

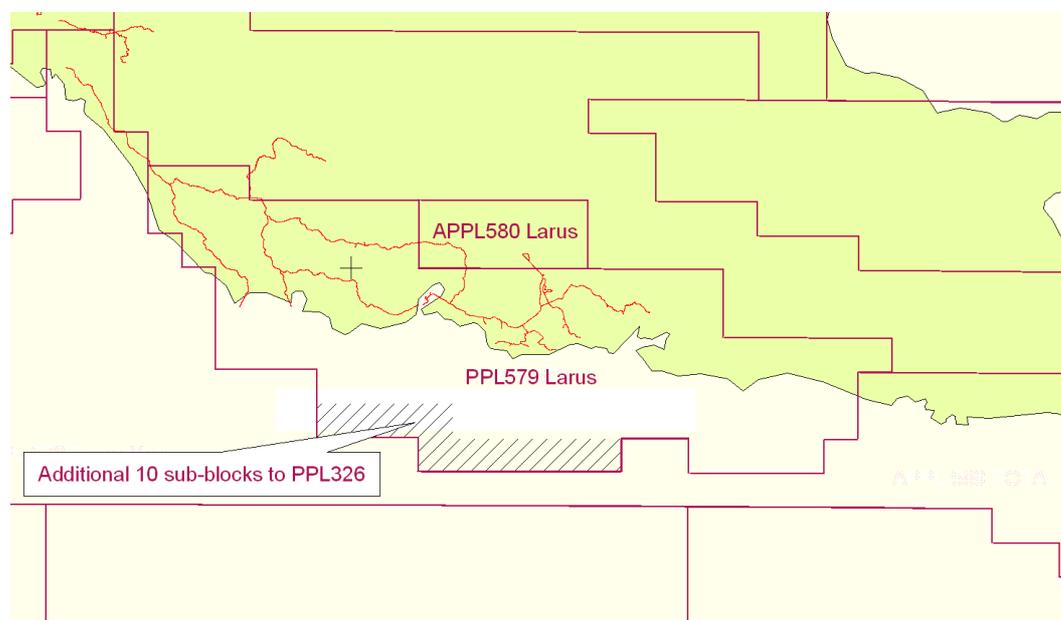
SHAREHOLDER UPDATE

Highlights

- Ministerial approval of a new licence PPL579, which combines the PPL326 blocks and 10 sub-blocks under APPL579. The new licence will have a term of 11 years through to February 2028.
- Work Commitments for Year 1 and Year 2 underway.
- ExxonMobil and Total have pending applications on blocks to the south, east and west of PPL579.
- Farmout update.
- Capital Raise closed.

New Licence - PPL579

The board is pleased to announce that Larus Energy (“Larus” or the “company”) has been granted a new licence, PPL579 (~9244 square kilometres) as shown on the map below:



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.

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The new PPL579 provides the company with an 11-year licence term over the entire permit. The board believes this is an immense value add for operations with the greater flexibility around timing in relation to work commitments in the block.

The additional 10 sub-blocks provide the company with protection acreage over the “Sunday Prospect”, one of the main prospects identified to date. Larus also has an existing application APPL580 to the north consisting of 10 sub-blocks, which it is hopeful of being granted following gazettal in PNG. This permit would enable the Company to add the high value exploration area onshore to the north.

Year 1 and 2 Work Commitments

Larus is or has been undertaking work to develop the Miocene play potential analogous to the Interoil discoveries, in addition to the Mesozoic plays mapped in the current portfolio. This includes:

- Processing and reprocessing of seismic data sets;
- Mapping of Miocene and Mesozoic prospects and leads;
- Petroleum system studies to be expanded to include Tertiary systems.

This work is fully funded and will ensure Larus completes its work commitments for the first 2 years of the PPL579. The shallow Miocene play is an additional exploration focus to the mapped deep Mesozoic plays. It is anticipated the work on the Miocene, including the mapping of new leads and prospects, will be completed within the next 6 months.

Exxon & Total application status

ExxonMobil and Total continue to have pending applications for exploration licenses.

This interest of the supermajors in the contiguous area surrounding PPL579 indicates wider industry support of a potentially undiscovered world-class hydrocarbon province located in this country, Papua New Guinea is now a focus for production and development by major oil companies.

Total’s applications, APPL589 and APPL576, gazetted in December 2015 and April 2016 respectively, cover approximately 33,000 square kilometres both adjoining and surrounding Larus’ PPL579 license to the south, east and west.

ExxonMobil’s application, APPL570, adjoining and south east of PPL579 is potentially in competition with Total’s application. Maps of the license applications and PPL579 are shown below.

