Larus Energy Limited

ABN 16 140 709 360

and its Controlled Entities

Annual Report
For year ended 31 December 2024

LARUS ENERGY LIMITED
Corporate Directory

DIRECTORS
Richard Gazal
Richard Malcolm
Jon Adgemis
Joe Holloway
John Chambers

COMPANY SECRETARY
Matthew Azar

REGISTERED AND ADMINISTRATION OFFICE
Level 28, AMP Building
140 St Georges Tce, Perth, WA 6000

AUDITORS
In.Corp Audit & Assurance Pty Ltd
Level 1, Lincoln House,
4 Ventnor Avenue,
West Perth, WA, 6005

BANKS
Commonwealth Banking Corporation
Bank South Pacific

LARUS ENERGY LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Your Directors present their report on the Group consisting of Larus Energy Limited (**Larus** or the **Company**) and the entities it controlled at the end of and during the year ended 31 December 2024.

Directors

Names, qualifications, experience and special responsibilities

The names of directors who held office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Richard Gazal - Non-executive Chairman
Mr Gazal is executive director of 3C Capital private family office, until late 2016 he was also executive director of Gazal Corporation, a post he held for over 15 years.

Richard is an entrepreneur with extensive experience running Company's across a wide range of sectors. Through 3C Capital, which has a presence in Europe the UK and Australia, the team maintains a specific focus on the oil & gas sector.

He is a major shareholder of Larus Energy.

Richard Malcolm, Non-executive Director
Mr Malcolm is a professional geoscientist with over 40 years of varied oil and gas experience within seven international markets including Australia/NZ/PNG, UK North Sea, Gulf of Mexico and the Middle East/ North Africa.

His latter roles from 2006 to 2013 included Managing Director of OMV UK and Managing Director of Gulfsands Petroleum, an AIM listed exploration and production company with operations in Syria, Tunisia, Morocco, USA and Colombia.

He is currently a Non-executive Director of Cue Energy Resources Limited.

Mr Jon Adgemis, Non-executive Director
Mr Adgemis' partnership at KPMG spanned 12 years with over 16 years' experience specialising in mergers and acquisitions across a range of sectors including retail, property, technology and media. Post KPMG, Jon is Founder and Principal at the JAGA Group, a property development group with an extensive commercial property portfolio. He is also a shareholder of Larus Energy.

Jon has significant experience in dealing with public company boards and the governance associated with this, as well as sitting on a number of advisory boards directly.

Mr Joe Holloway, Non-executive Director
Mr Holloway is a PNG national who also sits on the board of the Company's wholly-owned subsidiary, Larus Energy (PNG) Limited. He represents the company in his capacity as a director on the Australian & PNG Larus entities.

Joe is a prominent businessman and managing director of a number of companies consisting of hotels, retail, property development and manufacturing in PNG, he is also a director of National Finance PNG and PNG Ports Limited.

Mr John Chambers, Managing Director (appointed 7 February 2024)
John is an energy executive with 38 years of global experience across exploration, development and production activity in technical, commercial and senior management roles. John retired from Santos at the end 2022 where he had been Vice President for Offshore Upstream, Northern Australia, Timor Leste and Papua New Guinea.

Since joining Santos in 2003 John has variously held roles in Santos as Vice President Santos PNG, Asia Pacific Exploration Manager, President Santos Bangladesh, Country Manager Santos Vietnam, Country Manager Santos India and Exploration Manager Onshore Australia.

Directors' interests in the shares and options of the Company and related bodies corporate
As at the date of this report, the relevant interests of the Directors whether direct or indirect, in the shares and options of the Company were:

	Number of Options	Number of fully paid ordinary shares
Mr Richard Gazal	-	75,748,752
Mr Richard Malcolm	100,000	3,180,387
Mr Jon Adgemis	-	401,755
Mr Joe Holloway	-	10,720,852
Mr John Chambers	-	841,667
Mr Matthew Azar	-	2,317,200

There were no ordinary shares issued during the period as a result of the exercise of options.

Company Secretary

Matthew Azar B.Bus
Mr Azar has been in business and company secretarial consulting for several years and prior to that operated a successful business for 7 years following 10 years in operations at the Australian Jockey Club.

Principal Activities

The principal activity of the Group is the exploration for oil and gas. There has been no change in the principal activities during the year.

Operating and Financial Review

Review of operations

Papua New Guinea – PPL579

PPL 579 lies to the southeast of Port Moresby covering parts of the Central Province and consists of 110 sub-blocks and covers an area of approximately 9,244km2 (3,569 mi2). PPL 579 lies approximately 47% onshore; and approximately 53% offshore. In the offshore the water depth is up to 2190m, with approximately 50% of the offshore license area in water depths of 200m or less.

The PPL579 licence term is for a period of 13-years, originally beginning in March 2017 with an initial 6-year term. In August 2021 the company was granted a 12-month extension to March 2024. In July 2022 the company was granted an additional 12-month extension to March 2025, with the ability to extend into the second term of the licence for a further 5 years to March 2030. On 23 August 2024, the Minister of Petroleum and Energy the Hon. Thomas Opa signed an extension to the PPL579 license for a period of 5 years commencing 30 March 2025 with a 50% relinquishment to take effect on that date leaving the PPL579 licence focussed on the offshore part of the original licence area.

On 23 August 2024 the Minister of Petroleum and Energy the Hon. Thomas Opa signed a new licence, PPL695 to the south of PPL579 covering 60 graticular blocks covering approximately 5,034 km2 for a 6 year period.

