

Newport Energy Limited
ACN 140 709 360

Notice of General Meeting and Explanatory Statement

**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION**

This document does not take into account your individual circumstances. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

**10.00am
Tuesday 14 June 2011
Ming Room, Level 2
3 Spring Street, Sydney NSW 2000, AUSTRALIA**

**Newport Energy Limited
ACN 140 709 360**

Notice of General Meeting

NOTICE is given that a General Meeting of the Company will be held at the **Ming Room, Level 2, 3 Spring Street, Sydney NSW 2000, Australia** at **10.00am** on Tuesday 14 June 2011.

ORDINARY BUSINESS

1. Acquisition of Larus Energy Pty Limited

To consider and, if thought fit, pass the following ordinary Resolution:

“Approval is given to the acquisition of all of the issued capital of Larus Energy Pty Limited (“Larus”) in accordance with the terms of the agreement entered into by the Company with the shareholders of Larus dated 15 May 2011 (“Larus Acquisition Agreement”).”

SPECIAL BUSINESS

2. Change of name

To consider and, if thought fit, pass the following special Resolution:

“That the Company change its name to Larus Energy Limited, subject to Completion (as defined in the Larus Acquisition Agreement).”

Dated at Sydney, on the 16th day of May 2011



**By order of the Board
Andrew J. Cooke
Company Secretary**

Proxies

- A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two proxies to attend and vote instead of the shareholder.
- Where two proxies are appointed:
 - (i) a separate proxy Form, should be used to appoint each proxy;
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
- A shareholder can appoint any other person to be their proxy. A proxy need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held eg “the Chair of the Meeting”.
- In the case of shareholders who are individuals, the Proxy Form must be signed:
 - (i) if the shares are held by one individual, by that shareholder;
 - (ii) if the shares are held in joint names, by any one of them.
- In the case of shareholders who are companies, the Proxy Form must be signed:
 - (i) if it has a sole director who is also sole secretary, by that director (and stating the fact next to, or under the signature on the Proxy Form);
 - (ii) in the case of any other company by either two directors or a director and secretary.

The use of the common seal of the company, in addition to those required signatures, is not required by Newport.

- If the person signing the Proxy Form is doing so under a power of attorney, or is an officer of a company outside those referred to above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or certified copy of it), and the Proxy form, must be received by the Company by the time and at the place specified below.
- A Proxy Form accompanies this notice. To be effective, you proxy must be received by the Company no later than 48 hours before the time for the holding of the meeting:
 - (i) by **facsimile** : +61 2 8215 1600; or
 - (ii) by **mail** : NEWPORT ENERGY LIMITED
Level 8
65 York Street
Sydney NSW 2000
Australia

Company representatives

If a representative of a corporate shareholder or proxy is to attend the meeting the appropriate “Certificate of Appointment of Corporate Representative” duly executed by the corporate shareholder should be produced prior to admission.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with the *Corporations Act 2001 (Cth)*, the directors have determined that a person’s entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 7.00pm on 12 June 2011.

EXPLANATORY STATEMENT

1. Resolution 1 – Acquisition of Larus Energy Pty Limited

1.1 Background

Newport Energy Limited (“**Newport**”) was established in November 2009 to acquire an oil and gas exploration permit PPL 326 (“**PPL 326**”) located in Papua New Guinea (“**PNG**”). Further general background information on Newport and PPL326 is available on the Newport’s website (www.newportenergy.com.au).

Since then Newport has been raising capital to fund exploration activities in PPL 326. On 24 June 2010 Newport issued a prospectus for an initial public offering (“**IPO**”) of shares to be listed on the Australian Stock Exchange (ASX). Due to a number of factors beyond the control of Newport, this proved to be a difficult time for the market. As a result the response to the IPO was disappointing and on 30 August 2010 the IPO was withdrawn and the listing deferred.

In October 2010 Newport began a private capital raising pursuant to an Information Memorandum dated 5 October 2010 (“**Information Memorandum**”). As at 4 May 2011 this has generated just over \$3 million in additional capital. This capital will allow Newport to meet the minimum exploration expenditure commitments for the first 2 year period under PPL 326 (that period ends 26 August 2011), but does not allow for further exploration that Newport wishes to undertake which is well justified by the work undertaken to date.

