

SHAREHOLDER UPDATE

1 December 2017

CURRENT STATUS

Permit PPLL 579 is now in the first year of an eleven (6+5) year term that commenced in March this year. The permit remains in good standing with the PNG Government.

All other Exploration acreage in the Torres Basin adjacent to PPL579 has in the last year been applied for and awarded to supermajors Total and Exxon. This development emphasises the exploration potential of the Torres Basin region first identified by Larus.

FARMOUT

Larus is in discussions with a number of prospective farminees including some of the supermajors, many of which are continuing to undertake technical reviews, including analysis of the seep discovered onshore which was announced on 24 July 2017. This oil resembles the oils of the PNG Highlands where significant commercial discoveries have been made. It is evident that the kitchen generating the oil lies in the northern region of PPL 579.

Moyes & Co, our A&D advisors, together with the Larus board, recently completed two weeks of meetings with key Australasian players in respect of the developing oil petroleum generation story in PPL579. The latter play offers a stand-alone project, which requires no commercial ties to the LNG mega projects.

A successful shallow water oil discovery could be developed for export from floating storage at modest capital cost in 2 years and is within the technical experience and current budgets available to the targeted regional Asian oil companies.

Chris Moyes commented, "Larus have had a successful roadshow in Australasia through November with meetings with multiple parties, resulting in new confidentiality agreements signed, written offers to consider and some very useful dialogue with experienced regional and PNG players, that have offered some very experienced insights into the forward

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program of seep analysis, seismic and drilling programs over the next 6 years. The company will actively continue with these discussions over the New Year with the anticipation that an agreement with one or more aligned partners can be secured in the first quarter of 2018”.

The Company will continue to update shareholders as necessary.

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