

Larus Energy Limited

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COMPANY UPDATE

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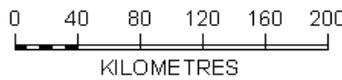
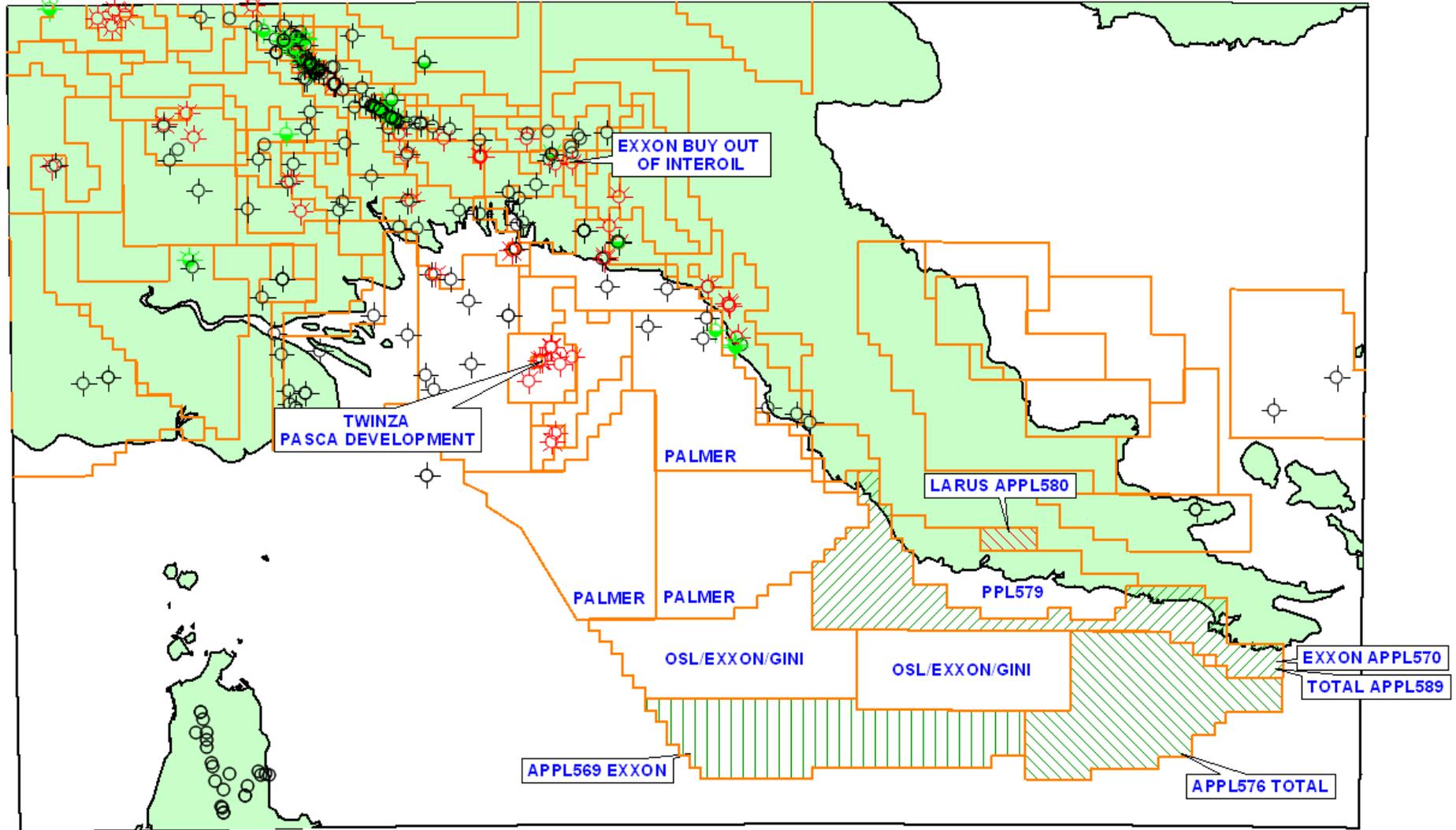
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Exploration – what others are doing in the region



