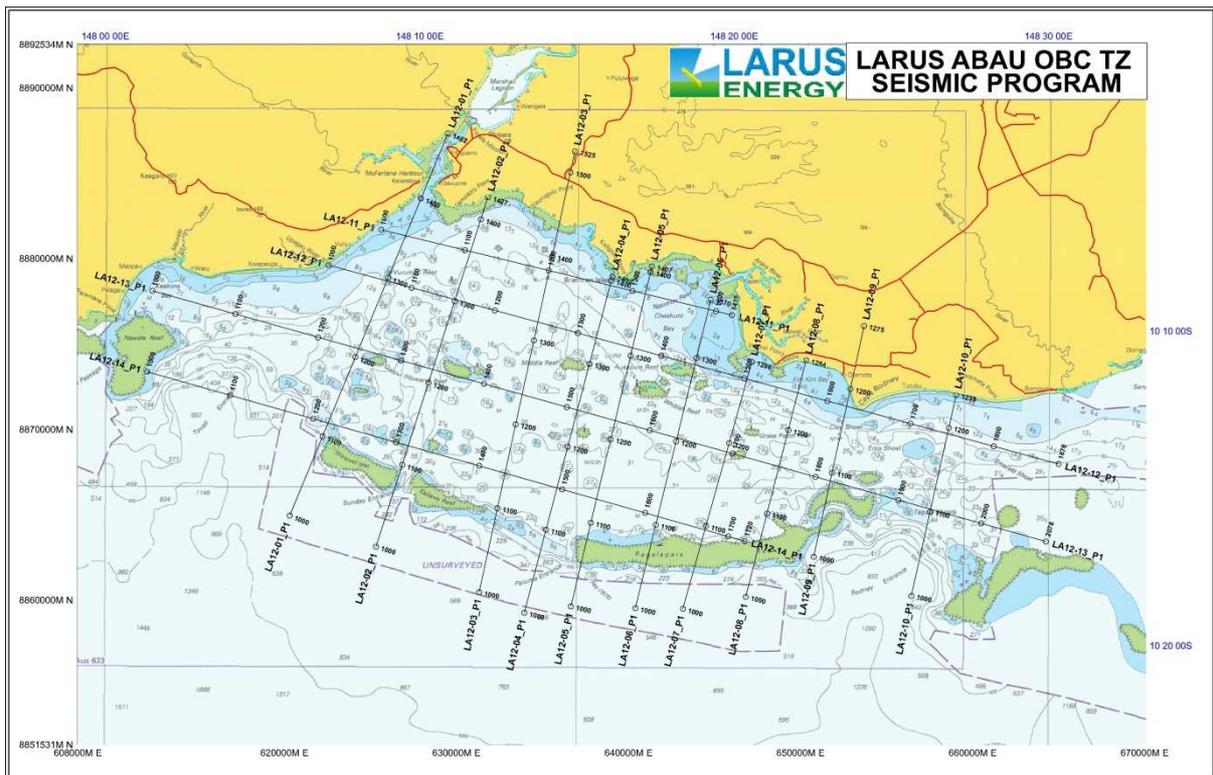
As previously advised, the Company engaged Geokinetics (Australasia) Pty Ltd (“Geokinetics”) to conduct a 2D seismic survey (“Abau Shallow Water Seismic Survey”) in the Company’s PPL 326 tenement in PNG in the waters adjacent to Kupiano in the Central Province of PNG.

The Geokinetics team, using the vessels MV Trinity Revival, MV Neiuw Holland and MV Ocean Image, are now about 2/3rds of the way through the survey. Initially the work was hampered by some very rough weather, but since then conditions have been ideal and the daily acquisition rate has increased significantly. At the end of the survey we will have met our work commitments for offshore seismic in years 3 and 4.





Upon completion of the acquisition work, the data will then be processed, after which Mike Swift will complete his interpretation of the data, the results of which are likely to come out around April 2012.



The new data is anticipated to provide us with further information regarding the Sunday Prospect and the Aroma and Rodney Strong Leads as well as the first look at what might occur in the onshore area.

### Community Awareness

The Larus Energy team has increased its focus and work in relation to informing the various villages in the Abau District of the work the Company is currently undertaking and is proposing to undertake

later this year. We have been met with very strong interest in and enthusiasm for the work being undertaken by the Company. This is the first time this region has experienced oil and gas exploration work and getting to as many villages as we can to inform them of our work has become a number one priority. Having well informed and understanding communities is essential for the Company's next stage of exploration work, being the onshore seismic survey, planned for the second half of this year.



### **Future Exploration Activities**

The next exploration activity planned in PPL 326 is to conduct an onshore 2D seismic survey of up to 1,500 km ("Kupiano 2D onshore seismic survey"). That survey will tie in with the Abau Shallow Water Seismic Survey and the Baramata 2D seismic survey to provide the Company with a very good picture of the features and geology of the Torres Basin. This will set the Company up well to move to the next stage of exploration activity, drilling. However, the onshore seismic program is dependent on the Company being able to raise the necessary capital, which the Board expects to make a decision on shortly.

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