

22nd April, 2016

SHAREHOLDER UPDATE AND CAPITAL RAISE

Highlights

- **Formal approval of PPL326 license extension received, securing the license for a further 5 years through to 29th January 2021**
- **New and positive interest in PPL326 farmout and Torres basin received during the recent SEAPEX conference**
- **Capital raise via issuance of new ordinary shares at \$0.02 each, commencing 22nd April 2016 for a period of approximately one (1) month**
- **Annual General Meeting will be held on 31st May 2016**
- **2015 Annual Report will be available for download via the Company website**

Dear Shareholder,

Larus Energy Limited ("Larus" or the "Company") is pleased to provide the following update on activities:

PPL326 License Extension

The Company is pleased to inform shareholders that formal approval of the application to extend our PPL326 license for a further 5 years has now been received. This follows successful completion of all work commitments agreed to in the initial 6-year license. Pending ongoing compliance with license terms, Larus will continue to hold the PPL326 license until at least the 29th January 2021.

Approval of the license extension not only highlights the commitment Larus has to exploration in the region, but also the ongoing support for Larus and its work from the Papua New Guinea government, Department of Petroleum & Energy, and local communities within the PPL326 license.

I would like to take this opportunity to congratulate the Larus team and specifically our Exploration Manager, Dr Michael Swift, on the hard work applied over the last 6 years and duration of the PPL326 license. This has culminated in not only the extension of our PPL326 license for another 5 years, but also Larus' detailed understanding of the previously unexplored Torres Basin.

Larus Energy is a frontier oil and gas exploration company committed to maximising results through the effective identification, acquisition, exploration and management of quality conventional oil and gas assets.

Subscribe to our email alerts for all the latest news from Larus Energy at www.larusenergy.com.au

Contacts

Ashley Mangano, Chief Executive Officer

T: +61 8 9288 1784

E: admin@larusenergy.com.au

Matthew Azar, Company Secretary

T: +61 8 9288 1784

E: matthew.azar@larusenergy.com.au

PPL326 Farmout & SEAPEX Conference

The South East Asia Petroleum Exploration (SEAPEX) conference is one of the leading opportunities for Larus to market the PPL326 farmout to the international exploration community. The Company is pleased to inform shareholders the 2016 SEAPEX conference was attended by Larus and its farm-out adviser, Moyes & Co., earlier this month. Dr Michael Swift, Larus Exploration Manager, presented on the proposed Torres Basin and PPL326 opportunity, and his technical assessment was well received by delegates. Dr Swift's presentation is available for download via the Company website.

Transcending the current challenging market conditions and reduced capital expenditure environment, additional potential farminees continue to express interest in the PPL326 farmout alongside the existing portfolio of farminees.

Based on meetings held around the SEAPEX conference, Larus has been informed of further and active interest expressed in the area by major oil companies, focusing on the Miocene play potential proven to the west, which is also likely present within PPL326. As a result, Larus intends to undertake further geological and geophysical studies to hi-grade the shallow structures within the license to potential farminees. Subject to the amount raised, it is intended that a portion of funds raised from the current Placement will go towards completing this work. This work is likely to include:

- Processing and reprocessing of seismic data sets;
- Mapping of Miocene and Mesozoic prospects and leads; and
- Petroleum system studies to be expanded to include Tertiary systems.

The Board believes that the proposed farmout of PPL326 will be a transformational event and value creation milestone for Larus Energy and management continues to focus its attention on delivering this project. It will not only allow Larus to access funding from an industry partner in order to reduce the Company's capital commitment on PPL326, but also to accelerate exploration activities on the acreage.

Capital Raise

The Company is pleased to announce a capital raise ("Placement") for the purpose of funding farmout activities, exploration payments and, importantly, ongoing working capital requirements, including meeting its debts. The raise will be via the issue of ordinary shares at 2 cents per share, in an effort to encourage shareholder participation in challenging market conditions. The Placement will be open for a period of approximately one (1) month, commencing 22nd April 2016 and concluding on Monday 23rd May 2016. The Directors reserve the right to extend the offer period, close the offer early or to withdraw the offer, all at their absolute discretion.

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The Placement will only be open to existing shareholders that meet the following eligibility criteria:

- Sophisticated investors within the meaning of section 708(8) of the Australian Corporations Act 2001 (“Corporations Act”),
- Professional investors within the meaning of section 708(11) of the Corporations Act,
- Eligible for exclusion from the disclosure document requirement under section 708(10) of the Corporations Act.

Subscriptions to the Placement can be made by emailing the Company Secretary, Matthew Azar, at matthew.azar@larusenergy.com.au with a completed application form. The application form is attached to the end of this notice and also available for download via the Company website.

The Placement has already received a considerable commitment from the Company’s Chairman and largest shareholder, 3C Consolidated Capital Pty Ltd (formerly CINU Investments).