Date:29/07/17

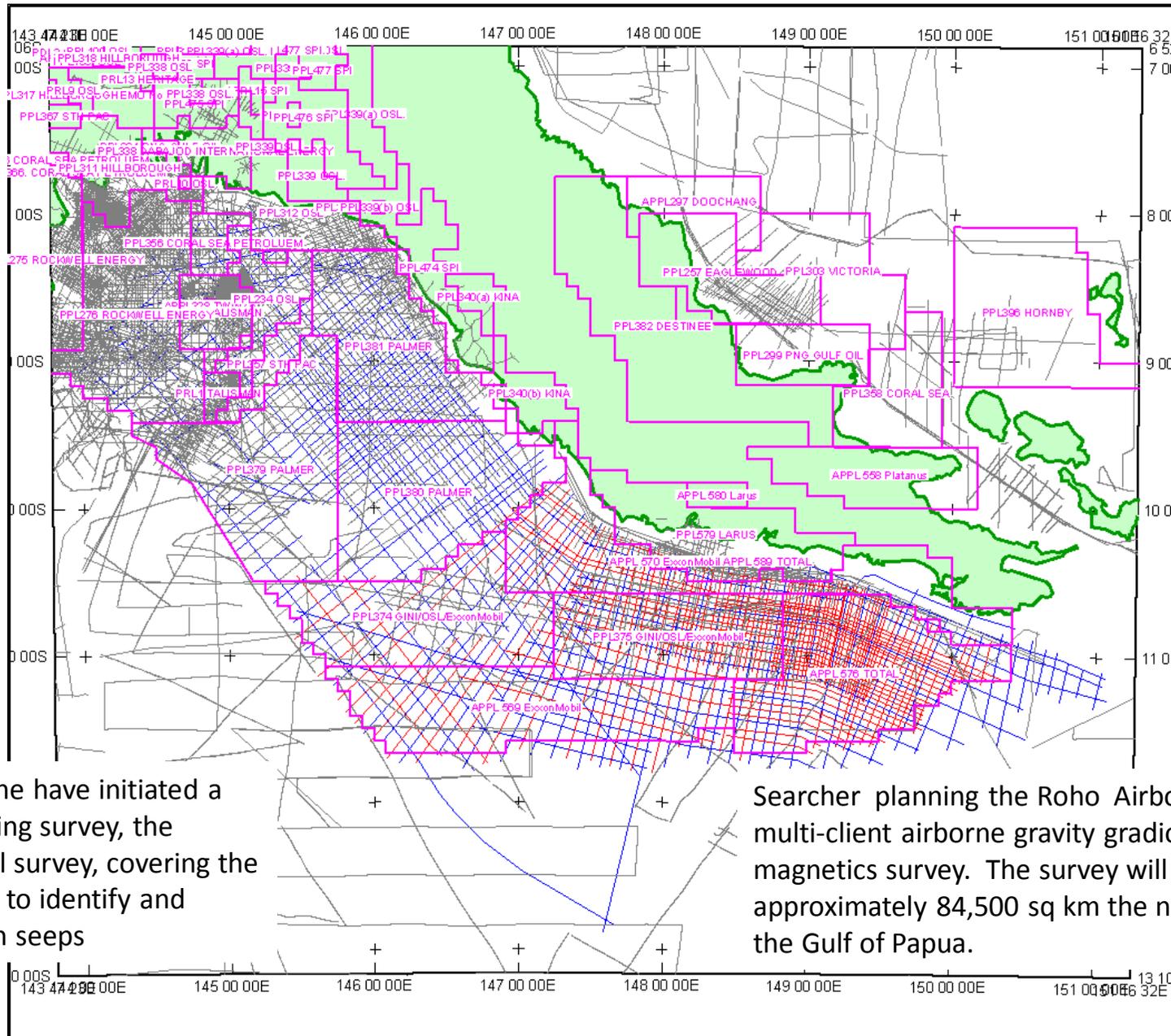
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Mapfile: what others are doing.dbm

Map Sheet: PNG_BASE003

The entire region is under PPL or APPL

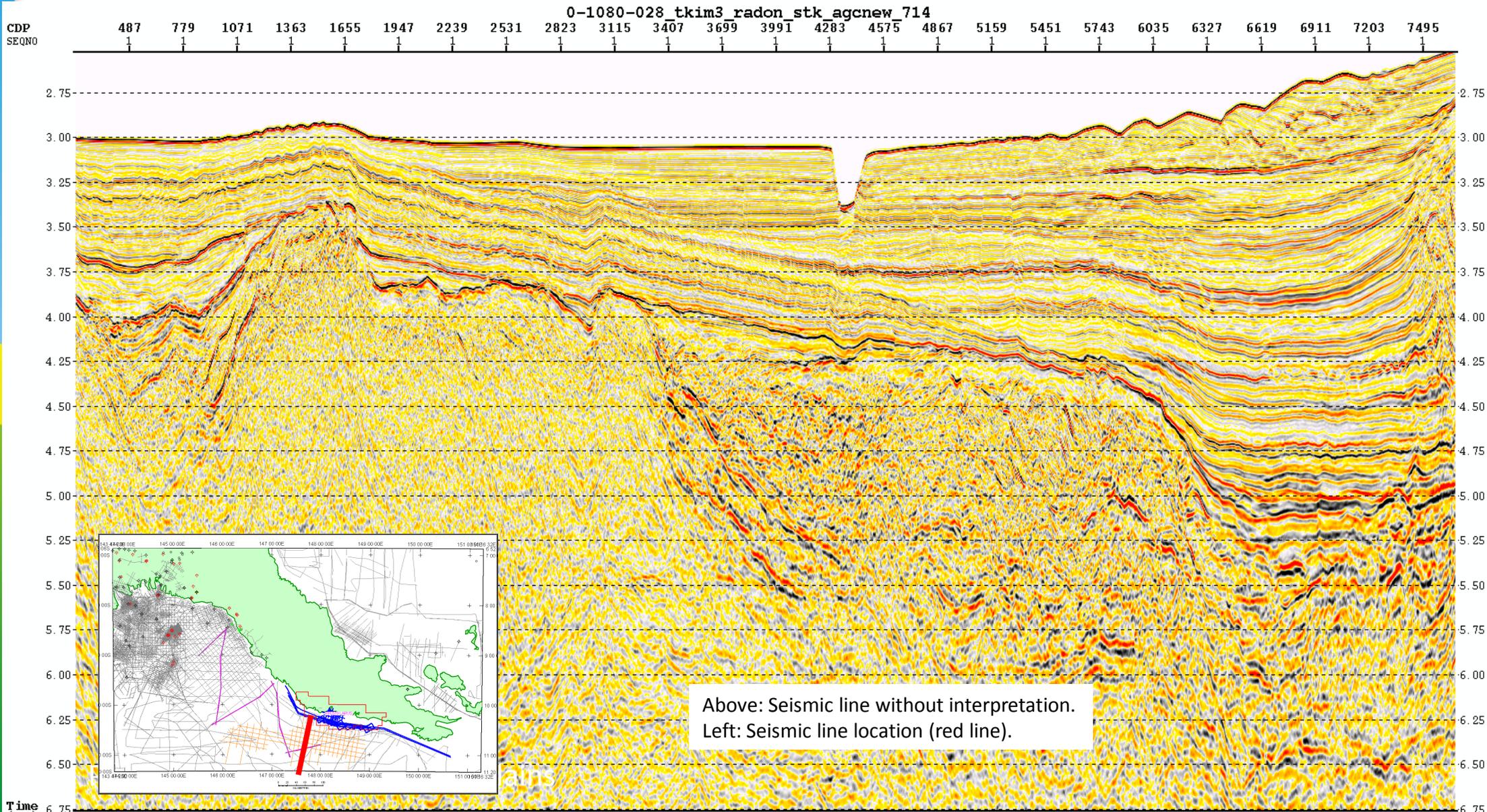
G&G – what others are doing in the region.
 There is a massive amount of offshore 2D seismic
 being acquired in SE PNG.



