



Shareholder Update

March 2021

Highlights:



PROGRESS made through Covid-19 pandemic

LICENCE variations approved by DPE

NEW board & management changes

POTENTIAL within substantial prospect & lead portfolio

ACTIVITY: capital raise to de-risk & realize potential

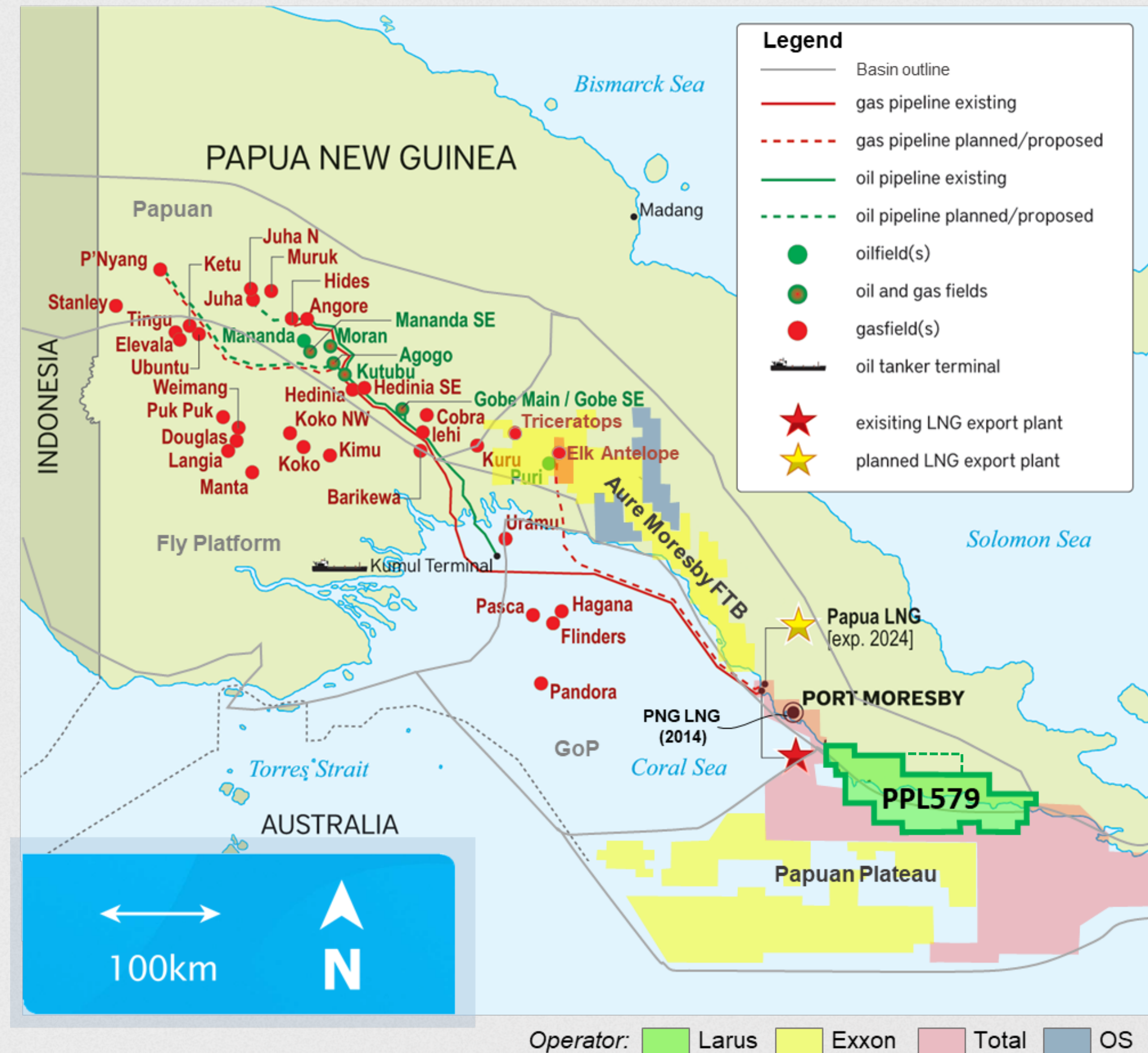
2020 Progress

The last six to twelve months have obviously provided Larus with a very challenging environment and as a junior Oil & Gas Explorer the collapse of oil price in 2020 and the impact of Covid19 have slowed progress towards the Company's goal of finding a farm-in partner to help realise the potential of PPL579.

While many companies in our situation would likely have not survived this extraordinary turn of events, Larus has been fortunate. With the support of our Chairman, Richard Gazal, the board and management have continued to work to advance the prospects of the Company and its licence, with a strict focus on efficient and prudent capital deployment.

During the shut-down, the board took time to assess the history of the farm-out process, with a view to understanding any shortcomings in our story based on feedback from the prospective farminees. As a result, a re-interpretation of all the available seismic data in the permit was undertaken.

