



Shareholder Update – Capital Raise

March 2021

Disclaimer

Larus Energy Limited

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Capital Raise

As flagged in the recent shareholder update; 1st March 2021, Larus Energy is today opening a Capital Raise to existing and new shareholders.

\$1,700,000 capital raise (“Placement”) at \$0.10c per share.

Our Chairman, Richard Gazal, has funded the Company during the recent period of uncertainty surrounding the Covid19 pandemic and oil price pressures. Given the very positive results from the re-interpretation completed by our new Exploration Manager, Alaister Shakerley, there is a renewed excitement around the potential size, quality and number of prospects and leads in PPL579.

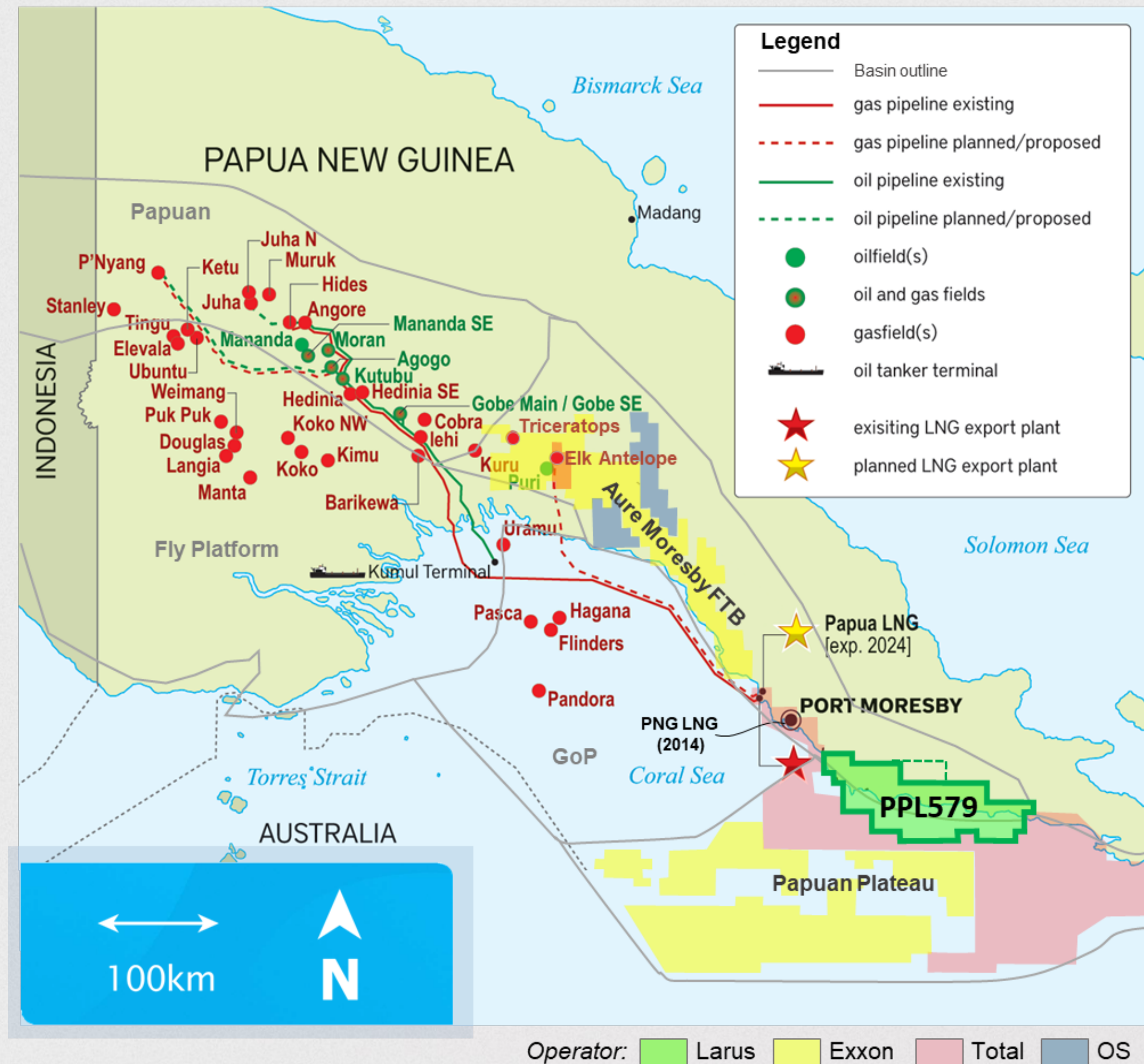
As previously indicated, more expenditure is required to mature prospects for drilling, progress the understanding of the block and satisfy the work commitments of the licence.