Searcher and Gardline have initiated a multi-beam and coring survey, the Davaria geochemical survey, covering the entire Gulf of Papua to identify and analyse hydrocarbon seeps

Searcher planning the Roho Airborne Survey, a multi-client airborne gravity gradiometry and magnetics survey. The survey will cover approximately 84,500 sq km the near-shore areas in the Gulf of Papua.

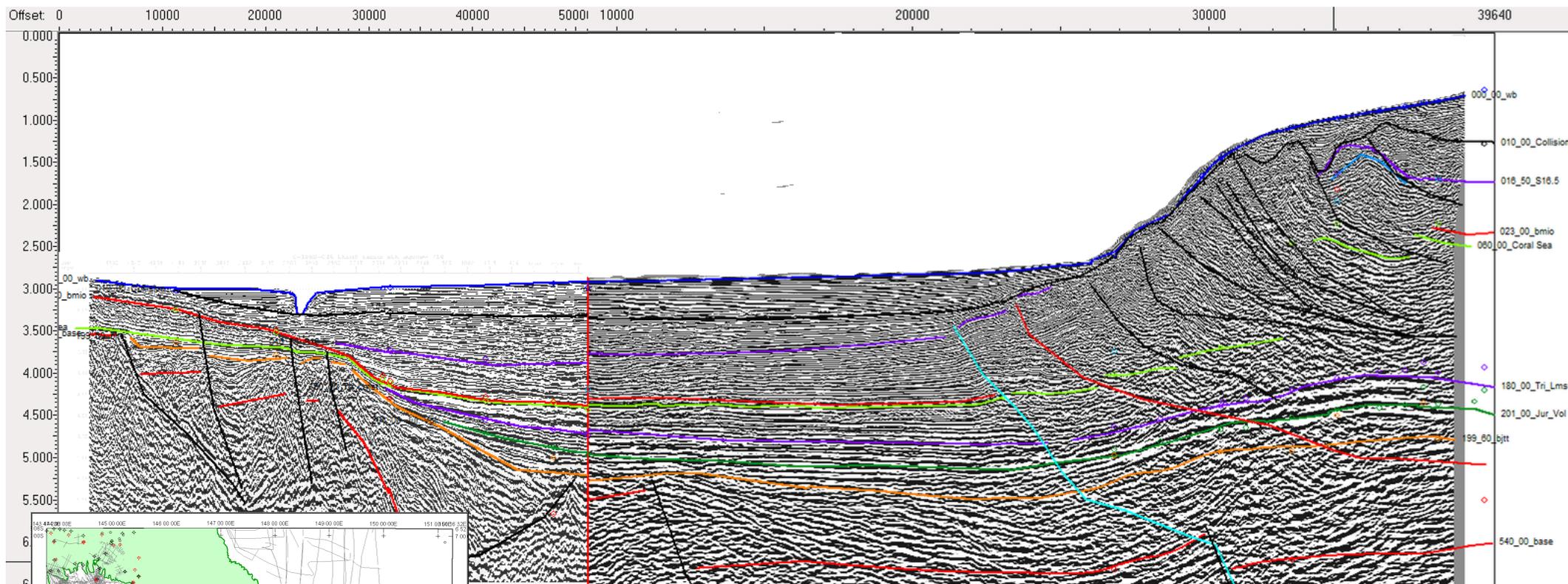
Larus has paper copies of the seismic to the south of our permit. The 'GINI' data from PPL374 and PPL375.



The GINI data ties to our type section in PPL579.