Using tectono-sequence stratigraphic techniques, this work was completed by Alaister Shakerley via a short term contract. Alaister previously worked PNG for the supermajor Total and has an intimate knowledge of the frontier basin in which we operate. Through his recent evaluation, our understanding of the petroleum system has risen to another level, resulting in the identification of a number of new and potentially very large structural and stratigraphic prospects.



Board, Management & Kupiano

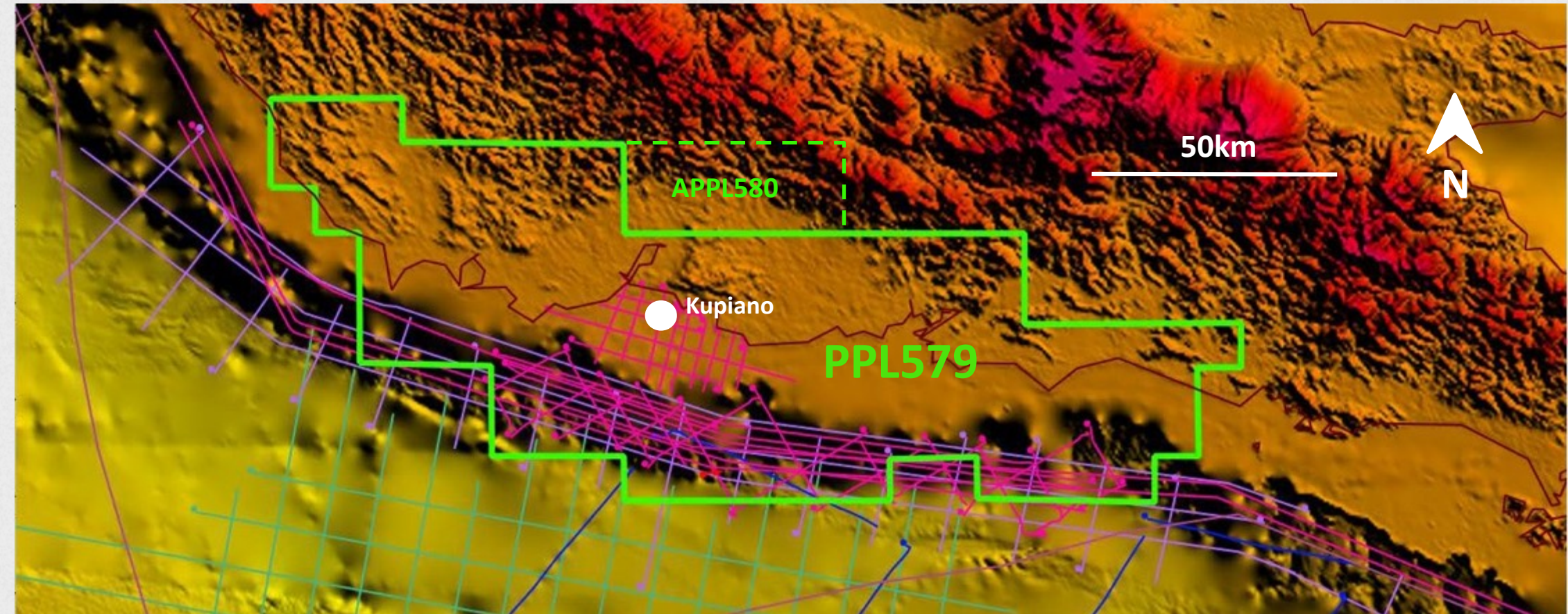
The board welcomed Simon Kaiwi to the Australian board of Larus Energy in June of last year. Simon has served on the board of Larus Energy (PNG) Limited for approximately 8 years and he was officially accepted by shareholders at the last AGM.

Simon's in country experience with local business and government has provided, and will continue to provide, the Company with a strong presence in PNG, allowing valuable and regular contact with the DPE and our Kupiano office.

Following the completion of Alaister's short-term contract and based on the quality of his work, the Company looked to secure his services on a permanent basis. Equally, Alaister was so encouraged by the prospectivity of the block, that he officially took on the role of Exploration Manager for Larus Energy on 1 October 2020.

Dr Michael Swift vacated this role in June of last year. We sincerely thank Mike for his considerable service to the company and understand that as a shareholder and beneficiary of his over-riding royalty agreement (ORR) in PPL579, Mike will be keeping an eye on our progress moving forward.

The Kupiano office continues to employ up to 20 staff members. The board does not underestimate the importance of supporting the local community and how this reflects the image of Larus in PNG. The pandemic has forced a review of operations in Kupiano and budgets have been tightened given the limitations on the staff's ability to undertake their role of engaging with neighbouring villages as part of the community awareness program.



Variations

Larus lodged a variation to its work program for year's 3 & 4 (of the licence period 30/03/2019 - 29/03/2021) with the DPE on the 10th December 2018. However, due to in-country delays, followed by the covid-19 pandemic, the variation approval was delayed.

With the impact of the pandemic and oil price collapse, the company lodged a revised variation with the DPE to also include a variation for year's 5 & 6 of the licence. We are pleased to announce the variations for year's 3 & 4 and year's 5 & 6 were approved in November 2020.