In October 2010 Newport restructured the employment contracts of Newport’s Managing Director, David Williams, and its Exploration Manager, Dr Michael Swift, with the objective of reducing the cash draw until a more substantial amount of capital could be raised. In the case of Mr Williams this reduced his availability to Newport by 50% and allowed him to pursue other opportunities.

In February 2011 Mr Williams advised the Board of Newport that a company that he was associated with called Larus Energy Pty Limited (“**Larus**”) had acquired three significant offshore exploration permits in the Gippsland Basin (VIC/P63, VIC/P64 and T/46P) and had identified a number of other Australian oil and gas tenements which may be of interest to Newport.. Mr Williams advised the Board of Newport that if it was interested in broadening its asset mix beyond PPL 326, the acquisition of Larus may present an opportunity to achieve that. The essence of the opportunity was for Newport to change from an exclusive focus on a single PNG exploration asset to a wider focus on a mix of exploration assets.

The Board of Newport recognised Mr Williams’ interest in Larus precluded him from involvement in a consideration of the question of whether Newport should diversify its asset holding beyond just PPL 326. The independent Directors of Newport (Kay Philip and Graham Holdaway) (“**Independent Directors**”) then undertook a two step evaluation process::

1. A consideration of whether Newport changing its current single asset focus to a multi asset focus would improve its prospects of raising additional and more substantial capital;

and if the Independent Directors formed a view that this was appropriate,

2. Consideration of a transaction involving the acquisition of Larus.

1.2 Primary importance of capacity to raise capital

A consistent feature of smaller oil and gas exploration companies is the continuing need to raise capital to fund exploration. Until such time as tenements are put into production, there is no revenue stream to fund exploration activities.

PPL 326 is a large tenement with a large number of plays to be investigated. While the work commitment under the Licence may be considered light, the need to explore the whole area of PPL 326 before the end of the first 6 year term of the Licence is paramount. At the end of Year 6 of the current term of the Licence, the Licence can be renewed for a further 5 years, but only for half of the original area.

Given that most of the area of PPL 326 has not previously been subjected to oil and gas exploration activities there is a lot of work that needs to be done in order to take PPL 326 on to a development stage. This is not a low cost exercise.

The cost of mobilisation and demobilisation of seismic acquisition crews, for example, will be such that to only engage them to acquire a small amount of data is not economically efficient. Consequently, Newport is faced with a need to raise tens of millions of dollars for each of these stages, rather than a million or two.

Newport has an alternative for funding this work. Newport could 'farm out' exploration work to third parties who then fund and do the work in return for equity in the tenement. However, at early stages of exploration work the percentage interest that would have to be given up in relation to the actual dollars spent under such farm outs would not, in the opinion of the Board, represent good value accretion for shareholders.

The attractiveness of Newport to investors, particularly in these early stages, is therefore extremely important. That 'attractiveness' is generally considered to have 2 dimensions:

- the characteristics of the particular exploration assets held; and
- the diversity of assets held by the investment vehicle – whereby the risks attaching to any one exploration asset are spread across a number of assets.

To date, Newport has relied solely upon the attractions of PPL 326 as its single exploration asset. Our struggles during 2010 and the early part of 2011 to raise the required level of capital give rise, prima facie, to consideration of whether Newport's capital raising capacity would be improved by a change to a multi asset strategy.

1.3 Single vs multi asset consideration

At its February 2011 meeting the Board resolved that the Independent Directors would meet to consider the threshold question of whether a change in the single asset focus of Newport was likely to be in the interests of shareholders.

In March 2011 the Independent Directors consulted with a number of people with relevant experience, both in relation to the oil and gas sector as well as capital raising by companies like Newport, to provide input on Newport's previous capital raising attempts as well as future capital raising activities. The consistent view expressed was that at an early stage, Newport having a single early stage oil and gas exploration asset made capital raising problematic and a multi asset strategy was preferable.

On the basis of this consideration, the Independent Directors determined to pursue a multi asset strategy and advised Mr Williams that Newport would be interested in receiving a proposal from Larus for the acquisition of Larus by Newport.