The funds raised will be allocated to: paying existing creditors, further geological and geophysical work in relation to with enhancing the data set associated farmout of PPL326, and general working capital. The allocation of funds among these categories will depend on the amount raised by the Company under the Placement and the Company’s needs.

The Company is conscious of the extended timelines associated with the farmout of PPL326 due to existing market conditions, and the ongoing further funding requirement for the Company that this has resulted in. Both the Board of Directors and management remain focused on operating as efficiently as possible without adversely impacting capacity to execute. The efficiency gains obtained by management highlighted in last year’s financial statements - reducing corporate & administration expenditure by 49% and employment expenditure by 70%, resulting in savings of more the \$1.5 million year on year - have led to significant cost savings being realised, and management continue to actively explore opportunities to operate effectively on a lower cost basis.

As with all investments you are reminded that past performance is no guarantee of future performance and that investments can go down as well as up. It is also noted that while discussions are ongoing with respect to a farmout of the Company’s interest in PPL326, there can be no guarantee of the timing of a transaction, or if a transaction will eventuate.

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ACN 140 709 360

Larus Energy Limited

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T: + 61 8 9288 1784 E: admin@larusenergy.com.au

W: www.larusenergy.com.au

Annual General Meeting

The Company is pleased to announce our Annual General Meeting will be held on 31st May and a Notice of Meeting will be issued to shareholders in due course.

The Company also advises our annual report is now available on the website.

Yours faithfully,

A handwritten signature in black ink, appearing to be "Ashley Mangano", written over a horizontal line.

Ashley Mangano
Managing Director

SUBSCRIBE TO THE PLACEMENT:

For subscription to the Placement or other investor queries, please contact:

Matthew Azar, Company Secretary

Email: matthew.azar@larusenergy.com.au

Telephone: +61 8 9288 1784

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APPLICATION FORM

LARUS ENERGY LIMITED

ACN: 140 709 360

("the Company")

Registered Office:

Level 28, 140 St Georges Terrace, Perth WA 6000
Australia

Please comply with the instructions set out below as to the correct manner of completing the Applicant details, particularly for partnerships, trusts, superannuation funds, deceased estates.

Name and Address of Applicant:

Applicant 1: Mr/Mrs/Miss/Ms

Surname

Given Names

Applicant 2: Mr/Mrs/Miss/Ms

Surname

Given Names

(delete which does not apply)

**Corporate Applicant:
(if applicable):**

Contact Person:

ACN:

**Account designation
(if applicable):**

Mailing address:

Street

Suburb

State

Postcode

Other contact details:

**Best phone number
for contact**

**Email address
for contact**

Tax File Number Information

(Completion of this information is optional. Please consult your tax adviser.)

Australian residents note: you are not obliged to quote a Tax File Number ("TFN") or exemption details when applying for securities. However, if the Company has not been notified, tax will be deducted from any distributions made by the Company at the highest marginal tax rate (including the Medicare Levy) until the relevant TFN or exemption details have been provided to the Company in writing. If you are in any doubt as to the quotation of your TFN or exemption details, you should consult your financial adviser or the Australian Taxation Office.

Tax File Number:

Tax File Number:

First applicant

Second applicant

Tax File Number Exemption:

Details of Application:

The Applicant applies for [redacted] fully paid ordinary shares in the Company (**Shares**) at an issue price of \$0.02 per share at a total Application Amount of \$ [redacted] on the terms set out in this Application Form.

*I/We enclose a cheque or money order for the total Application Amount

OR

Direct Deposit

*I/We have deposited the total Application Amount in the Company's account and attach confirmation of this deposit.

Larus Energy Limited – Share Account
BANK : Commonwealth Bank of Australia
BSB: 062-000
Account No.: 1455-0261
SWIFT Code: CTBAAU2S

Date of deposit: _____

Please ensure you use the Applicant name for the shares to be issued to as your reference when direct depositing.

Cheques or Money Orders for the amount payable on application are to be made payable to Larus Energy Limited.

By accepting the offer to apply for Shares (**Offer**) you represent, warrant and agree for the benefit of the Company and its associates (as defined in the Corporations Act) that:

1. you have had access to all information that you believe is necessary or appropriate in connection with your acceptance of the Offer to purchase Shares. You acknowledge and agree that you will not hold the Company or any of its associates responsible for any misstatements in, or omissions from, any publicly available information concerning the Company.
2. you have made and relied upon your own assessment of the Company and have conducted your own investigation with respect to the Shares and the Company including, without limitation, the particular legal and tax consequences of purchasing, owning or disposing of the Shares in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.
3. you have not relied on any investigation that the Company or any of its associates or any persons acting on their behalf may have conducted with respect to the Shares or the Company. None of such persons has made any representation to you, express or implied, with respect to the Shares or the Company.
4. the representations and warranties made by you are true and correct as at the date of this application form and will be true and correct as at the date of allotment of the Shares.
5. all details in this Application Form are true and correct.
6. by signing this document you are contractually bound to proceed with this investment.
7. settlement is required within 5 business days of lodging this Application Form with the Company.
8. if this Application is signed under Power of Attorney: you have not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this Application Form).
9. if signing as sole signatory on behalf of a company: you are signing as sole director and sole secretary of the company.
10. if investing as a trustee: you are acting in accordance with the powers granted under the trust deed of the trust and all applicable laws.
11. you agree to be bound by the terms and conditions of the constitution of the Company as may be amended from time to time.

