

29 May 2013

LARUS CAPITAL RAISING UPDATE

Dear Larus Shareholder

SCM has been mandated by Larus Energy Limited (“Larus”) to assist it in its current capital raising efforts.

While there have been some very positive developments at Larus, the company is now at a very critical stage in its development path and requires immediate funding to meet its current liabilities. Larus is seeking to raise up to \$2.5M in order to meet its current liabilities and maintain sufficient working capital for the foreseeable future. The Company will consider additional funds at the same offer price should there be sufficient interest but reserve the right to restrict this amount. Further ongoing capital raising will be required within the medium term depending on how successful the Company is in this current round. This will provide Larus with time to demonstrate that it has a capacity to continue as a going concern and conduct additional exploration work. In this regard the Board has appointed a number of other advisers who will work in conjunction with SCM to seek to fund the Company for the medium term. These advisors have strong track records in raising capital.

The new Board have achieved a very real momentum. In particular they have raised the profile of the Company throughout PNG and Asia and are pursuing a range of significant funding options ranging from private equity, PNG institutions and potential joint venture participants with major oil and gas players operating in PNG.

The new Board has a clear value add strategy. Subject to raising the necessary capital (or achieving satisfactory farm-out terms) the company proposes to undertake the following:

- shallow offshore infill seismic over Vekwala prospect and other leads (2nd & 3rd quarters 2013); and
- drill the Vekwala prospect (4th quarter 2013);
- advance joint venture discussions that it has already initiated with a number of parties for further onshore seismic / the possible drilling of our major deep-water prospect: Sunday.

The Board has received indicative commitments from a number of parties to fund the Company however these funds have not been received to date.

In these circumstances, to raise more immediate funds the Board has agreed to offer shareholders the opportunity to participate in a further placement at 10c with an attaching option on the basis of 1 Option for every 2 shares subscribed. The Options shall have an exercise price of 15 cents and a maturity date of 31 December 2014. This is an attractive opportunity to support the Company at an important time and we believe that the current valuation rewards longer term shareholders to subscribe at discounted levels.

The board and senior management appreciate the very trying equity market environment and have not made the decision to lower the offer price lightly. They have considered the valuation in light of these market conditions and the fact that many listed junior oil and gas companies have seen their share prices deteriorate significantly in the past three months. This has not been a reflection of valuation issues but due to the very negative sentiment that has gripped global markets for the junior end of the resource sector. Larus feels that the revised pricing will ensure that the parties interested at 20c will be compelled to commit in a more timely manner.

The Application Form is attached. To participate in this opportunity funds are required by this Friday 31 May 2013

We encourage you to support your existing investment in Larus by each subscribing to this issue. If the majority of shareholders support the Company for this amount this will meet the Company's immediate requirements while further capital is being raised through the other advisers that have recently been engaged by the Company.

Yours sincerely



James Tsiolis
Chief Executive Officer



APPLICATION FORM

LARUS ENERGY LIMITED
ACN: 140 709 360
("the Company")

Registered Office:
Level 8, 65 York Street, Sydney NSW 2000 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	<input type="text"/>	<input type="text"/>
		Surname	Given Names
Applicant 2:	Mr/Mrs/Miss/Ms	<input type="text"/>	<input type="text"/>
		Surname	Given Names

(delete which does not apply) Shares will be held beneficially/non-beneficially

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**

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 fully paid ordinary shares in the Company (**Shares**) at an issue price of \$0.10 per share at a total Application Amount of \$ on the terms set out in this Application Form.

Applicants will receive 1 Option for every 2 shares applied for. The Options shall have an exercise price of 15 cents and a maturity date of 31 December 2014.

*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 or the investor presentation.
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 2 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 causing you or the Company to breach any applicable laws
 - (b) you have received a copy of the Presentation dated April 2013 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) this offer is made to you through SCM pursuant to sub-section 708(10) of the Corporations Act or because 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 If you are a "sophisticated investor" or a "professional investor" please provide the necessary evidence of you status with this duly completed application form.:
 - (b) you have received a copy of the Presentation dated April 2013 on the basis that the Company or its agent was entitled to give it to me 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 further acknowledge and agree that:
 - (a) no disclosure 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)
Correct Form of Registrable Name(s)

Print name

Date

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:

<p>Attn: Joanne Chua Strategic Capital Management GPO Box 2834 Sydney NSW 2001</p> <p>Direct: 02 9285 1397 Fax: 02 9264 9889 Email: joanne.chua@scmlgroup.com</p>
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