1.4 Larus proposal

Newport received a proposal from Larus on 6 April 2011. The key terms proposed were:

- Newport to acquire from the shareholders of Larus all the issued capital of Larus;
- consideration to be in the form of shares in Newport;
- Newport to appoint an additional director nominated by Larus; and
- the Larus name and identity would be available if Newport wished to adopt them after the acquisition of Larus.

The Board of Newport recognised the continuing need for Mr Williams' separation from any evaluation and decision making on the Larus proposal. The Independent Directors set up an evaluation process again involving assistance from relevant independent advisors.

1.5 Evaluation process

The Independent Directors met with the assistance of the independent advisors to canvass the issues and determine a process. They decided that the most important issues were:

- confirmation of the multi asset versus single asset strategic choice and being satisfied that a majority of current shareholders are likely to support such a change;
- the suitability of Larus and the interests it currently holds as a start to acquiring a diversified portfolio of exploration assets; and
- the valuation of Larus implied by the Newport shares to be issued as consideration.

The Independent Directors, with assistance from the independent advisors, determined that the valuation issue was the most critical to the evaluation. The Independent Directors carefully considered the option of getting an independent expert valuation of the assets held by Larus. Several matters caused the Independent Directors to decide against this option. The most influential were:

- the cost of an independent expert valuation in the context of Newport's limited cash availability, particularly as it would need to also cover Newport's own exploration interests to establish relative values;
- the high level of qualification an independent expert is likely to attach to a valuation of early stage oil and gas exploration assets;
- the skills and experience of the independent directors in geology (Ms Philip), valuation (Mr Holdaway) and commercial matters generally (both);
- the availability of advice from independent advisors; and
- the availability of a recent "arms length" price for the Larus assets - i.e. the price agreed to be paid by Larus for its assets in February 2011.

The Independent Directors jointly prepared an evaluation paper that has been the main source for the most of the material in this Explanatory Memorandum.

1.6 Larus assets

Larus was incorporated in September 2010 in Victoria and was set up to build an oil and gas exploration and production company with interests across the value chain, from early exploration to production. The focus of its initial efforts has been on Australia.

Mr Carty is a geophysicist with over 37 years' experience within Australia and around the world and has been in managerial positions for a large part of that time. As part of that time Mr Carty worked for Great Artesian Oil & Gas Limited (which became Drillsearch Energy Limited) as its Exploration Manager and was responsible for successfully applying for the 3 tenements referred to below as well as managing the exploration activities in relation to them since that time.

To date Larus has acquired 3 exploration tenements in the offshore Gippsland Basin (VIC/P63, VIC/P64 and T/46P) ("**Gippsland Permits**"). Larus has advised Newport that Larus has investigated a number of other opportunities, some of which it has rejected, others of which it is still considering or negotiating. The intellectual property in these evaluations will form part of the Larus assets to be acquired.

