

9th May, 2016

SHAREHOLDER UPDATE

Highlights

- **Public sources confirm ExxonMobil (USA) and Total (France) have submitted applications for exploration licenses in the Torres Basin, adjoining and surrounding the southern perimeter of Larus' PPL326 license, strengthening industry support for hydrocarbon prospectivity and interest in the south-east of Papua New Guinea;**
- **Larus confirms the Company also submitted two new applications for exploration licenses in late 2015, adjoining the PPL326 license to the north and south;**
- **Confirmation of ExxonMobil and Total's interest in the Torres Basin promptly supporting further discussions and interest in Larus' PPL326 license, currently in the process of being farmed-out;**
- **Capital raise via the issue of ordinary shares at \$0.02 remains open until Monday 23rd May, 2016;**

Dear Shareholder,

Larus Energy Limited ("Larus" or the "Company") is pleased to provide the following update:

ExxonMobil, Total Apply to Enter the Torres Basin

The Company is pleased to announce further industry support of hydrocarbon prospectivity in the PPL326 region, or the proposed Torres Basin, with public sources confirming both ExxonMobil and Total have submitted applications for exploration licenses in the frontier region of south-east Papua New Guinea. ExxonMobil and Total – two of the four largest publically owned oil companies in the world by 2015 revenue, deemed "supermajors" - would be the first new entrants to the region since Larus commenced exploration in 2009. The confirmation of high calibre interest in the area surrounding PPL326 indicates industry support of a potentially undiscovered world-class hydrocarbon province located in the region.

Total's applications, APPL589 and APPL576, gazetted in December 2015 and April 2016 respectively, cover approximately 33,000 square kilometres the both adjoining and surrounding Larus' PPL326 license to the south, east and west.

Larus Energy is a frontier oil and gas exploration company committed to maximising results through the effective identification, acquisition, exploration and management of quality conventional oil and gas assets.

Subscribe to our email alerts for all the latest news from Larus Energy at www.larusenergy.com.au

Contacts

Ashley Mangano, Chief Executive Officer
T: +61 8 9288 1784
E: admin@larusenergy.com.au

Matthew Azar, Company Secretary
T: +61 8 9288 1784
E: matthew.azar@larusenergy.com.au

ExxonMobil's application, APPL570, adjoining and south east of PPL326 is potentially in competition with Total's application. Maps of the license applications and PPL326 are shown below.

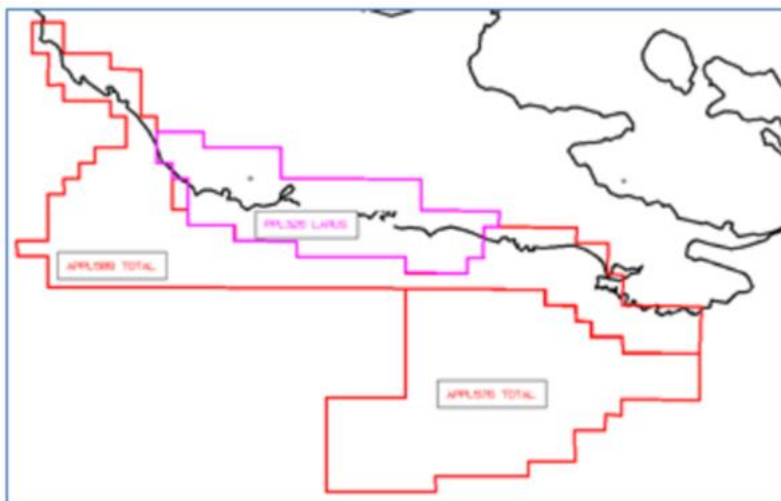


Figure 1: Total exploration license applications (red), Larus' PPL326 license (pink)



Figure 2: ExxonMobil exploration license applications (red), Larus' PPL326 license (pink)

Capital Raise

The current capital raise ("Placement") via the issue of ordinary shares at 2 cents per share, remains open until Monday 23rd May 2016.

The Placement will only be open to investors that meet the following eligibility criteria:

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- Sophisticated investors within the meaning of section 708(8) of the Australian Corporations Act 2001 (“Corporations Act”),
- Professional investors within the meaning of section 708(11) of the Corporations Act,
- Eligible for exclusion from the disclosure document requirement under section 708(10) of the Corporations Act.