PPL579 and PPL695 are located in the eastern part of the Papuan Basin in an area referred to as the Torres Sub-Basin. This is a frontier area, as currently, no hydrocarbon exploration wells have been drilled in the region. Previous exploration activity was limited to surface geological mapping and a limited quantity of reconnaissance seismic survey data acquisition in the offshore. In 2015 & 2016, the acquisition of modern multi-client regional offshore 2D seismic data, led to a step change in the geological understanding of the region, the identification of new plays and uncovered a number of significant leads and prospects within the PPL 579 License. To derisk and to mature prospects to drill ready status, Larus in collaboration with Searcher Seismic, acquired the 1,855 sq. km Nanamarope MC3D seismic survey in May-June 2023, with the final seismic processing products delivered from the processing contractor in early 2024. The Larus Energy subsurface team has mapped this 3D seismic and confirmed a number of large anticlinal prospects with strong indications of reservoir as well as direct hydrocarbon indicators. Throughout 2024 high-end geophysical studies have taken place enhancing the view on prospectivity. Drilling planning work to test the Nanamarope prospect in early 2026 is underway.

The G&G work conducted by Larus has significantly enhanced the petroleum prospectivity of the area. Gravity and magnetics modelling originally highlighted a thick sedimentary section in the Papuan Plateau basin, now termed the Torres Sub-Basin. Larus further progressed the derisking of the petroleum potential of the region with the discovery of the Imilia light live oil seep. Geochemical analysis of the Imilia seep and petroleum systems modelling has shown that the area has potential for both oil and gas accumulations.

Larus was the first company to identify the presence of the Mid-Miocene turbidite/contourite sandstone play and to recognise its potential within significant thrusted anticline traps which are contained in the PPL 579 license area. These same sand bodies pinch-out to the south against a basement high in PPL695 setting up traps similar to many of the recent discoveries along the Atlantic Margins.

Larus has maintained its' strong relationships with the PNG Government and the Regulator. With the acquisition and processing of the Nanamarope MC3D seismic survey Larus has far exceeded its Phase-3 commitments, and the PPL 579 License is in good standing and has been extended until March 2030.

Operating results for the year

The net result of operations after applicable income tax expense of the Group for the year ended 31 December 2024 was a loss of $3,073,287 (2023: $15,764,793).

Financial position and significant changes in state of affairs

The Company raised $1,778,423 of funding via the issue of shares at $0.62 per share (2023: $734,582 of funding via loans and $14,133,715 via the issue of shares at $0.62 per share).

Cash on hand at 31 December 2024 totalled $271,845 (2023: $100,896).

Business strategies, and prospects for future financial years

The Group plans to continue exploration on its exploration licences in PNG and continues to actively seek farminees.

Dividends

No dividends were either paid or declared for the year. The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2024.

Significant Changes in the State of Affairs

Other than mentioned in other parts of this report, there were no significant changes in the state of affairs of the Group during the financial period.

Environmental Regulations

Larus Energy Limited, through its subsidiary Larus (PNG) Limited, holds PPL579 in Papua New Guinea and is subject to various governmental statutes and guidelines for environmental impacts in relation to exploration activities. These provide for the satisfactory rehabilitation of the areas of exploration. There have been no known material breaches of the licence conditions.

Share Options

Unissued ordinary shares of Larus Energy Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number of options
2 February 2015	2 February 2026	$0.10	100,000
14 September 2020	2 February 2026	$0.10	100,000
15 October 2022	15 October 2025	$0.10	411,590
2 February 2024	2 February 2029	$0.62	300,000
			911,590

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate. During or since the end of the financial year, the Company has not issued any shares as a result of the exercise of options.

Directors' Meetings

Attendance at Directors' meetings during the year

Directors	Eligible to attend	Attended
Richard Gazal	2	2
Richard Malcolm	2	2
Jon Adgemis	2	0
Joe Holloway	2	2
John Chambers	2	2

Indemnification and Insurance of Directors and Officers

Director Indemnity

The Company has, either during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate, entered into deeds of access and indemnity with each director which includes indemnifying them against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Director insurance

The Company, either during or since the end of the financial period, has paid premiums in respect of a Directors and Officers Insurance contract insuring each director against a liability incurred as an officer for the costs or expenses to defend legal proceedings. It is a term of the contract that all other terms remain confidential.

Indemnity and Insurance of Auditors

The Company has not, either during or since the end of the financial period, in respect of any person who is or has been an auditor of the Company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 43.

Events Subsequent to Reporting Date

On 3 February 2025, the Company issued 1,382,926 fully paid ordinary shares at a price of $0.62 per share.

Other than the above, there are no events that have arisen in the interval between the end of the period and the date of this report that are likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations.

Likely Developments

The Company continues to identify and evaluate oil and gas exploration and evaluation opportunities that are perceived to offer outstanding value. As the Group's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments from any of these exploration activities.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Remuneration Report

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Individual key management personnel disclosures

Details of KMP are set out below:

Key management personnel

(i) Directors

Mr Richard Gazal	Chairman
Mr Richard Malcolm	Non-Executive Director
Mr Jon Adgemis	Non-Executive Director
Mr Joe Holloway	Non-Executive Director
Mr John Chambers	Managing Director

(ii) Executives

Alaister Shakerley	Exploration Manager
Mr Matthew Azar	Company Secretary

There have not been any changes to KMP after the reporting date and before the financial report was authorised for issue.

The remuneration report is set out under the following main headings:

A) Principles used to determine the nature and amount of remuneration
B) Senior management employment contracts and remuneration
C) Details of remuneration
D) Performance based compensation
E) Directors' and KMP interests in shares and options

A) Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance, being the development of the Larus Energy exploration tenements. The framework aligns executive reward with achievement of corporate strategic objectives and the creation of value for shareholders and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.
Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives. Alignment to programme participants' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Non-executive directors

The Constitution provides that the non-executive Directors are entitled to such remuneration as determined by the Directors, which must not exceed in aggregate $500,000 per annum or such other maximum annual amount determined by Larus Energy Limited in a general meeting. Such remuneration is to be apportioned among the non-executive Directors as the Directors determine.

Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a non-executive Director performs extra services outside the scope of the ordinary duties of a Director provided that no such payment may be made if the effect would be to exceed the aggregate maximum sum referred to above.