Now with the new work commitments officially in place the Company has a clear and achievable path towards meeting these commitments while continuing to focus on identifying a farm-in partner.

Licence status and future work

In order to further consolidate the Larus story, the Board has concluded, based on the re-interpretation and advice from Moyes & Co (A&D Advisor), that more data is required to firm up the prospectivity of the block.

In particular, new and reprocessed seismic data is needed to provide better structural and stratigraphic definition to the prospects identified to date, and together with gravity and magnetic and heat flow data, will assist in the determination and refinement of our understanding of trap geometry, seal risk, reservoir potential, source rock maturity and charge.

Capital Raise

As previously mentioned, our Chairman, Richard Gazal, has funded the Company during this period of uncertainty. Given the very positive results from the re-interpretation there is a renewed excitement around the potential size, quality and number of prospects and leads in PPL579.

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

As a consequence the Company planning a capital raise in the near future, details to be confirmed in due course.

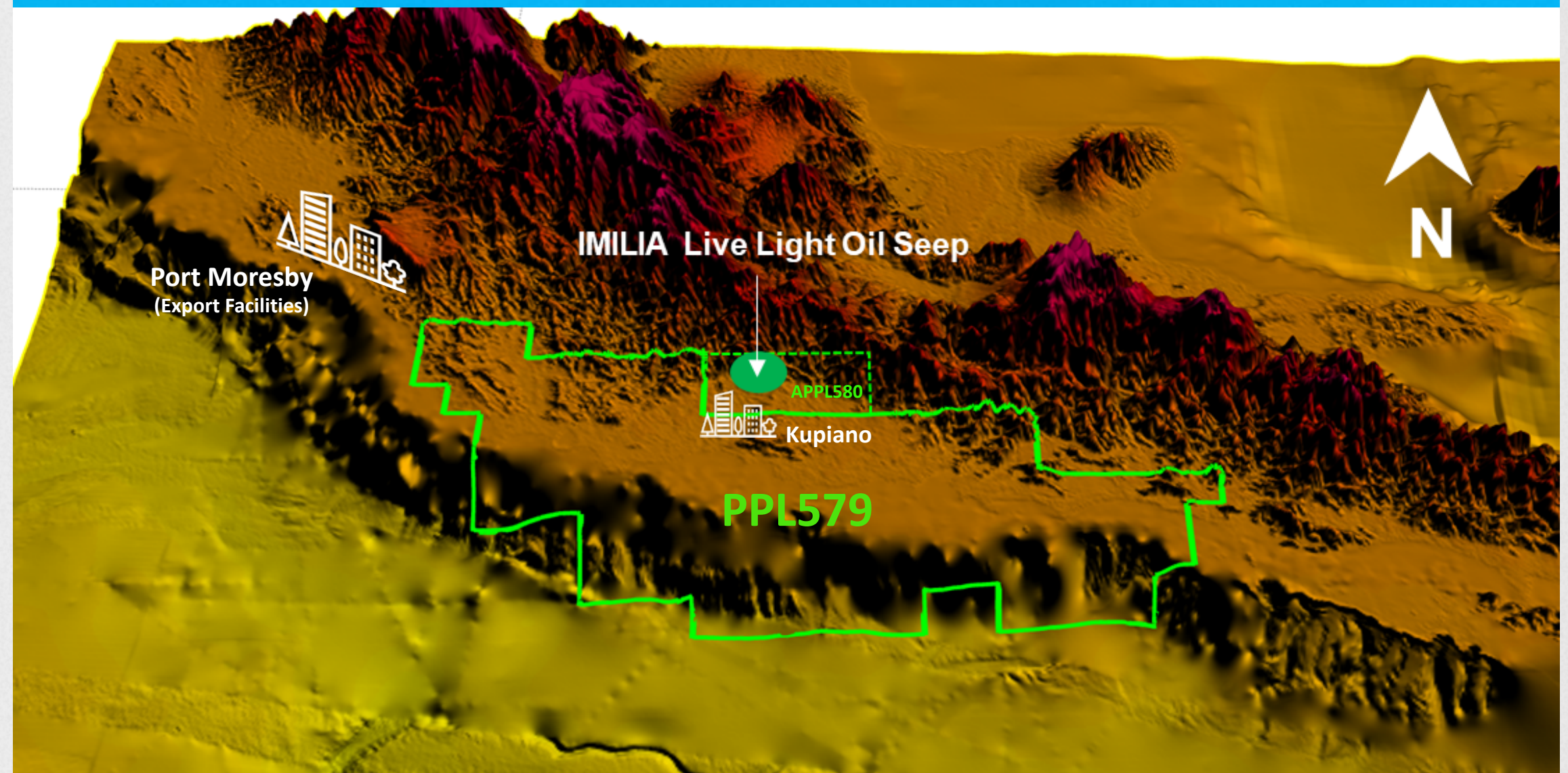
PNG Location Map



Large Acreage Position PPL579 /Cyprus for scale



PPL579 with GEBCO Digital Elevation Model and Imilia Oil Seep Location



Shareholder enquiries

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