The 'tweaks' to the interpretation are;

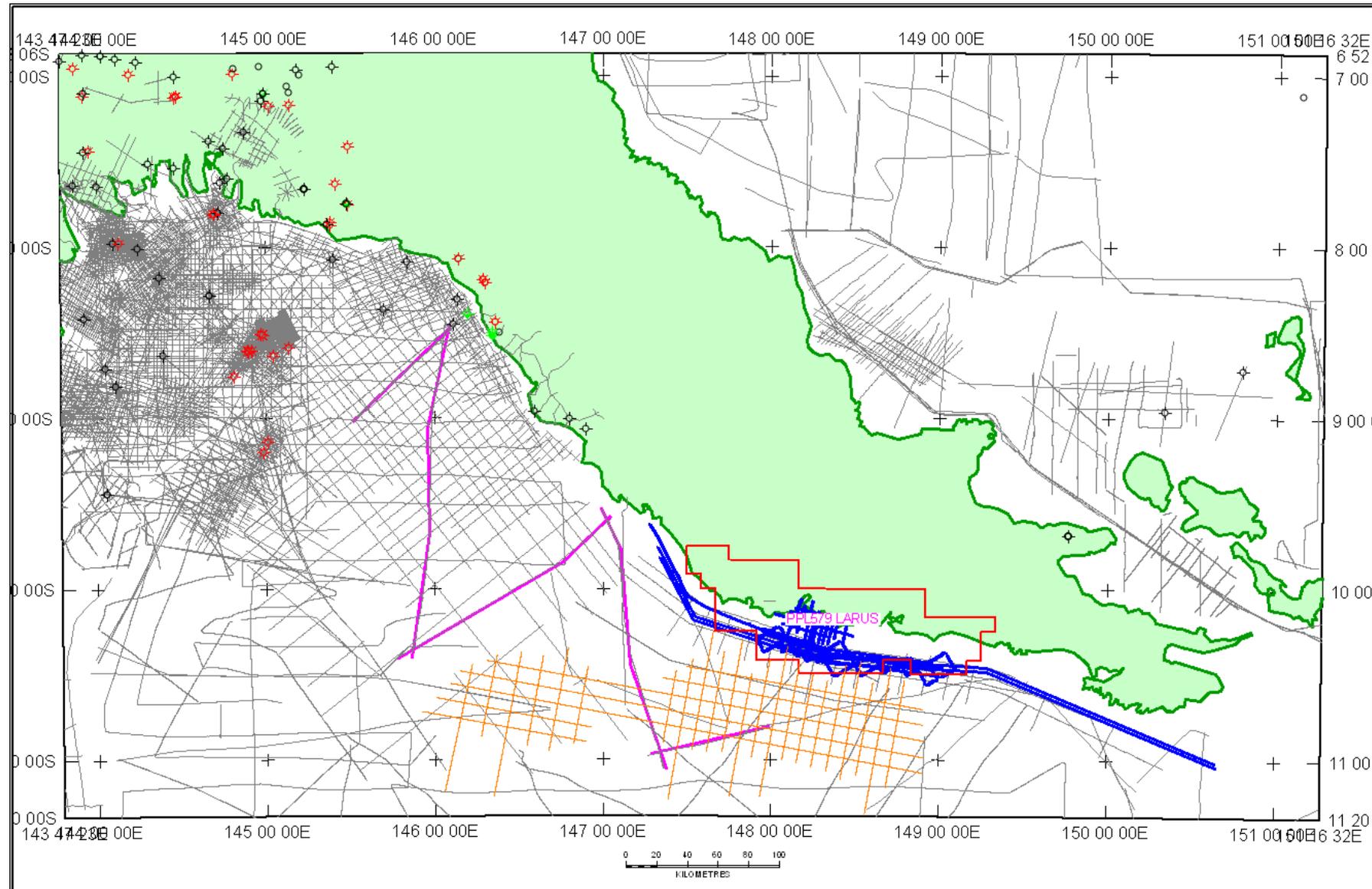
- The Coral Sea Unconformity is cut by the Oligocene Unconformity but Mesozoic still present.
- The southern margin of the Torres Basin is now known
- Increased thickness in seal over Miocene Carbonates



Above: Composite seismic line with interpretation.
Left: Seismic line location (red line).