Mr Gazal, as Chairman, and Mr Adgemis, as Non-Executive Director, have elected not to receive any Directors' fees at the current stage of the Company's development. Mr Malcolm and Mr Holloway receive an agreed annual fee amount of $60,000 p.a. and $40,000 of this fee will be converted to shares. Over this time, Mr Malcolm and Mr Holloway continue to work as executive directors when required, at no additional cost to the company.

Executive Directors

The Constitution provides that the executive Directors are entitled to such remuneration as determined by the Directors.

The Constitution also makes provision for Larus Energy Limited to pay all expenses of Directors in attending meetings and carrying out their duties.

B) Senior management employment contracts and remuneration

Mr Alaistair Shakerley – Exploration Manager

Pursuant to a services agreement dated 15th October 2020, Larus contracted Mr Shakerley as Exploration Manager of Larus Energy on a total minimum annual service contract with Structural Geosciences Limited of USD 96,000 plus expenses. This contract was updated on 1 January 2024, to an annual service contract of USD 200,000 plus expenses. Mr Shakerley continues to be paid on the original annual amount of USD 96,000 plus expenses and the difference accrues while the company manages cashflow constraints.

Mr John Chambers – Managing Director

Pursuant to a services agreement dated 9th April 2024, Larus contracted Mr Chambers as Managing Director of Larus Energy on a total minimum annual service contract with Wollemi Energy Consultants Pty Ltd of AUD 180,000. Mr Chambers agrees to be paid a monthly amount of AUD 5,000 plus 10.5% Superannuation plus GST and expenses. The difference accrues while the company manages cashflow constraints.

C) Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel of the Group are set out in the following tables.

The key management personnel of Larus Energy Limited and the Group include the Directors, Managing Director, Company Secretary and the Exploration Manager.

2024	Short-term benefits			Post-	Share-based payments		
$	Salary	Directors' Fees	Consulting	employment benefits	Shares	Options	Total
Directors							
Richard Gazal	-	-	-	-	-	-	-
Richard Malcolm	20,000	-	-	3,375	123,000	-	146,375
Jon Adgemis	-	-	-	-	-	-	
Joe Holloway	20,000	-	-	3,375	185,000	-	208,375
John Chambers	-	-	144,323	-	186,000	-	330,323
Total Directors	**40,000**	**-**	**144,323**	**6,750**	**494,000**	**-**	**685,073**
Other key management personnel							
Alaistair Shakerley	-	-	197,565	-	310,000	-	507,565
Matthew Azar	-	-	-	-	62,000	-	62,000
Total other KMPs	**-**	**-**	**197,565**	**-**	**372,000**	**-**	**569,565**
Totals	**40,000**	**-**	**341,888**	**6,750**	**866,000**	**-**	**1,254,638**

2023	Short-term benefits			Post-	Share-based payments		
$	Salary	Directors' Fees	Consulting	employment benefits	Shares	Options	Total
Directors							
Richard Gazal	-	-	-	-	-	-	-
Richard Malcolm	30,000	-	-	2,920	42,000	-	74,920
Jon Adgemis	-	-	-	-	-	-	-
Joe Holloway	30,000	-	-	3,300	35,000	-	68,300
Total Directors	**60,000**	**-**	**-**	**6,220**	**77,000**	**-**	**143,220**
Other key management personnel							
Alaistair Shakerley	-	-	140,351	-	-	-	140,351
Matthew Azar	-	-	-	-	-	-	-
Total other KMPs	**-**	**-**	**140,351**	**-**	**-**	**-**	**140,351**
Totals	**60,000**	**-**	**140,351**	**6,220**	**77,000**	**-**	**283,571**

D) Performance based compensation

Options

No options over ordinary shares in the Company were provided as remuneration to a Director of the Group or key management personnel of the Group during the financial year.

Shares issued on the exercise of options

No ordinary shares of Larus Energy Limited were issued during the year ended 31 December 2024 (2023– Nil) on the exercise of options granted. No further shares have been issued since that date on the exercise of options granted. No amounts are unpaid on any of the shares.

E) Directors' and KMP interests in shares and options

The relevant interest of each directors and key management personnel in office during the years ended 31 December 2024 and 2023 in the share capital of the Company as at the date of this report was as follows:

Shareholdings

2024	Balance at the start of the year / appointment	Received as part of remuneration	Additions	Disposals / others	Balance at the end of the year/date of resignation
Directors					
Richard Gazal	74,886,932	50,000	811,820	-	75,748,752
Richard Malcolm	2,982,000	198,387	-	-	3,180,387
Jon Adgemis	401,755	-	-	-	401,755
Joe Holloway	10,107,587	298,387	314,878	-	10,720,852
John Chambers	541,667	300,000	-	-	841,667
Other key management personnel					
Alaistair Sharkerley	-	-	500,000	-	500,000
Matthew Azar	2,217,200	100,000	-	-	2,317,200

2023	Balance at the start of the year / appointment	Received as part of remuneration	Additions	Disposals / others	Balance at the end of the year/date of resignation
Directors					
Richard Gazal	69,877,175	-	5,609,757	600,000	74,886,932
Richard Malcolm	2,562,000	420,000	-	-	2,982,000
Jon Adgemis	401,755	-	-	-	401,755
Joe Holloway	-	350,000	9,757,587	-	10,107,587
Other key management personnel					
Alaistair Sharkerley	-	-	-	-	-
Matthew Azar	1,917,200	-	300,000	-	2,217,200

Options over ordinary shares

2024	Balance at the start of the year /appointment	Granted	Exercised	Expired/ forfeited / other	Balance at the end of the year/date of resignation
Directors					
Richard Gazal	-	-	-	-	-
Richard Malcolm	100,000	-	-	-	100,000
Jon Adgemis	-	-	-	-	-
Joe Holloway	-	-	-	-	-
John Chambers	-	-	-	-	-
Other Key Management Personnel					
Alaistair Sharkerley	-	-	-	-	-
Matthew Azar	-	-	-	-	-