It should be noted that the Larus board has committed to underwrite \$700,000 of the \$1,700,000 looking to be raised.

We would like to remind all existing shareholders that the Company completed a 10:1 consolidation (refer; Notice of Meeting Dated; 1 July 2020) of its shares at the most recent AGM (Dated; 30 July 2020).

Prior to this, Larus had raised money via a placement (April 2016) at \$0.02c, as a result of the 10:1 consolidation the value of each ordinary share was adjusted to \$0.20c as at today’s value.

Thus the current capital raise price of \$0.10c per share represents a 50% discount to the last raise price.



Capital Raise

The Placement will be open to existing shareholders for one (1) month commencing;

25TH MARCH 2021 CLOSING 25TH APRIL 2021.

The Directors reserve the right to extend the offer period, close the offer early or to withdraw the offer, all at their absolute discretion.

Subscriptions to the Placement can be made by emailing a completed and signed copy of the application form to the Company Secretary, Matthew Azar, at

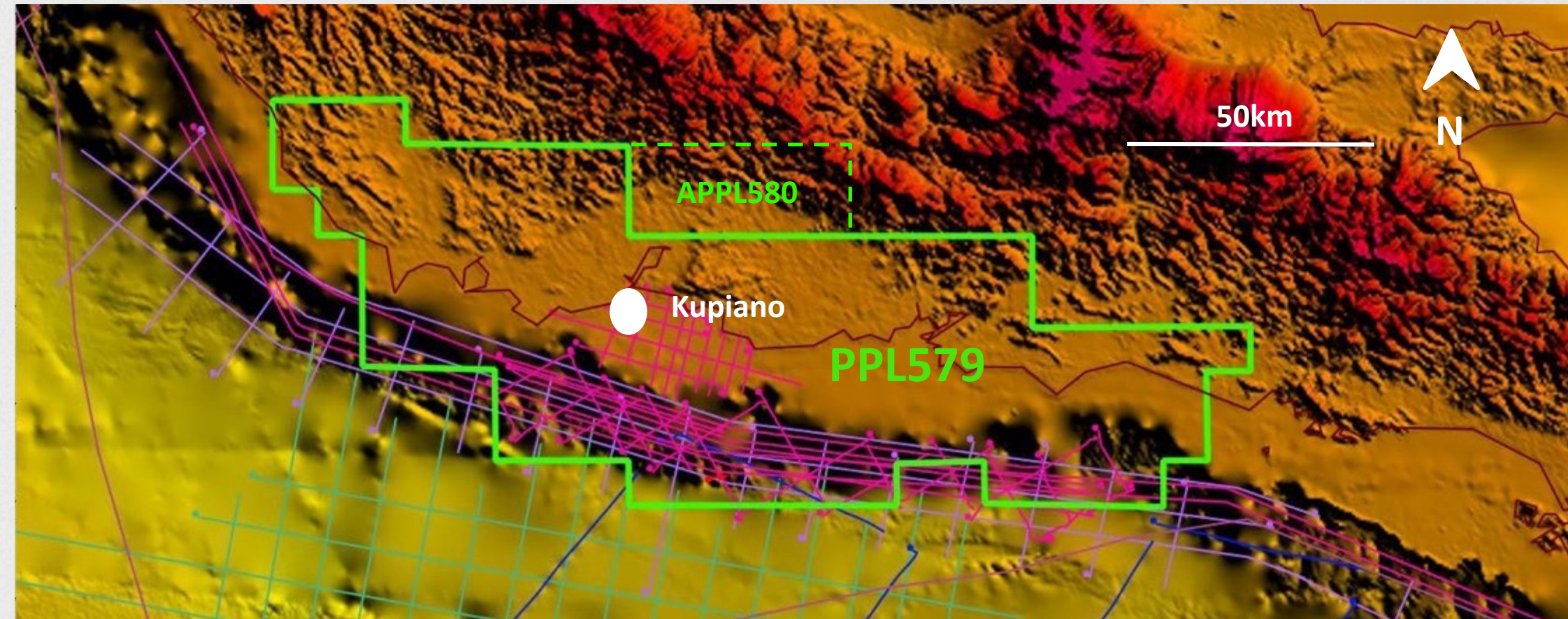
matthew.azar@larusenergy.com.au

New shareholders looking to participate should contact the Company Secretary.

Application Form