12. you understand that this Application Form may not be processed if it is not completed fully (however, tax file number information is not compulsory).
13. you understand that the Company may reject this application at its discretion or may issue some but not all of the Shares applied for under this Application Form.
14. **(if you are not an Australian resident):**
 - (a) you are a person to whom the Shares can lawfully be offered under all applicable laws, including laws applicable in your place of residence, and to whom the Shares can be lawfully issued without the need for any registration, filing or lodgment and without causing you or the Company to breach any applicable laws; and
 - (b) you have received a copy of the Presentation dated February 2015 on the basis that the Company or its agent was entitled to give it to you without breaching laws applicable in your place of residence.
15. **(if you are an Australian resident):**
 - (a) you are a person to whom an offer and issue of Shares can be made without disclosure under sub-sections 708(8) ("sophisticated investor") or (11) ("professional investor") of the Corporations Act or this offer is made to you through the holder of an Australian Financial Services License pursuant to sub-section 708(10) of the Corporations Act. If you are a "sophisticated investor" or a "professional investor" please provide the necessary evidence of your status with this duly completed application form; and
 - (b) you have received a copy of the Presentation dated February 2015 on the basis that the Company or its agent was entitled to give it to you without breaching the Corporations Act because you are a person to which sub-sections 708(8), (10) or (11) of the Corporations Act apply.
16. you are not a "U.S. Person" (as defined in Regulation S under the *U.S. Securities Act 1933*) (**U.S. Person**) nor are you acting for the account or benefit of a U.S. Person.
17. it is your present intention to be an investor in the Shares and to remain so for at least the medium term (ie longer than 12 months). This confirmation is understood to be a statement by you of your present intention only and not an undertaking not to sell, particularly where your investment objectives or market conditions change. If you subsequently decide to sell your Shares within the relevant 12 month period, you will ensure that the sale complies with section 708 of the Corporations Act.
18. you will not resell or otherwise dispose of any of the Shares in a manner which would cause the Company to be in breach of the laws, rules or regulations of any applicable jurisdiction.
19. you further acknowledge and agree that:
 - (a) no disclosure or offer document has been prepared or will be filed with ASIC pursuant to the Corporations Act in respect of the Shares applied for and the Shares will not be listed on ASX or any other stock exchange for the time being;
 - (b) the Offer does not constitute a securities recommendation;
 - (c) the Offer is a personal offer to you and you are not entitled to assign, transfer or otherwise deal with your rights and obligations following your acceptance of the Offer, which will be irrevocable;
 - (d) you have made your own enquiries and your own assessment as to the assets and liabilities, financial position, profits and losses and prospects of the Company, and the rights attaching to its shares;
 - (e) investing in the Company should be regarded as speculative and the acquisition of the Shares involves a high degree of risk; and
 - (f) except to the extent that liability cannot by law be excluded, the Company and each of its respective associates (including the directors, officers, employees and advisers of the Company), do not accept any responsibility in relation to the Offer or your acquisition of any Shares.

**Signature
(Applicant 1/authorised person)**

Print name

Date

**Signature
(Applicant 2/authorised person)**

Print name

Date

Correct Form of Registrable Name(s)

Type of Investor	Correct Form	Example of Incorrect Forms
Trusts (do not use the name of the trust; use trustee(s) personal names)	Fred Anthony Smith Account designation: <Fred Smith Family A/c>	Fred Smith Family Trust
Individuals If more than one individual and you wish to hold as tenants in common you must tick the relevant box and note the respective interests of each person	Fred Anthony Smith	F. Smith or Fred A Smith
Deceased Estates (use executor(s) personal name(s))	Fred Anthony Smith Account designation: <Estate of Marty Smith A/c>	Estate of late Marty Smith
Partnerships (use partners personal names)	Fred Anthony Smith and John Matthew Doe	Smith & Co
Superannuation Funds – Individual Trustee (do not use name of the fund; use individual names of trustees. Provide Super Fund TFN in space provided)	Fred Anthony Smith Account designation: <Smith Super Fund A/c>	Fred Smith Super Fund
Superannuation Funds – Corporate Trustee (do not use name of the fund; complete corporate details. Provide Super Fund TFN if available in space provided)	Fred Smith Pty Ltd Account designation: <Smith Super Fund A/c>	Fred Smith Pty Ltd Superannuation Fund

Please return the completed Application Form and the required funds to:

- Level 28, 140 St Georges Terrace, Perth WA
6000 Australia