2023	Balance at the start of the year /appointment	Granted	Exercised	Expired/ forfeited / other	Balance at the end of the year/date of resignation
Directors					
Richard Gazal	-	-	-	-	-
Richard Malcolm	100,000	-	-	-	100,000
Jon Adgemis	-	-	-	-	-
Mr Joe Holloway	-	-	-	-	-
Other Key Management Personnel					
Alaistair Sharkerley	-	-	-	-	-
Matthew Azar	-	-	-	-	-

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of the Directors pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Richard Gazal
Chairman

20 February 2025

LARUS ENERGY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 $	2023 $
Revenue		-	-
Expenses			
Interest Expense		(324,783)	(272,076)
Exploration and evaluation costs		(42,662)	(40,720)
Administrative expenses		(652,718)	(472,504)
3D Seismic Expenditure		(626,006)	(14,840,984)
Depreciation		(4,489)	(8,734)
Employment costs		(178,723)	(106,343)
Share based payments expense	27	(1,129,500)	(131,000)
Foreign currency (loss)/gain		(114,406)	107,568
Loss before income tax expense		**(3,073,287)**	**(15,764,793)**
Income tax benefit	9	**-**	**-**
Loss after income tax benefit		**(3,073,287)**	**(15,764,793)**
Other comprehensive income			
Exchange differences on translating foreign controlled entities		**(70,251)**	**63,429**
Other comprehensive income for the year		**(70,251)**	**63,429**
Total comprehensive income		**(3,143,538)**	**(15,701,364)**
Basic loss per share (cents)	8	(2.29)	(13.61)
Diluted loss per share (cents)	8	(2.28)	(13.61)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

LARUS ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 $	2023 $
CURRENT ASSETS			
Cash and cash equivalents	10	271,845	100,896
Trade and other receivables	11	218,743	279,633
TOTAL CURRENT ASSETS		**490,588**	**380,529**
NON-CURRENT ASSETS			
Property, plant and equipment	12	17,574	16,766
Other assets	13	40,069	-
TOTAL NON-CURRENT ASSETS		**57,643**	**16,766**
TOTAL ASSETS		**548,231**	**397,295**
CURRENT LIABILITIES			
Trade and other payables	14	1,133,438	1,066,783
Borrowings	15	4,670,915	4,347,634
Lease liabilities	16	3,630	3,385
TOTAL CURRENT LIABILITIES		**5,807,983**	**5,417,802**
NON-CURRENT LIABILITIES			
Lease liabilities	16	5,596	9,226
TOTAL NON-CURRENT LIABILITIES		**5,596**	**9,226**
TOTAL LIABILITIES		**5,813,579**	**5,427,028**
NET ASSETS		**(5,265,348)**	**(5,029,733)**
SHAREHOLDERS' EQUITY			
Issued capital	17	43,156,170	40,434,247
Foreign currency translation reserve	19	(1,297,545)	(1,227,294)
Option reserve	19	226,006	40,006
Accumulated losses		**(47,349,979)**	**(44,276,692)**
TOTAL EQUITY		**(5,265,348)**	**(5,029,733)**

The above statement of financial position should be read in conjunction with the accompanying notes.

LARUS ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
At 31 December 2022	**26,169,532**	**(28,521,899)**	**(1,290,723)**	**50,006**	**(3,593,084)**
Transactions with owners in their capacity as owners					
Issue of shares	14,264,715	-	-	-	14,264,715
Issue of options	-	-	-	-	-
Transfer of expired options	-	10,000	-	(10,000)	-
	14,264,715	10,000	-	(10,000)	14,264,715
Loss for the year	-	(15,764,793)	-	-	(15,764,793)
Exchange differences on translating foreign controlled entities	-	-	63,429	-	63,429
Total comprehensive income for the year	-	(15,764,793)	63,429	-	(15,701,364)
At 31 December 2023	**40,434,247**	**(44,276,692)**	**(1,227,294)**	**40,006**	**(5,029,733)**
Transactions with owners in their capacity as owners					
Issue of shares (cash)	2,721,923	**-**	**-**	**-**	2,721,923
Issue of options	-	-	-	186,000	186,000
Transfer of expired options	-	-	-	-	-
	2,721,923	-	-	186,000	2,907,923
Loss for the year	-	(3,073,287)	-	-	(3,073,287)
Exchange differences on translating foreign controlled entities	-	-	(70,251)	-	(70,251)
Total comprehensive income for the year	-	(3,073,287)	(70,251)	-	(3,143,538)
At 31 December 2024	**43,156,170**	**(47,349,979)**	**(1,297,545)**	**226,006**	**(5,265,348)**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

LARUS ENERGY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(971,833)	(635,074)
Payments for 3D seismic exploration and evaluation		(626,006)	(14,229,908)
Interest paid		(975)	(30,150)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	26	**(1,598,814)**	**(14,895,132)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(5,275)	-
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(5,275)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of share issue costs		1,778,423	14,133,715
Proceeds from loans		-	734,582
Repayment of lease liabilities		(3,385)	(9,442)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		**1,775,038**	**14,858,855**
NET INCREASE/(DECREASE) IN CASH HELD		**170,949**	**(36,277)**
Cash and cash equivalents at the beginning of the financial		100,896	137,173
Cash and cash equivalents at the end of the financial year	10	**271,845**	**100,896**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of the financial report are set out below. The consolidated financial statements and notes represent those of Larus Energy Limited (the "Company") and its controlled entities (the "Consolidated Group" or "Group").

The separate financial statements of the parent entity, Larus Energy Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in Note 4.

The financial report was authorised for issue, in accordance with a resolution of directors, on 20 February 2025. The directors have the power to amend and reissue the financial report.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for for-profit entities.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB'). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

The Group incurred a net loss after tax for the year ended 31 December 2024 of $3,073,287 (2023: $15,764,793) and a net cash outflow from operations of $1,598,814 (2023: $14,895,132). The Group had cash on hand of $271,845 (2023: $100,896) and its total liabilities exceed the total assets by $5,265,348 (2023: $5,029,733).

