

SHAREHOLDER UPDATE

19 August 2011

PPL 326 – BARAMATA 2D SEISMIC SURVEY

The Baramata 2D Seismic Survey across the southern and western parts of the Company's tenement in PNG, PPL 326, concluded on Saturday 13 August 2011. The data acquired is now being processed and the final processed data is expected to become available during September 2011.

The Survey was originally planned to acquire approximately 855 line km of data, but due to favourable weather conditions, the Company was able to acquire 1,013 line km, which included a line running through the tenement to the north-west from the target area.

The original survey objectives were to focus on three anticlinal leads including and beside the Sunday strong lead, as well as other plays. In order of priority the objectives were:

- Sunday Strong Lead;
- Rodney Weak Lead;
- Grange Weak Lead;
- Anticlinal plays in the shallower over thrust section;
- 'First look' seismic in the north west of the permit; and
- Hint of next thrust fairway to the northeast.

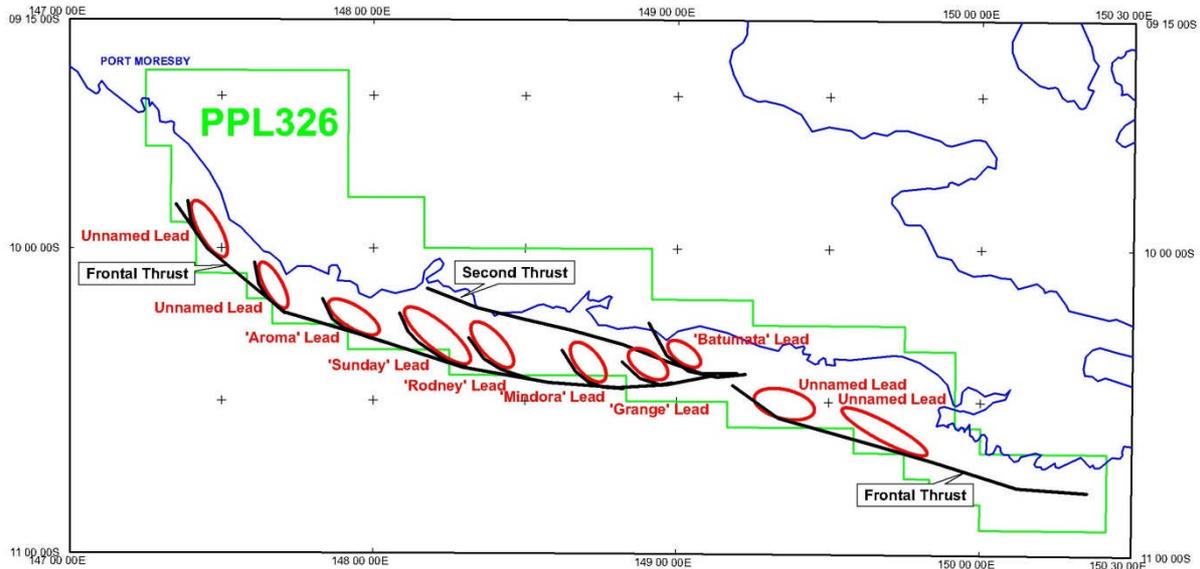


Each of these objectives was achieved.

From a preliminary look at the raw data processed with the initial onboard processing, not only will these objectives be achieved with positive outcomes, but further information positive to the prospectivity of the tenement will also be obtained. As mentioned the data is currently undergoing full processing and the final processed data will become available to Larus in September. We anticipate having interpreted this finally processed data in October 2011 and will inform shareholders of the outworking of that soon after.



Nevertheless, we can see from this preliminary review of the data that we are likely to be able to move a number of the leads to prospect status and have also identified a number of new leads, including one on the second frontal thrust, “Batumata”. Below is an early stage depiction of the various offshore leads resulting from our review of some of the Lahara 2D seismic survey and the initial look at the raw data from the Baramata 2D seismic survey.



The Company was fortunate to have our Exploration Manager, Dr Mike Swift, onboard the Reflect Orient Explorer managing the seismic acquisition project. That management, coupled with a very favourable weather window, enabled an excellent acquisition rate and a major larger dataset acquired than originally anticipated.

We were also able to offer our University of PNG Honours scholarship student, Dean Dingel (seen here on the far right in the Orient Explorer control centre), the rare opportunity to participate onboard for the entire Baramata 2D seismic acquisition project.



A further update on the results of this project will be provided to shareholders upon completion of the review of the final processed data.

For any further information please contact:

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