Subscriptions to the Placement can be made by emailing the Company Secretary, Matthew Azar, at matthew.azar@larusenergy.com.au with a completed application form. The application form is attached to the end of this notice and also available for download via the Company website.

Yours faithfully,

A handwritten signature in black ink, appearing to be "Ashley Mangano".

Ashley Mangano
Managing Director

SUBSCRIBE TO THE PLACEMENT:

For subscription to the Placement or other investor queries, please contact:

Matthew Azar, Company Secretary

Email: matthew.azar@larusenergy.com.au

Telephone: +61 8 9288 1784

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T: +61 8 9288 1784

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APPLICATION FORM

LARUS ENERGY LIMITED

ACN: 140 709 360

("the Company")

Registered Office:

Level 28, 140 St Georges Terrace, Perth WA 6000
Australia

Please comply with the instructions set out below as to the correct manner of completing the Applicant details, particularly for partnerships, trusts, superannuation funds, deceased estates.

Name and Address of Applicant:

Applicant 1: Mr/Mrs/Miss/Ms

Surname

Given Names

Applicant 2: Mr/Mrs/Miss/Ms

Surname

Given Names

(delete which does not apply)

**Corporate Applicant:
(if applicable):**

Contact Person:

ACN:

**Account designation
(if applicable):**

Mailing address:

Street

Suburb

State

Postcode

Other contact details:

**Best phone number
for contact**

**Email address
for contact**

Tax File Number Information

(Completion of this information is optional. Please consult your tax adviser.)

Australian residents note: you are not obliged to quote a Tax File Number ("TFN") or exemption details when applying for securities. However, if the Company has not been notified, tax will be deducted from any distributions made by the Company at the highest marginal tax rate (including the Medicare Levy) until the relevant TFN or exemption details have been provided to the Company in writing. If you are in any doubt as to the quotation of your TFN or exemption details, you should consult your financial adviser or the Australian Taxation Office.

Tax File Number:

Tax File Number:

First applicant

Second applicant

Tax File Number Exemption:

Details of Application:

The Applicant applies for [redacted] fully paid ordinary shares in the Company (**Shares**) at an issue price of \$0.02 per share at a total Application Amount of \$ [redacted] on the terms set out in this Application Form.

*I/We enclose a cheque or money order for the total Application Amount

OR

Direct Deposit

*I/We have deposited the total Application Amount in the Company's account and attach confirmation of this deposit.

Larus Energy Limited – Share Account
BANK : Commonwealth Bank of Australia
BSB: 062-000
Account No.: 1455-0261
SWIFT Code: CTBAAU2S

Date of deposit: _____

Please ensure you use the Applicant name for the shares to be issued to as your reference when direct depositing.

Cheques or Money Orders for the amount payable on application are to be made payable to Larus Energy Limited.

By accepting the offer to apply for Shares (**Offer**) you represent, warrant and agree for the benefit of the Company and its associates (as defined in the Corporations Act) that:

1. you have had access to all information that you believe is necessary or appropriate in connection with your acceptance of the Offer to purchase Shares. You acknowledge and agree that you will not hold the Company or any of its associates responsible for any misstatements in, or omissions from, any publicly available information concerning the Company.
2. you have made and relied upon your own assessment of the Company and have conducted your own investigation with respect to the Shares and the Company including, without limitation, the particular legal and tax consequences of purchasing, owning or disposing of the Shares in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.
3. you have not relied on any investigation that the Company or any of its associates or any persons acting on their behalf may have conducted with respect to the Shares or the Company. None of such persons has made any representation to you, express or implied, with respect to the Shares or the Company.
4. the representations and warranties made by you are true and correct as at the date of this application form and will be true and correct as at the date of allotment of the Shares.
5. all details in this Application Form are true and correct.
6. by signing this document you are contractually bound to proceed with this investment.
7. settlement is required within 5 business days of lodging this Application Form with the Company.
8. if this Application is signed under Power of Attorney: you have not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this Application Form).
9. if signing as sole signatory on behalf of a company: you are signing as sole director and sole secretary of the company.
10. if investing as a trustee: you are acting in accordance with the powers granted under the trust deed of the trust and all applicable laws.
11. you agree to be bound by the terms and conditions of the constitution of the Company as may be amended from time to time.