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Going concern (continued)

The financial statements are prepared on a going concern basis as the Company has sufficient resources to meet its liabilities as and when they fall due for the next twelve months based on the following:

- The Group has proven it's ability to raise funds, as per the latest capital raise of $1,778,424 during the financial year. In addition, on 3 February 2025, 1,382,926 fully paid shares were issued at $0.62 per share, raising approximately $857,414.
- The continued financial support from the Company's directors; and
- The Group will commence discussions with potential farm out partners, following completion of the 3D seismic interpretation.

The Directors have reviewed the business outlook and cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will achieve the matters set out above and be able to pay its debts as and when they fall due.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

(c) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(d) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. On this basis, the Company has elected to expense all exploration and evaluation expenditure.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Exploration and evaluation expenditure

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of oil and gas plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the oil and gas permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Foreign currency translation

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The Australian controlled entities functional currencies are in Australian dollar while the PNG controlled entities functional currencies are in PNG Kina.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(f) Application of new and revised Accounting Standards

<u>New, revised or amending Accounting Standards and Interpretations adopted</u>

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

<u>New standards and interpretations not yet adopted</u>

There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on future transactions.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

(ii) Credit risk

There is negligible credit risk on financial assets of the Group since there is no exposure to individual customers or countries and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the statement of financial position and is minimised by using recognised financial intermediaries as counterparties.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities.

This is discussed further in Note 25.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest acquired where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

Share based payments

The Group measures the cost of equity-settled transactions, including acquisition costs, payments for services rendered and transactions with employees, by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted, including an option-pricing adjustment for non-transferability of the options.

Further details of all relevant terms and conditions and assumptions are contained in Note 27.

4. PARENT COMPANY INFORMATION

	2024 $	2023 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	296,012	169,448
Non-current assets	12,561,349	12,526,733
TOTAL ASSETS	12,857,361	12,696,181
LIABILITIES		
Current liabilities	5,803,672	5,385,211
Non-current liabilities	-	-
TOTAL LIABILITIES	5,803,672	5,385,211
EQUITY		
Issued capital	42,913,753	40,434,247
Reserves	(1,065,636)	(1,174,552)
Accumulated losses	(34,794,428)	(31,948,725)
TOTAL EQUITY	7,053,689	7,310,970
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME		
Net (loss) for the year, net of tax	(2,855,703)	(11,849,028)
Other comprehensive income, net of tax	-	-
TOTAL COMPREHENSIVE INCOME	(2,855,703)	(11,849,028)

Guarantees

Larus Energy Ltd has not entered into any guarantees, in the current financial year, in relation to the debts of its controlled entities.

Contingent liabilities

At 31 December 2024, Larus Energy Limited had no contingent liabilities (31 December 2023 – Nil).

Contractual commitments

At 31 December 2024, Larus Energy Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (31 December 2023 – Nil).

	2024 $	2023 $

5. KEY MANAGEMENT PERSONNEL COMPENSATION

	2024 $	2023 $
Short-term employee benefits	381,888	227,384
Post-employment benefits	6,750	6,220
Share-based payments	866,000	97,500
	1,254,638	331,104

6. REMUNERATION OF AUDITORS

	2024 $	2023 $
Audit of the consolidated financial report	10,763	9,000
	10,763	9,000

7. SEGMENT REPORTING

The Group operates predominately in the oil and gas exploration industry. For management purposes, the Group is organised into one main operating segment, which involves the exploration for oil and gas in Papua New Guinea. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

8. BASIC AND DILUTED LOSS PER SHARE

	2024	2023
Net loss from ordinary activities after income tax expense	3,073,287	15,764,793
Weighted average number of shares used in basic loss per share	134,348,535	115,840,957
Basic loss per share (cents per share)	(2.29)	(13.61)
Weighted average number of shares used in diluted loss per share	134,601,686	115,840,957
Diluted loss per share (cents per share)	(2.28)	(13.61)
Anti-dilutive options on issue not used in dilutive EPS calculation	611,590	611,590

	2024 $	2023 $

9. TAXATION

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

	2024 $	2023 $
Net loss before tax from ordinary activities	(3,073,287)	(15,764,793
Income tax (benefit) calculated at 25% of operating loss (2023: 25%)	(768,322)	(3,941,198)
Deferred tax amounts not recognised	768,322	3,941,198
Income tax benefit	**-**	-
Deferred tax balances not recognised		
calculated at 25% not brought to account as assets:		
Revenue tax losses available for offset against future taxable income	7,987,644	7,219,322

The taxation benefits of revenue tax losses and temporary differences not brought to account will only be obtained if:

(i) the Company and the Group derive further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
(ii) the company and the Group continue to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the company's and the Group's ability in realising the benefit from the deductions.

10. CASH AND CASH EQUIVALENTS

	2024 $	2023 $
Cash at bank and on hand	271,845	100,896
	271,845	100,896

11. TRADE AND OTHER RECEIVABLES

	2024 $	2023 $
Current		
Other receivables	196,571	258,037
Advance to employees	-	11,609
Prepayments	22,172	9,987
	218,743	279,633

	2024 $	2023 $
12. PROPERTY, PLANT AND EQUIPMENT		
Computer Hardware and Software		
Cost	47,723	42,448
Accumulated depreciation	(42,448)	(42,448)
	5,275	-
Plant and equipment		
Cost	48,961	48,906
Accumulated depreciation	(46,247)	(45,331)
	2,714	3,575
Motor vehicles		
Cost	170,766	168,026
Accumulated depreciation	(169,929)	(167,203)
	837	823
Leasehold improvements		
Cost	18,691	18,691
Accumulated depreciation	(18,691)	(18,691)
	-	-
Total Plant and Equipment	8,826	4,398
Right-of-use Asset		
Cost	14,479	14,479
Accumulated depreciation	(5,731)	(2,111)
	8,748	12,368
Total Property, Plant and Equipment	17,574	16,766