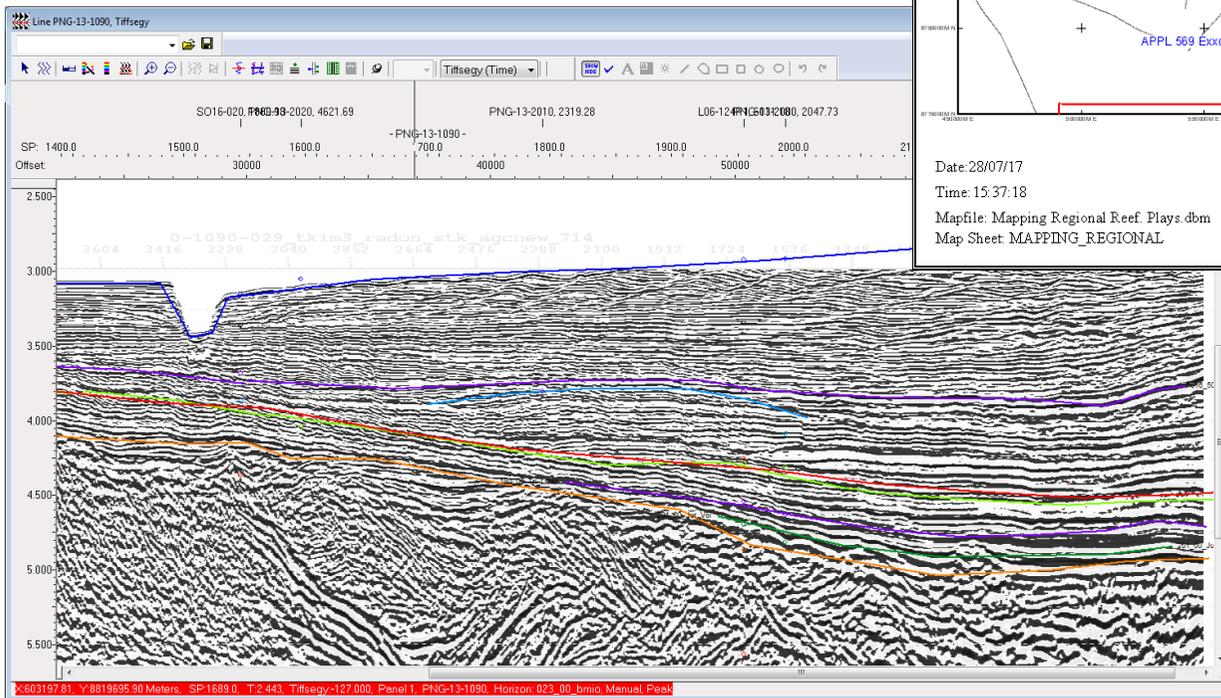
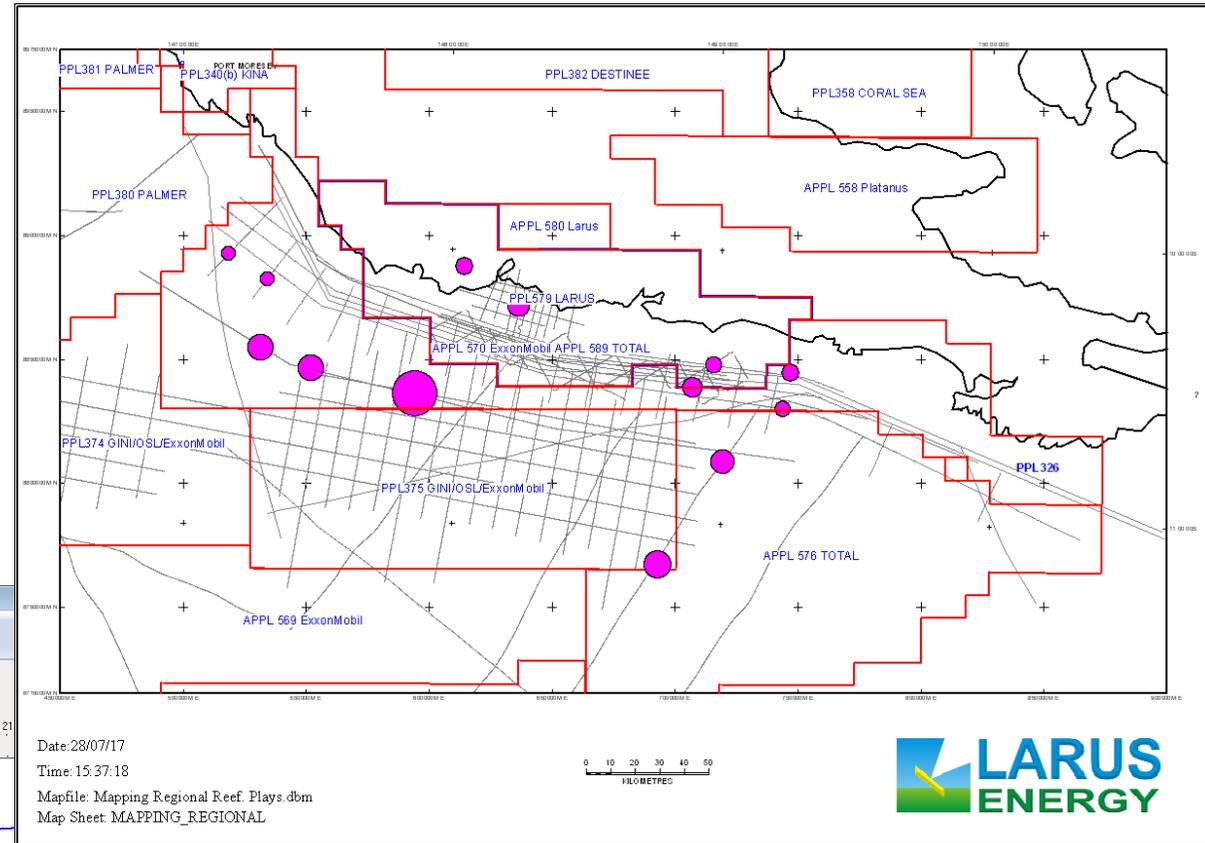
REPROCESSING AND DATA PURCHASES

Larus has reprocessed and bought data with the aim to work up the Miocene carbonate plays.



Blue – Larus data reprocessed. Purple – data purchase. Orange – GINI data. Grey – other line locations

Miococene reef and carbonate platform build-ups exist in the Torres Basin. The play have sufficient top sealing muds and clays. It is a challenge within PPL597 but work is continuing to progress leads and prospects.