The application form is attached to this email notice, if you have trouble downloading this form please contact;

matthew.azar@larusenergy.com.au.



Corporate Update Video

The Company would like to invite all shareholders to view a “Corporate Update” video by our exploration manager Alaister Shakerley who will talk you through each slide of our latest presentation.

Alaister details the impressive work he has completed to date and explains the reasons behind why we are acquiring more data and how it will benefit our future development.

The video presentation can be viewed through the “latest news” section of our website: www.larusenergy.com.au or by using the link below and pressing play:

<https://vimeo.com/527528271>



MR ALAISTER SHAKERLEY

Exploration Manager

Mr Shakerley is a petroleum geoscientist by background with 17-years of global professional experience, including both exploration & production with: Eni, DNO, Maersk Oil, Total & Structural Geoscience Services.

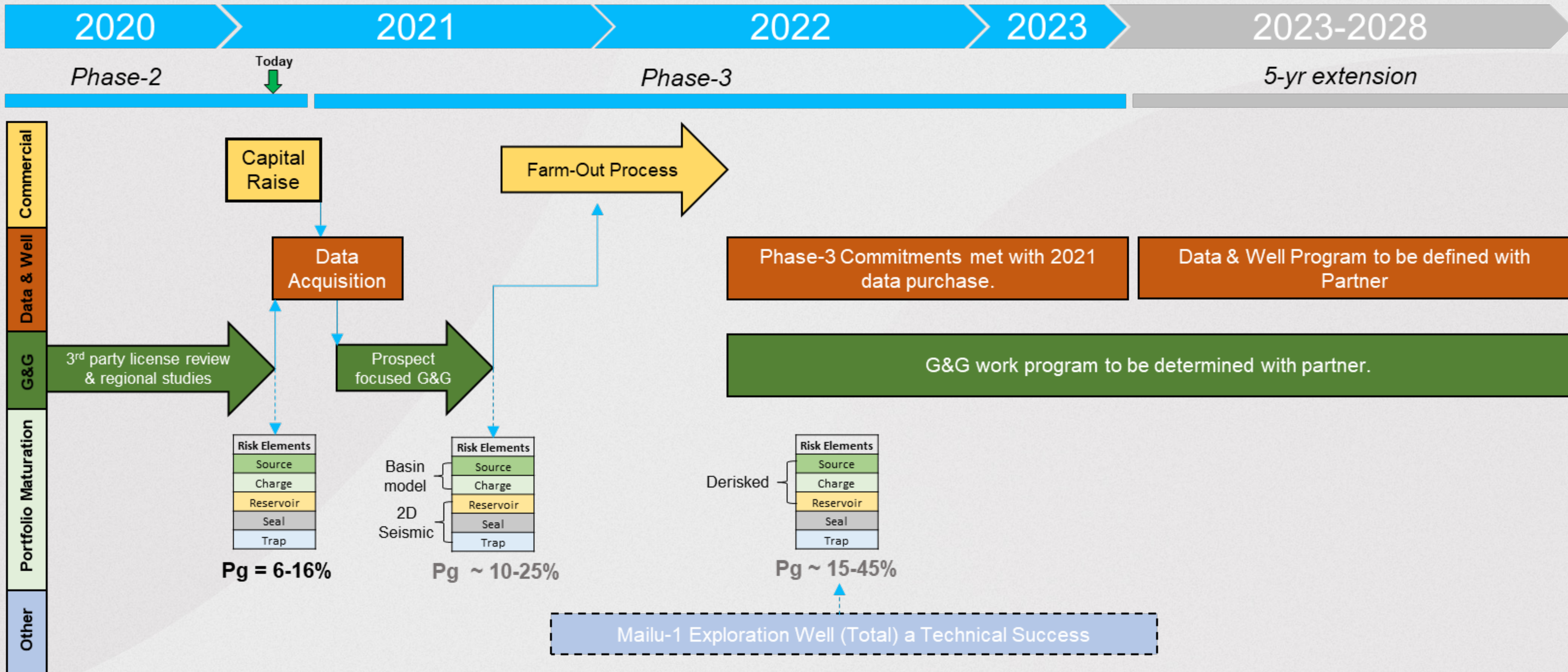
Alaister has technical expertise with interpretation in geologically complex areas & structural geological analysis. He is experienced in both clastic & carbonate systems; and with numerous petroliferous fold and thrust belts & rifted margins worldwide.