12. you understand that this Application Form may not be processed if it is not completed fully (however, tax file number information is not compulsory).
13. you understand that the Company may reject this application at its discretion or may issue some but not all of the Shares applied for under this Application Form.
14. **(if you are not an Australian resident):**
 - (a) you are a person to whom the Shares can lawfully be offered under all applicable laws, including laws applicable in your place of residence, and to whom the Shares can be lawfully issued without the need for any registration, filing or lodgment and without causing you or the Company to breach any applicable laws; and
 - (b) you have received a copy of the Presentation dated February 2015 on the basis that the Company or its agent was entitled to give it to you without breaching laws applicable in your place of residence.
15. **(if you are an Australian resident):**
 - (a) you are a person to whom an offer and issue of Shares can be made without disclosure under sub-sections 708(8) ("sophisticated investor") or (11) ("professional investor") of the Corporations Act or this offer is made to you through the holder of an Australian Financial Services License pursuant to sub-section 708(10) of the Corporations Act. If you are a "sophisticated investor" or a "professional investor" please provide the necessary evidence of your status with this duly completed application form; and
 - (b) you have received a copy of the Presentation dated February 2015 on the basis that the Company or its agent was entitled to give it to you without breaching the Corporations Act because you are a person to which sub-sections 708(8), (10) or (11) of the Corporations Act apply.
16. you are not a "U.S. Person" (as defined in Regulation S under the *U.S. Securities Act 1933*) (**U.S. Person**) nor are you acting for the account or benefit of a U.S. Person.
17. it is your present intention to be an investor in the Shares and to remain so for at least the medium term (ie longer than 12 months). This confirmation is understood to be a statement by you of your present intention only and not an undertaking not to sell, particularly where your investment objectives or market conditions change. If you subsequently decide to sell your Shares within the relevant 12 month period, you will ensure that the sale complies with section 708 of the Corporations Act.
18. you will not resell or otherwise dispose of any of the Shares in a manner which would cause the Company to be in breach of the laws, rules or regulations of any applicable jurisdiction.
19. you further acknowledge and agree that:
 - (a) no disclosure or offer document has been prepared or will be filed with ASIC pursuant to the Corporations Act in respect of the Shares applied for and the Shares will not be listed on ASX or any other stock exchange for the time being;
 - (b) the Offer does not constitute a securities recommendation;
 - (c) the Offer is a personal offer to you and you are not entitled to assign, transfer or otherwise deal with your rights and obligations following your acceptance of the Offer, which will be irrevocable;
 - (d) you have made your own enquiries and your own assessment as to the assets and liabilities, financial position, profits and losses and prospects of the Company, and the rights attaching to its shares;
 - (e) investing in the Company should be regarded as speculative and the acquisition of the Shares involves a high degree of risk; and
 - (f) except to the extent that liability cannot by law be excluded, the Company and each of its respective associates (including the directors, officers, employees and advisers of the Company), do not accept any responsibility in relation to the Offer or your acquisition of any Shares.

**Signature
(Applicant 1/authorised person)**

Print name

Date

**Signature
(Applicant 2/authorised person)**

Print name

Date

Correct Form of Registrable Name(s)

Type of Investor	Correct Form	Example of Incorrect Forms
Trusts (do not use the name of the trust; use trustee(s) personal names)	Fred Anthony Smith Account designation: <Fred Smith Family A/c>	Fred Smith Family Trust
Individuals If more than one individual and you wish to hold as tenants in common you must tick the relevant box and note the respective interests of each person	Fred Anthony Smith	F. Smith or Fred A Smith
Deceased Estates (use executor(s) personal name(s))	Fred Anthony Smith Account designation: <Estate of Marty Smith A/c>	Estate of late Marty Smith
Partnerships (use partners personal names)	Fred Anthony Smith and John Matthew Doe	Smith & Co
Superannuation Funds – Individual Trustee (do not use name of the fund; use individual names of trustees. Provide Super Fund TFN in space provided)	Fred Anthony Smith Account designation: <Smith Super Fund A/c>	Fred Smith Super Fund
Superannuation Funds – Corporate Trustee (do not use name of the fund; complete corporate details. Provide Super Fund TFN if available in space provided)	Fred Smith Pty Ltd Account designation: <Smith Super Fund A/c>	Fred Smith Pty Ltd Superannuation Fund

Please return the completed Application Form and the required funds to:

- Level 28, 140 St Georges Terrace, Perth WA
6000 Australia