Above: Purple regions are identified carbonate build ups.
 Left: Seismic line with interpreted reef complex (light blue line).

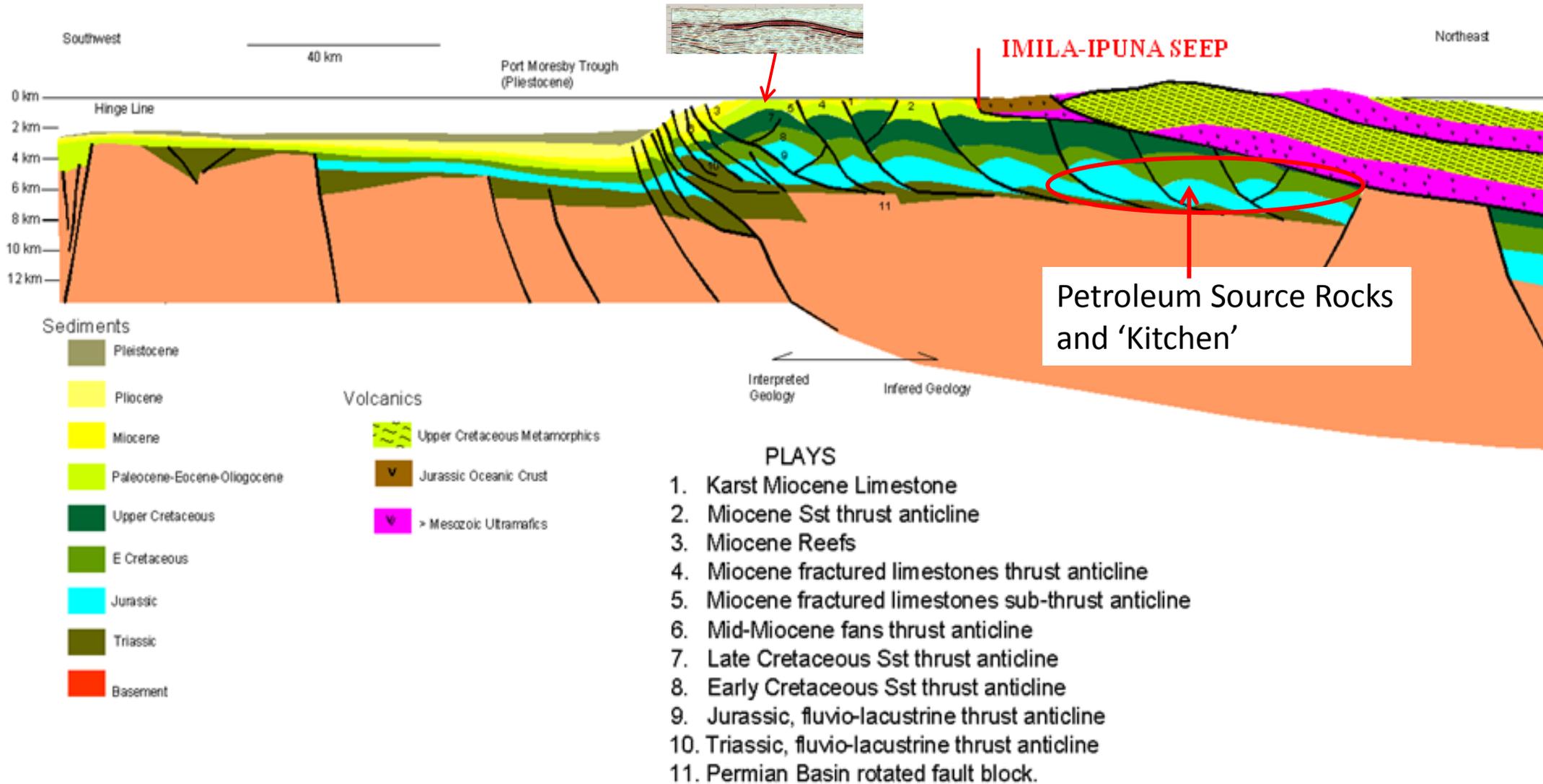


Panorama looking west along the foothills to the north of PPL579. The flat coastal plain is seen in the distance. A major thrust fault system is under the hills and comes to the surface at the foot of the hills. The seep is down the gully to the right of the vehicle.



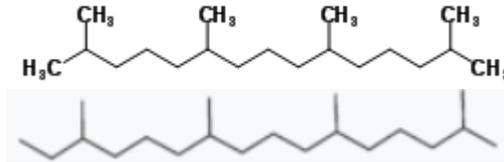
The oil seep in action. The upper left is the actually seep of oil from the ground. It is diverted and collected in the blue topped sample chamber to the right. It is a low flow seep.

Oil Seep



The oil seep in context of the known geological cross section. The source of the oil is deep in the sediments to the north. In this instance a small amount is directed to the surface by the major thrust. Lets also remember the seismic DHI previously reported far to the south near the major anticlines of Sunday and Vekwala.

