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SHAREHOLDER UPDATE

13 FEBRUARY 2013

BOARD AND MANAGEMENT CHANGES

Larus Energy Limited advises that there have been changes to the Board and Management of the Company.

The new Board is now comprised of:

Dr. John Hewson as Executive Chairman
Mr. Bruce Fulton as a Non-Executive Director
Mr. Colin Glazebrook as a Non-Executive Director

Each of Mr. Graham Holdaway, Mr. David Williams and Mr. Peter Fennessy have tendered their resignations from the Board of Larus Energy Limited and each of its subsidiaries.

Dr. John Hewson has had virtually four careers as an academic and economist, a businessman, a political advisor and politician, and in the media as a columnist and commentator.

In economics, he has worked for the Treasury, the RBA, the IMF, the UN, and as a Professor and Head of School at UNSW, and as Dean, Macquarie Graduate School of Management. He is currently a Professorial Fellow at the Crawford School, ANU.

In business he is best known as a Founder of Macquarie Bank, Chairman ABN AMRO Australia and as Chairman/Director of a host of public/private companies and charities

In politics, he was Chief of Staff/Advisor to the Prime Minister and Treasurer in the Fraser Government, and as a Member of the federal Parliament he became Leader of the Liberal Party and the Federal Opposition.

In the media, he has written regularly for the BRW, the AFR and comments regularly on radio and television.

A significant focus of Dr Hewson's career has been in Asia, including China, and was recently Special Advisor on Infrastructure Finance to the Executive Director UNESCAP. He is a Member of The Trilateral Commission.

Mr. Bruce Fulton is an experienced executive and geoscientist who has over 25 years resources, exploration and development experience globally and he has served on the boards of a number of listed companies over the last few years.

Mr Fulton's executive management and commercial experience includes Managing Director of Ophir Partners, an executive search company specialising in the global resources industry. Previously he held the position of Chief Geologist at Porgera Gold Mine, Papua New Guinea, which has particular relevance to the Company's operations in that country. Prior to that he held senior roles with several companies including Plutonic Resources and Dominion Mining.

He is a member of The Australian Institute of Company Directors (MAICD); The Australasian Institute of Mining and Metallurgy (MAusIMM); Canadian Institute of Mining, Metallurgy and Petroleum (MCIM); and the Society of Economic Geologists (MSEG). He currently serves as a Director with Signature Gold Limited.

Mr Fulton has an M.Sc. (Earth Sciences) from Waikato University, New Zealand, and an MBA from Deakin University, Melbourne, Australia.

Mr. Colin Glazebrook is a geologist who has worked in the resource industry for almost 50 years. He is a Fellow and Chartered Professional (Management) of the AusIMM, Member (Certified Petroleum Geologist) of the American Association of Petroleum Geologists. He is a member of the Petroleum Exploration Society of Australia, a former Federal President and was honoured with a Meritorious Service Award in 2002.

His areas of specialization have been oil and gas exploration and development and gold exploration and mining and he has worked in all of the Australian States and the Northern Territory, North America, Europe, Africa, Former Soviet Union, New Zealand, South Pacific and S E Asia.

His involvement in the oil & gas industry included working in both upstream and downstream areas and he has been involved in several field discoveries and developments including that of Australia's largest onshore oilfield.

Colin has served on the Boards of eight listed Australian and New Zealand public companies and is currently a Director and Chief Executive Officer of Nagambie Mining Limited.

FUTURE DIRECTION

The new Board is conscious of the concerns of all shareholders and accordingly has initiated a number of steps designed to review and investigate the Company's activities in the past whilst also advancing the Company's corporate and strategic objectives. This process is focussed on growing shareholder value by ensuring that the potential of the Company's assets, particularly in Papua New Guinea, is validated.

Steps taken to date include the following:

- Appointed Grant Thornton to conduct a forensic accounting review of the Company's expenditure to date. The report is expected to be received by the end of February 2013;
- Met with the Company's Exploration Manager and geological consultants to review the Company's activities, progress to date and forward strategy;
- Ensured that exploration activity on the ground in Papua New Guinea has been able to continue while the Board completes its strategic review;
- Reviewed the structure of the Company's subsidiary in Papua New Guinea with a view to strengthening the Board of Directors and enhancing governance overall and especially in Papua New Guinea;
- Commenced a process to reset the Company's focus to address all stakeholder concerns and materially advance the commercialisation of the Company's assets as expeditiously as possible;

- Commenced a new capital raising with the support of Strategic Capital Management;
- Commenced a dialogue to attract strategic corporate and funding support out of Papua New Guinea;
- Advanced the Papua New Guinea farm-out process to ensure that appropriate partners are targeted and encouraged to participate in PPL 326;
- Commenced a review of the Company's Gippsland assets to ensure that their value and prospectivity are properly understood;
- Investigated a number of specific opportunities to recast the Company's prospects and crystallise the inherent value in its current assets;

Dr John Hewson said:

"With proper funding and a strategic partner in place Larus will be well placed to advance its oil and gas assets through to commercialisation."

"I look forward to being more directly involved in the emerging potential in Papua New Guinea as a world-class oil and gas province. There is considerable potential within Larus Energy's huge untapped asset which has high prospectivity and a number of well advanced targets."

"We greatly value the continued patience and support of all existing shareholders and trust that they, along with new investors, will also support the current capital raising process."

The Board has resolved to convene the Annual General Meeting on Friday 31 May 2013 at which shareholders will have the opportunity to hear from the new Board and be provided with an update in relation to the Company's progress.

For further information please refer to the Company's website: www.larusenergy.com.au or contact the Company Secretary Mr. Andrew Cooke on andrew@larusenergy.com.au