Between 2017 & 2020 Alaister worked on PNG Exploration & New Ventures at Total. He possesses in-depth knowledge of the offshore Papuan Plateau, Gulf of Papua and the onshore Aure – Port Moresby fold and thrust belts.

Capital Raise – Overview

OFFER - STRUCTURE & SIZE		Placement of up to 17 million Ordinary New Shares in the Company at A\$0.10 per share to raise A\$1.7 million
BOARD PARTICIPATION		Larus board members have committed to underwrite A\$0.7 million of the capital raise
USE OF PROCEEDS	\$900,000 \$540,000 \$260,000	* Acquisition of licenced seismic data to further de-risk the prospect & lead portfolio of PPL579 * Australian Corporate to December 2022 * PNG (Kupiano) Corporate to December 2022
PRICING		Offer Price of A\$0.10 represents a 50% discount to last capital raise price
CAPITAL STRUCTURE - PRE-MONEY	31,256,521 399,590	* Shares On Issue (Circa 550 shareholders) * Granted Options (\$0.20 – \$1.00)
CAPITAL STRUCTURE - POST-MONEY	48,256,521	Shares On Issue
DEBT	\$7,206,342	3C Group IC – USD Loan including Interest to December 2020 converted to AUD – FX: 0.76c \$3m of Convertible Notes – inc. Interest to December 2020 (Convertible at \$0.10c**) \$1m of Convertible Loans – Inc. Interest to December 2020 (Convertible at \$0.20c)
NOTES		* Post 10:1 Consolidation July 2020 ** Trigger to convert at lowest capital raise price per terms of convertible note

PPL579 Forward Work Program & Activity



Corporate Update Highlights



LARGE 100% holding of highly sought after acreage

POSITIONED by super majors Exxon and Total

SUBSTANTIAL potential within 3.6 Gbbl prospect & lead portfolio

OPPORTUNITY to make material standalone discoveries

LIGHT OIL seep proves an active petroleum system exists

LICENSE in good standing, commitments met and strong track record with 11yrs in country experience