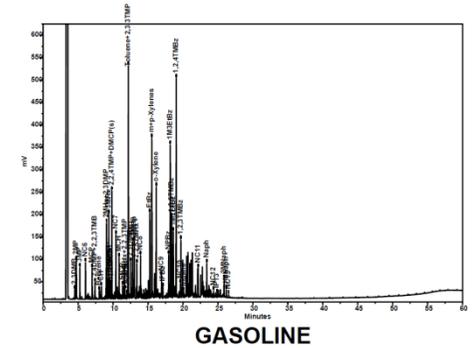
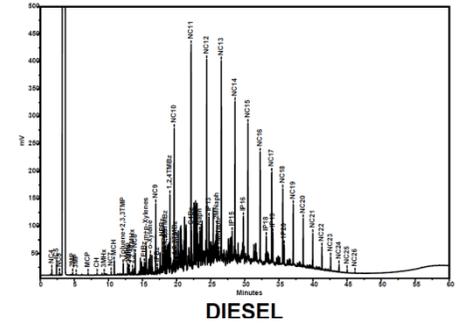
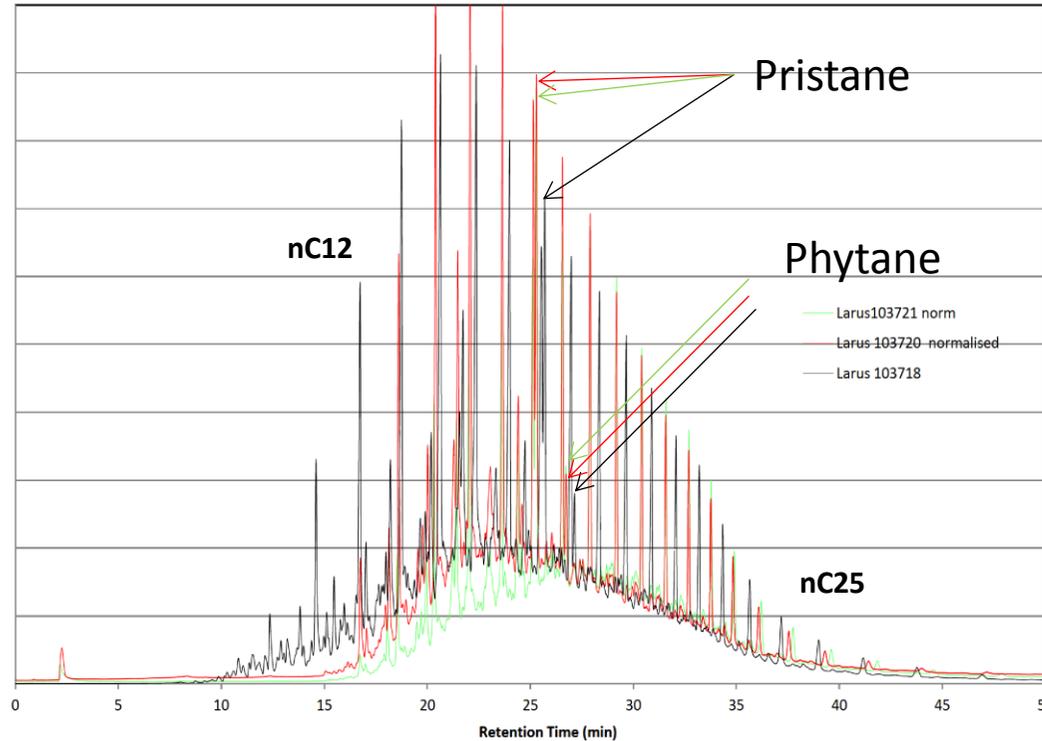
Oil Seep - Analysis



Oil seep samples 103718, 103720, 103721



- n*-Hexane nC₁₀
- 2,4-DMP nC₁₁
- Benzene nC₁₂
- Cyclohexane nC₁₃
- 2-Mhexane nC₁₄
- 2,3-DMP nC₁₅
- 1,1-DMP nC₁₆
- 3-Mhexane nC₁₇
- 1-c-3-DMCP nC₁₈
- Phytane ph
- 1-t-2-DMCP nC₁₉
- 2,2,4-TMP nC₂₀
- n*-Heptane nC₂₁
- MecycloHexa nC₂₂
- 2,5DMHexa nC₂₃
- 2,3,4-TMP nC₂₄
- Toluene nC₂₅
- 3-Mheptane nC₂₆
- 2,2,5-TMP nC₂₇
- Cycloheptane nC₂₈
- n*-Octane nC₂₉
- Ethylbenzene nC₃₀
- m*-Xyle/pXyl nC₃₁
- o*-Xylene nC₃₂
- n*-Nonane nC₃₃



Type Sections

Seep Sections

Gas chromatography

The science is: Pr/Ph 3.9-4.0 in refined oils but here at the seep Pr/Ph is 4.9 There are different patterns of intra-paraffin peaks between refined oil and the seep sample. Very high Pr/Ph ratios (more than 3) are associated with terrestrial sediments, fluvio-marine and coastal swamp environments. High values (4 to 10) are related to peat swamp depositional environments (oxidizing conditions).

This is the first tangible expression of oil in the Torres Basin. It clearly demonstrates an active Petroleum system!

Farmout Effort and Conferences



The farmout effort has now be ramped up following the seismic program results and the oil seep discovery.

