

CHAIRMAN'S ADDRESS

During the year and prior to the development and impact of Covid-19 and the collapse of oil prices, the Company continued to work its data and add to the existing modelling of regional gravity and magnetics with the sole focus of attracting a farm-in partner.

The impact of Covid-19 and oil prices has slowed our progress as all prospective farminee's have been forced to re-assess their business models, which has effectively put future exploration sourcing on-hold.

Larus and Moyes & Co continue to work closely with parties in the data room; however, the focus has been diverted to managing cash-burn and fulfilling work commitments for year's 3&4 of the licence.

We have a verbal approval from the Minister of the Department of Petroleum & Energy that our variation will be approved once it goes through the normal departmental channels. Based on this directive, we have continued to look at alternative options with respect to acquiring gravity and magnetic data with a view to meeting our work commitments.

The Company is also pleased to welcome Mr Simon Kaiwi as a director. Simon has sat on the Larus (PNG) board for a number of years and his in country experience and connections to the PNG government and regulator provide a valuable and complementary addition to the Australian board.

Papua New Guinea – APPL580

Larus lodged an application for further onshore acreage in December 2015, APPL580. The application consisted of 10 sub-blocks with an area of approximately 842 square kilometres. The application is on the northern boundary of PPL579. The application was made on the basis of the exploration potential of the region. It gives Larus a large onshore acreage position over the Torres Basin. The application has now been gazetted by the DPE. Assuming no objections are raised, the application will then proceed to be considered by the Minister for approval. Updates on the application process will be provided in due course.

Operating results for the year

The net result of operations after applicable income tax expense of the Group for the year ended 31 December 2019 was a loss of \$10,048,282 (2018: \$1,247,282), this includes a write-off in relation to AASB 6 Exploration for and Evaluation of Mineral Resources and AASB 136 Impairment of Assets of \$9,050,984. Based on advice from our auditors the board took the view that in the current economic environment of low oil prices and Covid-19 it was prudent to simplify the Company's balance sheet by removing the complexities of impairments and valuations relating to past costs. This decision has no impact on the Company's ability to recoup past costs in the event of a favourable farm-out deal and also reduced audit fees by over 60%.

Finally, the board has made it clear that the farm-out of PPL579 is a priority for the company and whilst we have had an encouraging level of interest early in the process, with multiple majors and significant regional players entering the data room, we are yet to receive an offer that provides the company with the right balance to move forward with a partner(s).

Although the current low oil price environment is not conducive to frontier exploration, there remains some interest in the farmout process. In addition, we continue to work the existing data in order to maximise our understanding of the permit and the Torres Basin generally. We will of course keep shareholders updated, as necessary, in regards to any firm offers.

The Board would like to thank management for the considerable effort throughout the year and also thank shareholders for their continued support.

Proxy Voting Summary

Larus Energy Limited
Annual General Meeting
Thursday, 30 July 2020

Security Classes
 Fully Paid Ordinary Shares

Resolutions	For		Against		Open		Totals		Exclusions		Abstain		No Instruction Securities
	Holders %	Votes %	Holders %	Votes %	Holders %	Votes %	Holders	Votes	Holders	Votes	Holders	Votes	
1. Retirement by rotation and re-election of Mr Ric Malcolm as a Director	28 87.49	105,601,090 98.97	1 3.13	500,000 0.47	3 9.38	600,000 0.56	32	106,701,090	0	0	2	1,375,000	0
2. Re-election of Mr Simon Kaiwi as a Director	28 84.85	105,760,257 97.97	2 6.06	1,590,833 1.47	3 9.09	600,000 0.56	33	107,951,090	0	0	1	125,000	0
3. Capital Consolidation	31 91.18	107,476,090 99.44	0 0.00	0 0.00	3 8.82	600,000 0.56	34	108,076,090	0	0	0	0	0