	2024 $	2023 $

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of movements in property, plant and equipment

	Computer Hardware and Software $	Plant and Equipment $	Motor Vehicles $	Right of Use Asset $	Total $
Year ended 31 December 2024					
Balance at the beginning of year	-	3,575	823	12,368	**16,766**
Additions	5,275	-	-	-	**5,275**
Disposals	-	-	-	-	**-**
Depreciation expense	-	(869)	-	(3,620)	**(4,489)**
Foreign exchange impact	-	8	14	-	**22**
Balance at the end of the year	**5,275**	**2,714**	**837**	**8,748**	**17,574**

	Plant and Equipment $	Motor Vehicles $	Right of Use Asset $	Total $
Year ended 31 December 2023				
Balance at the beginning of year	10,227	871	7,277	**18,375**
Additions	-	-	14,479	**14,479**
Disposals	-	-	(7,277)	**(7,277)**
Depreciation expense	(6,623)	-	(2,111)	**(8,734)**
Foreign exchange impact	(29)	(48)	-	**(77)**
Balance at the end of the year	**3,575**	**823**	**12,368**	**16,766**

13. OTHER ASSETS

	2024	2023
Non-Current		
Deposits paid	40,069	-
	40,069	-

	2024 $	2023 $
14. TRADE AND OTHER PAYABLES		
Trade creditors	801,480	705,321
Unpaid expense claims (i)	301,317	301,317
Sundry creditors and accruals	30,641	60,145
	1,133,438	1,066,783

(i) The Company has incurred a liability for operating expenses, including national and international travel and accommodation, for exploration and senior management in prior years. The amounts have been paid personally by Mr Richard Gazal, a Director of the Company. No interest has been accrued for this outstanding amount.

15. BORROWINGS

	2024 $	2023 $
Current		
Convertible loan facilities (i) – (vi)	4,670,915	4,347,634
	4,670,915	4,347,634

(i) The Company entered into a 12 month convertible loan facility agreement with JAGA Securities Pty Ltd AFT JAGA Investment Trust (the Lender), a company associated with Director, Mr Jon Adgemis, on 10 May 2018 for a facility of $200,000. The Company may draw down on the facility in amounts agreed by the parties and bears interest of 15% per annum from the date of each draw down of funds. Interest is payable at maturity or capitalised. The loan is convertible into fully paid ordinary shares if the Company is unable to repay the loan in which case it is convertible into fully paid ordinary shares unless the Lender gives the Company a notice of extension. Principal and interest accrued, but not yet paid, as at 31 December 2024 was $360,240. The convertible loan is unsecured.

(ii) The Company entered into a 12 month convertible loan facility agreement with Richard Gazal (the Lender), on 15 March 2019 for a facility of $200,000. The Company may draw down on the facility in amounts agreed by the parties and bears interest of 15% per annum from the date of each draw down of funds. Interest is payable at maturity or capitalised. The loan is convertible into fully paid ordinary shares if the Company is unable to repay the loan in which case it is convertible into fully paid ordinary shares unless the Lender gives the Company a notice of extension. This facility was increased by an additional $200,000 under the same terms on 15 July 2019, 2 December 2019 and 29 April 2020. Principal and interest accrued, but not yet paid, as at 31 December 2024, was $1,308,848. The convertible loan is unsecured.

15. BORROWINGS (continued)

(iii) The Company entered into a loan facility agreement on 28 June 2021 with Richard Gazal (the lender) for a facility of $1,000,000. The Company may draw down the facility in the amounts agreed by the parties and bears interest of 10% per annum from the date of each draw down of funds. Interest is payable at maturity or capitalised. The loan is convertible into fully paid ordinary shares if the Company is unable to repay the loan in which case it is convertible into fully paid ordinary shares unless the lender gives the Company a notice of extension. As at 31 December 2024, $670,000 of the total facility amount was drawn down. Principal and interest accrued, but not yet paid, as at 31 December 2024 was $856,816. The loan is unsecured.

(iv) The Company entered into a loan agreement with S.C.P 3C Capital (formerly 3C Group Limited) (the Lender), on 12 April 2018 for a facility of $613,974. The facility was originally for a 3 year term, however the Lender agreed to extend the term after each proceeding 12 months has lapsed, and accrues interest of 15% per annum. Principal and interest accrued, but not yet paid, as at 31 December 2024 outstanding on this amount is $1,322,277. The loan is unsecured.

(v) The Company entered into 2 convertible loan facilities with Richard Gazal and Joe Holloway on 24 October 2023 for a collective facility of US$500,000 (AUD$730,994). The Company may draw down the facilities in the amounts agreed by the parties and bears interest of 10% per annum from the date of each draw down of funds. Interest is payable at maturity (12 months from the agreement date). The loan terms were extended for another 12 months on 24 October 2024. The loans are convertible into fully paid ordinary shares if the Company is unable to repay the loans in which case they are convertible into fully paid ordinary shares unless the lenders give the Company a notice of extension. As at 31 December 2024, $730,994 of the total facility amount was drawn down. Principal and interest accrued, but not yet paid, as at 31 December 2024 was $822,734. The loan is unsecured.