Papua New Guinea PPL 579

- Larus Energy Limited (Larus) is seeking a partner to earn an interest in PPL 579 in the Torres Basin, PNG
- Permit was revised in January 2017
- First two years of work program are seismic and G&G studies
- Exploration well required in 2019-2020
- Exploration well required in 2021-2022
- Hydrocarbon potential of basin highlighted by recent licence applications (APPLs) made by ExxonMobil and Total contiguous to PPL579
- Undrilled Torres Basin on trend with Mesozoic and Tertiary production in the northwest Papuan Basin
- Miocene and Mesozoic reservoirs with seals identified
- Jurassic Source (Ra) buried into Oil/Gas Window
- Seismic demonstrates structural style, burial depth similar to producing Papuan trend

Opportunity Summary

- An opportunity to earn a significant equity stake with oil and gas prospective resources in a high-impact frontier licence, new sub basin
- The area is largely unexplored and includes exploration opportunities in two different petroleum systems
- 12 Mesozoic and 22 Tertiary strong leads have been mapped with clastic and carbonate targets
- Initial exploration effort will focus on two high-graded offshore prospects, potential in excess of 13 TCF
- Commercialization infrastructure coming to the area with InterOil/Total's multi-train LNG development at Ek-Antelope

- Larus holds a 100% WI through its wholly owned subsidiary Larus Energy (PNG) Limited in the licence
- Completed work includes the 2011 Barumata Deep Water 2D seismic survey (1,000km), 2012 Abau Offshore 2D seismic survey (300km), and the 2015 Paluma 2D seismic survey (810km)

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Papua New Guinea PPL 579

Geological Setting

- PPL 579 is situated within the frontier eastern part of the Eastern Papuan Basin, and straddles an on/offshore area between Fort Moresby and the south-eastern tip of the Papuan Peninsula, south of the Owen-Stanley Ranges
- Similar setting to other discoveries and fields in PNG with complex tectonic history
- The licence covers the Mesozoic Torres Basin which encompasses the regions of the Eastern Papua Plateau and the Papuan Plateau
- The deepwater Moresby Trough separates the Papuan and Eastern Plateaus from the Papuan Peninsula
- The Papuan Peninsula immediately north of PPL 579 is largely occupied by the New Guinea Orogen

Basin Stratigraphy

- Without well control the stratigraphic framework of the Torres Basin is poorly defined
- Stacked overthrust Tertiary systems overlie a Mesozoic succession, Jurassic coals, continuous from the foreland and through the sub-thrust
- Similarities with the tectonic development of Papuan Basin suggest a comparable stratigraphy exists in the deep section as well as similar stratigraphy to the Eastern Papuan Basin in the shallow section
- Seismic evidence advocates a preserved section of Mesozoic exists in the PPL 579 area
- The development of this deeper section would be related to syn-rift/post-rift deposition following Pangea opening of the Tethys Ocean breakup in the Early Jurassic. The shallow Tertiary extension is comparable to the Miocene Carbonate plays of the Aure Trough

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Play Types, Leads & Prospects

Play Type	Lead	Prospect
• Source rocks in the Torres Basin are represented by the Early to Middle Jurassic Marl Shale and Mio-Pliocene Aure Beds shale		
• Several reservoirs could be present including the Middle Jurassic to Early Cretaceous Toro Sandstone Equivalent and Pale Sandstone; Tertiary sandstones of the Talama and Lavau; and Miocene Puri Limestone Equivalent		
• The Mio-Pliocene Orubadi Shale and intraformational shales will provide seals to hydrocarbon migration		
• To date Larus has mapped 12 Mesozoic and 22 Tertiary leads within PPL 579. Sweet spot to be extended both onshore and offshore		
• High-graded leads include: <ul style="list-style-type: none"> - Welwala, a Jurassic target in 42m of water, PTD of 3,600m. Estimated unrisked resource of 13 TCFG and 180 MMBO - Sunday, a Cretaceous target in 600m of water, PTD of 3,000m. Estimated unrisked resource of 13.5 TCFG and 160 MMBO 		

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Papua New Guinea PPL 579

History of Exploration in the Area

- Regional PNG has not been a focus for hydrocarbons until Larus acquired the licence
- Data includes the regional seismic data acquired by the German BGR in 1981 known as the "1981 Sonne data" and the semi-regional seismic data in and around PPL 579 from Fugro's regional offshore seismic acquisition programme undertaken in 2006 and 2007
- This data shows the two known plays in the Papuan Basin - the Miocene reef development similar to InterOil/Total's Ek and Antelope fields and the Mesozoic Highlands oil fields are potentially developed in PPL 579
- As a follow up, Larus has acquired three new sets of 2D seismic data covering 2,100km which has allowed maturing drillable prospects in the licence

Larus Energy

- Larus was incorporated in New South Wales, Australia in November 2009 and has positioned itself to participate in the forecast growth of PNG's oil and gas sector
- Its head office is in Perth and is an unlisted public company

Additional information for this project is available upon request electronically. The access to qualified companies will be granted after execution of a Confidentiality Agreement (CA). For more information and to request the CA, please contact:

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Summary

- Consolidated PPL579 for a further 6 six years with option of another 6 years upon 5% relinquishment. Secures a long term.
- PPL579 work program favourable within the current exploration climate
- Seismic database improvements consolidate Larus geological model
- Thickening Miocene sealing rocks leading to Miocene carbonates as a developing play in PPL579
- The first oil seep discovery in the Torres Basin greatly reduces the exploration risk.
- Farmout efforts are targeted and on going.