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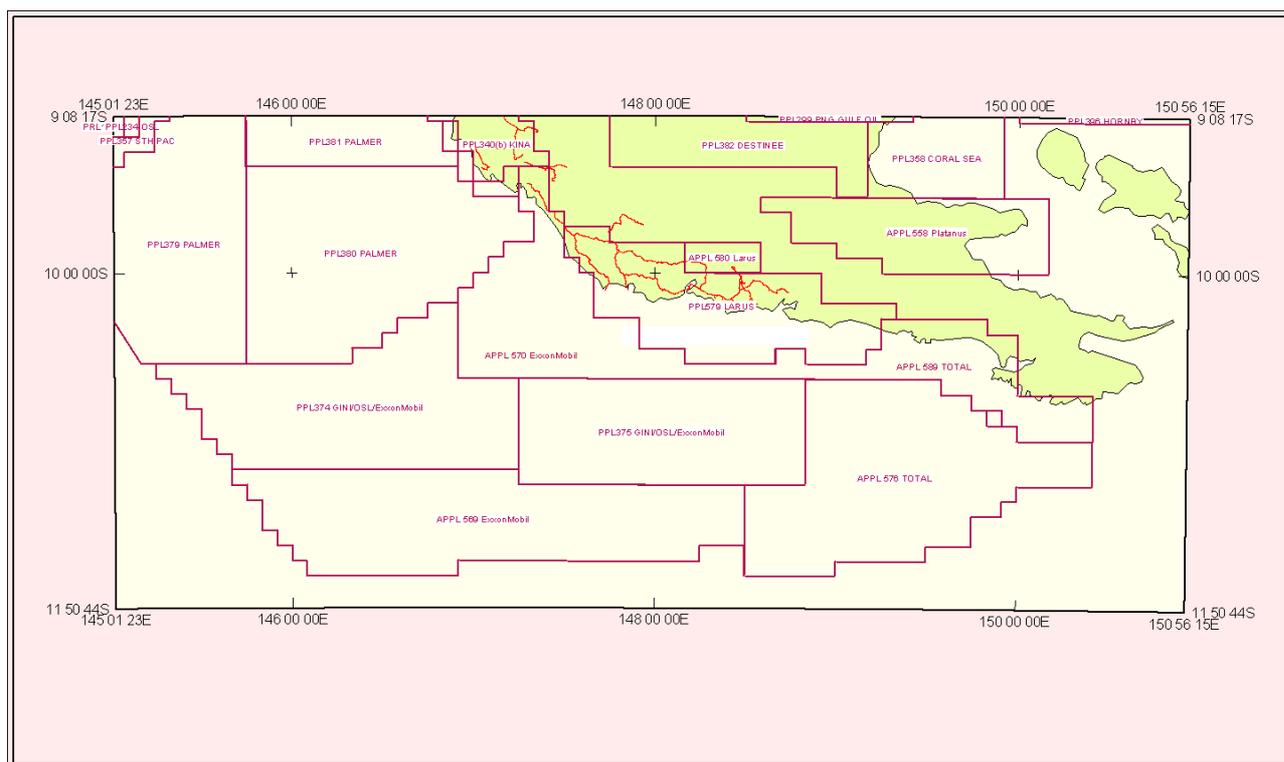
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Other activity of note in the region includes:

- PPL 374 and PPL 375 GINI Energy (CNOOC) farmout to Oil Search 40% and ExxonMobil 40%
- Two extensive multi-client deep water seismic surveys over the region



Farm-out Update

The farm-out process continues to be driven by our A&D Advisors Moyes & Co and since the last update there has been a very encouraging lift in optimism industry wide, confirmed by industry activity and closings. The oil majors have a renewed enthusiasm and commitment to securing deals for future prospects as the industry begins to reload for 2019/20 exploration.

Larus continues to be well placed in its search for a farminee and the company has selected super-majors in the data room and in talks with management. The region has been actively

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There continues to be a focus on efficient and prudent capital deployment, with consideration given to the status of the farm-out process plus board's confidence in finding a robust, aligned joint venture partner to take forward and develop the very exciting potential in PPL579.

Also, understanding the status of surrounding blocks applied for and or licenced by the super majors, where significant activity is expected in the coming years, Larus is ideally positioned to be a central player in the Torres basin.

Larus has a large play/leads/prospect portfolio for the deep Mesozoic sandstone reservoir targets. Attention is now drawn to the play/leads/prospects of the shallower Tertiary carbonate plays being chased by the surrounding titleholders.

Management will notify shareholders of any material events in relation to PPL579 that would impact the value of the company.

For all shareholder queries, please contact:

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