Key Risks

Risk Factor	Summary
Government, regulatory and political risks	<p>Larus Energy’s exploration activities are subject to the risks of operating in a foreign jurisdiction. These risks may affect Larus Energy’s exploration activities and the development and operation of projects in Papua New Guinea and may include, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection, acts of terrorism and other political risks, increases in taxes and governmental royalties, forced renegotiation of contracts with governmental entities, changes in laws and policies governing operations of foreign based companies, trade sanctions, currency restrictions and exchange rate fluctuations which could have a material adverse effect on its business and financial performance.</p> <p>The Company’s operations are also subject to various national, regional and local laws, regulations and approvals relating to the exploration of hydrocarbons. A change in the laws or regulations that govern it or the withdrawal of a licence permitting exploration would have a significant material adverse effect on Larus Energy’s business and financial condition, and could result in the Company ceasing to operate. For example, Larus Energy’s title to, or rights to recover, oil and gas are governed by and subject to law, regulations and contracts with the government of Papua New Guinea. These titles or rights, and the renewal of them, are in some cases subject to the discretion of the relevant government or government department and there is no guarantee that they will continue, or will be renewed.</p> <p>Larus Energy’s operations in the future may be affected by political developments and by national, regional and local laws and regulations, such as restrictions on production, changes in petroleum taxes, royalties and other amounts payable to governments or governmental agencies, price or gathering rate controls and environmental protection regulations. Further, Larus Energy’s operations are the focus of increasing governmental policy initiatives and sovereign interests. The actions of these governmental and sovereign interests to further their policy objectives could take the form of increased governmental regulations, changes in taxation regulation or taxation subsidies, nationalisation of resource assets, limitation on periods of lease retention, interference with confidentiality and availability of information and other governmental steps. Any of these actions could have a significant adverse effect on Larus Energy’s future operating model and could have a material adverse effect on its business and financial performance.</p> <p>Larus Energy may be exposed to risks relating to bribery and corruption or trade sanction violations. Refusal to participate in making facilitation payments or other forms of corrupt or illegal business practice could result in disruption or delay to its operations and restrictions on its ability to complete projects and secure further growth opportunities. Larus Energy’s exploration activities are subject to ongoing government approvals, and there is no assurance that such approvals will be obtained. Larus Energy may fail to prevent bribery or corruption, which could expose Larus Energy to substantial fines and penalties, litigation, loss of reputation and incur significant investigation and legal costs which could have a material adverse effect on its business and financial performance.</p>
Future access to capital, farm-out and counterparty risk	<p>To discover hydrocarbons, and to ultimately produce oil and gas, will require considerable capital.</p> <p>Larus Energy cannot fund its exploration program through its own financial resources, and as a consequence it is looking to farm-out to other operators an interest in its exploration licence in Papua New Guinea.</p> <p>If a farm-out agreement can be reached it may be complicated, have limited precedent and may require significant time and resources to negotiate and finalise. There is a risk that any joint venture partner may obtain a controlling interest and be able to control the exploration process going forward. There is no guarantee that any farm-out partner will ultimately invest capital and resources in Larus Energy’s existing permit in the discovery of hydrocarbons.</p> <p>There is no guarantee that a farm-out agreement will be reached, or if reached, the terms on which Larus Energy will agree to farm-out its interest to ensure the sustainability of the Company. If a farm-out agreement cannot be reached to assist fund Larus Energy’s exploration program, the Papua New Guinea government may remove Larus Energy’s exploration licence, and the Company may need to cease operations. There is also no guarantee that the Company would be able to raise further capital to fund other activities.</p>
Competition in exploration	<p>The exploration for oil and gas is competitive, especially, with regard to exploration for, and exploitation and development of new sources of oil and natural gas. Larus Energy’s competitors generally have greater size, which may give those competitors a competitive advantage in exploration, and be able to provide greater financial and other resources to accelerate exploration in permits adjoining to Larus Energy’s permit. As many of the world’s large oil fields approach natural depletion, exploration is becoming increasingly difficult and therefore expensive. Simultaneously, new discoveries of conventional hydrocarbons are reducing in number and in size, while tending to be more difficult to develop because of their location (e.g. remote or deep water) and/or their complexity. Production disruptions resulting from operating hazards, disruptions to the supply chain, natural phenomena such as inclement weather (including hurricanes or cyclones) or due to social or geopolitical factors such as terrorism or civil unrest, add to concerns about the security of oil and natural gas supplies.</p>