16. LEASES

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2024 $	2023 $
Interest expense	775	559
Depreciation of right-of-use assets	3,620	2,111
	4,395	2,670

(a) Lease Liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Year ended 31 December 2024	< 1 year	1-5 years	Total undiscounted lease liabilities	As in Statement of Financial Position
Lease liabilities	4,160	5,895	10,055	9,226

17. ISSUED CAPITAL

	2024 $	2023 $
Ordinary shares - fully paid 136,632,756 (2023 – 132,272,541)	45,528,390	42,806,467
Less share issue costs	(2,372,220)	(2,372,220)
	43,156,170	40,434,247

Ordinary shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in Issued Capital	Number of shares	$
Balance as at 31 December 2023	132,272,541	40,434,247
- 2024 Capital Raise ($0.62 per share)	2,838,441	1,778,423
- Share Grant Allotments ($0.62 per share)	1,521,774	943,500
Balance as at 31 December 2024	136,632,756	43,156,170

18. OPTIONS

A summary of the movements of all company options on issue is as follows:

<u>2024</u>

Expiry Date	Exercise Price	Balance at 31 December 2023	Granted	Exercised	Expired	Balance at 31 December 2024
2 February 2024	0.10	100,000	-	-	-	100,000
2 February 2024	0.10	100,000	-	-	-	100,000
15 October 2025	0.10	411,590	-	-	-	411,590
2 February 2029 (i)	0.62	-	300,000	-	-	300,000
		611,590	**300,000**	**-**	**-**	**911,590**

2023

Expiry Date	**Exercise Price**	**Balance at 31 December 2022**	**Granted**	**Exercised**	**Expired**	**Balance at 31 December 2023**
17 February 2023	0.20	50,000	-	-	(50,000)	-
2 February 2024	0.10	100,000	-	-	-	100,000
2 February 2024	0.10	100,000	-	-	-	100,000
15 October 2025 (iii)	0.10	411,590	-	-	-	411,590
		661,590	**-**	**-**	**(50,000)**	**611,590**

(i) 300,000 options were issued to Bella Monde Pty Ltd in lieu of legal expenses during the year at an exercise price of $0.62 per option, vesting on issue. Consideration of $3,000 was received in lieu of this option issue ($0.01 per option), with the remaining price to be paid on exercise of the options.

19. RESERVES

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Option reserve
The option reserve records items recognised as expenses on the valuation of employee share options.

20. CONTINGENT LIABILITIES

There are no contingent liabilities.

21. COMMITMENTS

Exploration Tenement Expenditure Commitments
In order to maintain the Group's tenements in good standing with Papua New Guinea, the Company will be required to incur exploration expenditure under the terms of each tenement.

PPL 579 (PNG)
PPL 579 was originally granted on 3 March 2017 for a period of 6 years covering 110 graticular blocks covering over 9,244 square kilometres and is open to extension on 2 March 2023 for a further 5 years to 2 March 2028 covering an area of 55 graticular blocks. However, in August 2021 the company was granted a 12 month extension to March 2024, also, in July 2022 the company was granted an additional 12 month extension to March 2025, thus extending the 6 year period by 2 years to March 2025. In August 2024, the licence was extended by the Minister for a further 5 year term, expiring March 2030. This approval requires the relinquishment of 50% of the license. As of March 2025, PPL579 will consist of 55 graticular blocks and cover an area of approximately 4,622 square kilometres.

In 2024, the annual license fee required is K500 per block equalling K55,000 (approximately AUD 25,011) per annum and a requirement to a K100,000 bank guarantee.

PPL 695 (PNG)
In August 2024, the Minister granted a new licence (PPL 695) for a period of 6 years covering 60 graticular blocks. In 2024, the annual license fee required is K500 per block equalling K30,000 (approximately AUD 12,021) per annum and a requirement to a K100,000 bank guarantee. Work commitments are planned in the first 24 months of the license's operation as per obligations.

22. PARTICULARS RELATING TO CONTROLLED ENTITIES

Company	Country of Incorporation and Operation	Percentage of Equity Held 2024	Percentage of Equity Held 2023
Larus Energy (PNG) Ltd	Papua New Guinea	100%	100%
Larus Energy (PNG No. 2) Ltd*	Papua New Guinea	100%	-

*incorporated in December 2024.

23. RELATED PARTY DISCLOSURES

(a) Associates of directors

Director	Associated company
Richard Gazal	S.C.P 3C Capital & 3C Capital Pty Ltd
John Adgemis	JAGA Securities Pty Ltd
John Chambers	Wollemi Energy Pty Ltd

(b) Transactions with related parties

Loans and borrowings – refer to note 15.

Other related party transactions comprises remuneration to key management personnel and share based payments – refer to the Remuneration Report.

24. EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

On 3 February 2025, the Company issued 1,382,926 fully paid ordinary shares at a price of $0.62 per share.

Other than the above, there are no other events that have arisen in the interval between the end of the period and the date of this report that are likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations.

25. FINANCIAL INSTRUMENTS DISCLOSURES

(a) Capital

The Group considers its capital to comprise its ordinary share capital, reserves and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. The Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

It is the Group's policy to maintain its gearing ratio within the range of 0-25%. The Group's gearing ratio at the end of the financial year is shown below:

	2024 $	2023 $
Cash and cash equivalents	271,845	100,896
Net debt	4,670,915	4,347,634
Share capital	43,156,170	40,434,247
Reserves	(1,071,539)	(1,187,288)
Accumulated losses	(47,349,979)	(44,276,692)
Total equity	(5,265,348)	(5,029,733)
Gearing ratio	(0.89)	(0.86)

(b) Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.

(c) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other revievables;
- Cash at bank;
- Trade and other payables; and
- Borrowings

(d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(i) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

(ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities and assets. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the Group's overall liquidity risk.

Maturity Analysis - Consolidated – 2024

	Within 1 year	1 to 5 years	Over 5 years	Total contractual cash flow
Financial Liabilities				
Trade Creditors and accruals	1,133,438	-	-	1,133,438
Borrowings	4,670,915	-	-	4,670,915
Lease liability	3,630	5,596		9,226
	5,807,983	5,596	-	5,813,579
Financial assets				
Cash	271,845	-	-	271,845
Receivables - Current	218,743	40,069	-	258,812
	490,588	40,069	-	530,657
Net (outflow) / inflow for financial instruments	**(5,317,395)**	**34,473**	**-**	**(5,282,922)**

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Maturity Analysis - Consolidated – 2023

	Within 1 year	1 to 5 years	Over 5 years	Total contractual cash flow
Financial Liabilities				
Trade Creditors and accruals	1,066,783	-	-	1,066,783
Borrowings	4,347,634	-	-	4,347,634
Lease liability	3,385	9,226		12,611
	5,417,802	9,226	-	5,427,028
Financial assets				
Cash	100,896	-	-	100,896
Receivables - Current	279,633	-	-	279,633
	380,529	-	-	380,529
Net (outflow) / inflow for financial instruments	**(5,037,273)**	**(9,226)**	**-**	**(5,046,499)**

Financial assets are not past due nor impaired.

(iii) *Market risk*

Market risk does not arise as the Group does not use interest bearing, tradable and foreign currency financial instruments.

(iv) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

(v) *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the Australian Dollar and Papua New Guinea Kina functional currencies of the Group.

With instruments being held by overseas operations, fluctuations in the US Dollar may impact on the Group’s financial results. The Group does not engage in any hedging or derivative transactions to manage foreign exchange risk.

The Group does not have financial assets and liabilities denominated in currencies other than the functional currencies of the operations.

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(vi) Sovereign risk

Country or sovereign risk relates to the likelihood that changes in the business environment will occur that reduce the profitability of doing business in a country. These changes can adversely affect operating profits as well as the value of assets. Types of country risk include:

Political changes. Governments may change economic policies. Changes in the ruling party in Australia or Papua New Guinea (brought about by elections, coups or wars) may results in major policy changes. This could result in expropriation of the Group's exploration leases, inability to repatriate future profits, higher taxes, higher tariffs and import costs, elimination of FDI incentives, domestic ownership requirements and local content requirements.

Macroeconomic mismanagement. The Australian and Papua New Guinean governments may pursue unsound monetary and fiscal policies, which may lead to inflation, higher interest rates, recession and hard currency shortage.

Other types of country risk include war and labour unrest, which could result in higher costs and work stoppages.

The Group has maintained a working policy of keeping all relevant Government offices informed and updated on activities to allow clear avenues of communication with Government authorities and an understanding of any policy changes and any effects that they may have on the Group's work.

(e) Fair value

The carrying amounts of cash, trade and other receivables, trade and other payables and borrowings are assumed to approximate their fair values due to either their short-term nature or they are close to current market rates.

26. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss from ordinary activities after income tax to net cash outflows from operating activities as follows:

	2024	2023
	$	$
Operating (loss) after income tax	**(3,073,287)**	**(15,764,793)**
Non-Cash items – income and expenditure		
Depreciation and amortisation	4,489	8,734
Share based payment expenses	1,129,500	131,000
Accrued interest	323,281	240,701
Foreign exchange differences	(150,411)	72,002
Change in operating assets and liabilities:		
- (Increase)/Decrease in trade and other receivables	60,890	(236,917)
- (Increase)/Decrease in other assets	40,069	-
- Increase/(Decrease) in trade and other payables	66,655	654,141
Net Cash (outflow) from Operating Activities	**(1,598,814)**	**(14,895,132)**

27. SHARE-BASED PAYMENTS

(a) Shares:

1,521,774 shares were issued as part of a staff allotment to Richard Malcolm, John Chambers, Matt Azar, Alaister Shakerley, Tim Rady, Joe Holloway and 3C Capital at a share price of $0.62 in lieu of board and management fees during the year.

(b) Options:

During the year, 300,000 options were issued to Bella Monde Pty Limited, granted on 27 February 2024. These options were valued at $0.62. These options are set to expire on 2 February 2029. No options expired during the year.

(c) Valuation of Options and Performance Option:

Options are valued using a Black Scholes Option Pricing model. The fair value of Options is recognised as an expense at the grant date.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Entity Name	Body corporate, partnership or trust	Country of Incorporation	% of Share Capital held directly or indirectly by the Company in the body corporate	Australian or Foreign Tax Resident	Jurisdiction for Foreign tax resident
Larus Energy (PNG) Ltd	Body Corporate	Papua New Guinea	100%	Foreign Tax Resident	Papua New Guinea
Larus Energy (PNG No.2) Ltd	Body Corporate	Papua New Guinea	100%	Foreign Tax Resident	Papua New Guinea

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001.
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and
- the information disclosed in the consolidated entity disclosure statement is true and correct; and
- subject to the Group being able to raise sufficient funds via either debt or equity on a timely basis there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Mr Richard Gazal

Chairman

20 February 2025

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of Larus Energy Limited:

As lead auditor of Larus Energy Limited and its controlled entities for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Larus Energy Limited and the entities it controlled during the year.

In.Corp Audit & Assurance Pty Ltd

Graham Webb
Director

Perth, 20 February 2025

In.Corp Audit & Assurance Pty Ltd
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LARUS ENERGY LIMITED
INDEPENDENT AUDITOR'S REPORT

To the Members of Larus Energy Limited

Opinion

We have audited the financial report of Larus Energy Limited ("the Company") and its controlled entities ("the Group") which comprises the statement of financial position as at 31 December 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the company's financial position as at 31 December 2024 and of its financial performance for the year then ended; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of $3,073,287 during the year ended 31 December 2024 and had a deficiency in net assets of $5,265,348 as at 31 December 2024. As stated in Note 2, these events or conditions along with other matters as set forth in Note 1(b) indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the director determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

LARUS ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Opinion on the Remuneration Report

We audited the remuneration report included in the directors' report for the year ended 31 December 2024.

In our opinion the remuneration report of Larus Energy Limited for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities of the Directors for the Remuneration Report

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

In.Corp Audit & Assurance Pty Ltd

Graham Webb
Director

Perth, 20 February 2025

LARUS ENERGY LIMITED
TENEMENT SCHEDULE

for the year ended 31 December 2024

Tenement	Location	Status	Area (sq km) (unless otherwise specified)	Registered Holder / Applicant
PPL 579	Torres Basin, Papua New Guinea	Approved	9,244	Larus Energy (PNG) Ltd (100%)
PPL 695	Torres Basin, Papua New Guinea	Approved	5,034	Larus Energy (PNG No.2) Ltd (100%)
APPL 580	Torres Basin, Papua New Guinea	Gazetted	842	Larus Energy (PNG) Ltd (100%)