Key Risks

Risk Factor	Summary
Operating hazards and natural disasters	<p>Larus Energy is subject to operating hazards normally associated with the exploration for, and potential production of oil and gas. Operating hazards along with natural disasters, inclement weather, acts of terrorism, operator error or other occurrences can result in adverse events, including, without limitation, additional costs, labour disruptions, fires, equipment failure and the possibility of pollution. The occurrence of any such operating hazard or risk could result in substantial losses to Larus Energy as well as regulatory action, legal liability and damage to Larus Energy's reputation.</p> <p>Additionally, Larus Energy's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. Accordingly, inherent in Larus Energy's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to its reputation or licence to operate. In certain circumstances, liability could be imposed without regard to Larus Energy's fault in the matter.</p>
Exploration of reserves	<p>Oil and natural gas exploration activities are subject to numerous risks, including the risk that data is not accurate or that any test drilling will not result in oil and natural gas that is commercially feasible. Exploration activities are frequently subject to unexpected problems, including unexpected drilling conditions, unanticipated pressure or irregularities in formation, equipment failures or accidents, adverse weather conditions and natural disaster or delays in the availability or delivery of drilling rigs and maintenance equipment, with no guarantee that such activities will result in the discovery of oil or gas. If Larus Energy ultimately fails to find reserves, its results of operations and financial condition will be adversely affected.</p>
General economic conditions	<p>Adverse changes in economic conditions including economic growth rates, interest rates, employment levels, market volatility, exchange rates, inflation rates, government policies, international economic conditions and employment rates amongst others are outside of Larus Energy's control, and have the potential to have an adverse impact on the future operational and financial performance of Larus Energy.</p>
Foreign exchange risk	<p>Larus Energy's financial statements are presented in Australian Dollars. Future changes in the exchange rates in the jurisdictions in which Larus Energy operates may adversely impact Larus Energy's operating and financial performance.</p>
Risk of unforeseen increased costs	<p>Larus Energy's future financial performance is dependent, to a certain extent, on the level of capital expenditure that is required to maintain its assets and exploration activities. Any significant unforeseen increase in the capital and operating costs associated with Larus Energy's oil and gas explorations would impact its future cash flow and any future profitability.</p>
Tax risks	<p>Larus Energy is exposed to any changes in regulatory conditions under which it operates in Australia and Papua New Guinea. Such regulatory changes can include, but are not limited to, changes in tax laws and policies, accounting laws, policies, standards and practices, laws and regulations that may impact upon the operations and business practices of Larus Energy and its management; and employment laws and regulations including laws and regulations related to occupational health and safety. Any change in the current rate of company income tax in Australia may impact upon the financial performance and cash flows, ability to pay dividends and Larus Energy's share price which in turn could impact shareholder returns.</p>
Disputes	<p>In the ordinary course of business, Larus Energy may be involved in disputes and/or litigation from time to time. Litigation disputes brought by third parties including, but not limited to governments, business partners and employees may adversely impact the financial performance and industry standing of the business.</p>
Force majeure events	<p>Events may occur within or outside Australia that could impact upon the Australian and Papua New Guinea economy, the Company and the price of Larus Energy's shares. These events are outside Larus Energy's control and include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on Larus Energy's ability to conduct business.</p>
Risk of shareholder dilution	<p>In the future Larus Energy may wish to elect to issue shares or engage in capital raisings to help fund the growth of the Company. Should Larus Energy successfully engage in a capital raising and issue additional shares in the Company, shareholders at the time may be diluted as a result of the issue of Larus Energy shares.</p>
Other risks	<p>The above risks should not be taken as a complete list of the risks associated with an investment in Larus Energy or in Larus Energy shares. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Larus Energy's shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Larus Energy in respect of Larus Energy shares.</p>



The Company would like to thank
shareholders in advance for their
support.