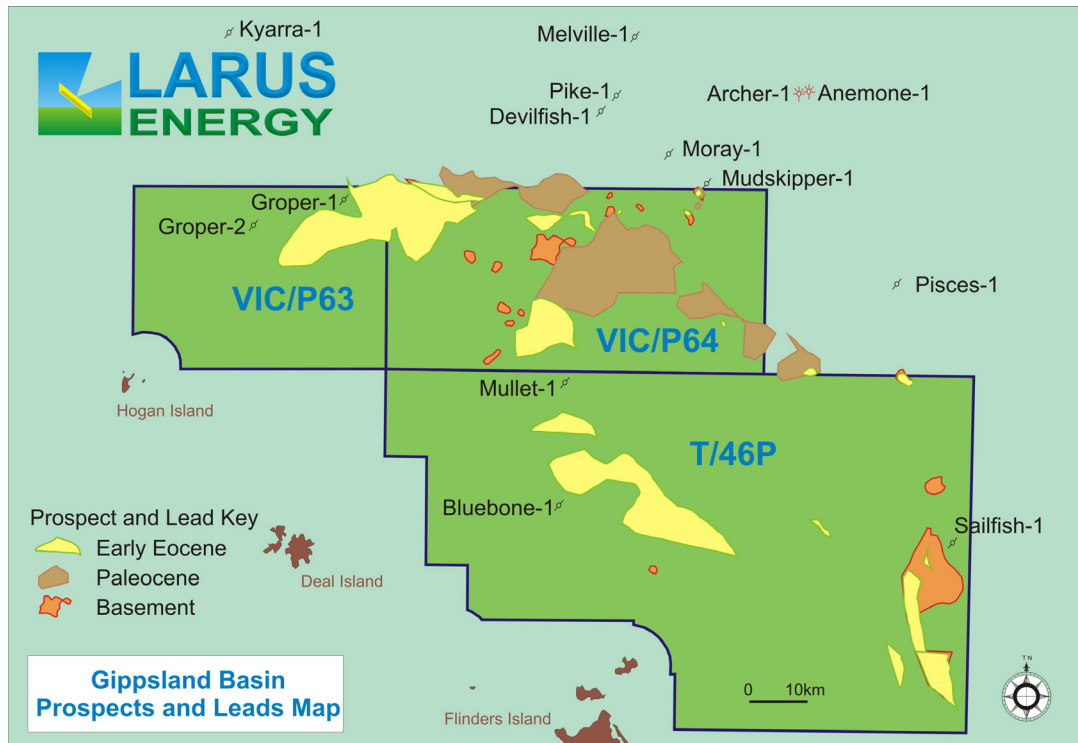
Larus has acquired from a subsidiary of Drillsearch Energy Limited (ASX:DLS) ("**Drillsearch**") a 100% interest in the Gippsland Permits.

The material terms of the Larus acquisition from Drillsearch are:

- purchase price \$2.3M comprising \$700,000 cash and \$1.6m of shares;
- \$100,000 was paid on completion (which occurred on 17 February 2011) and \$600,000 is payable when the shares are issued;
- the shares are to be in Larus or the parent company of Larus and the relevant company is to be listed on the ASX and the shares must be issued and quoted on the ASX within 12 months of completion.

The requirement to list Newport within 12 months is consistent with the strategy of the Newport Board and is not seen as being a significant risk in the context of the Larus Acquisition. As the shares to be issued to Drillsearch will be issued as part of a public equity raising by Newport it is not possible to currently determine how many shares will need to be issued and the percentage of Newport which Drillsearch will hold after listing.

The location of the Gippsland Permits is shown on the map below. The Gippsland Permits aim to target structural and stratigraphic traps of the Latrobe Group as it on-laps the basement and pinches-out towards the basin margin.



Most of the Gippsland Basin lies offshore in coastal Victorian waters. The basin is one of Australia's most prolific and mature petroleum provinces, but oil production has waned since the 1980s.

Water depths for the offshore part of the basin range from less than 200 metres, to over 3000 metres. The basin overlies Palaeozoic metasediments and consists of a central depocentre with up to 10 km of section. Initial rifting in the Early Cretaceous resulted in a complex system of graben and half graben, forming part of the southern rift system between Australia and Antarctica. Volcanogenic and non-marine sediments up to 3000 metres thick were deposited during this phase.

Renewed extension during the Turonian-Campanian established the central deep as the main depocentre. The Lower Latrobe Group alluvial and fluviolacustrine facies were deposited during this phase. Post rift subsidence was accompanied by alternating marine and non-marine fluviodeltaic/alluvial deposition in the Late Cretaceous-Palaeogene (Upper Latrobe Group). Major canyon cutting and subsequent canyon fill deposition occurred in the Eocene. Cool water marine carbonate sedimentation commenced in the Early Oligocene (Seaspray Group) and progradation of the carbonate shelf continues today. Middle Miocene compression formed a series of NE to ENE trending anticlines that host many of the basin's large oil and gas accumulations.

Hydrocarbons are dominantly sourced from the non-marine Late Cretaceous to Eocene, Upper Latrobe Group, with marine source rocks also present. The upper Latrobe Group sandstones act as good quality reservoirs while the Seaspray Group forms a regional seal.

The first commercial discovery was made in the basin in 1964, with the drilling of Barracouta-1. The Kingfish Oil Field lies to the north of the Gippsland Permits and at about an original volume of 1.5 billion barrels of oil, is the largest oil field in Australia.

The Gippsland Permits consist of three permits on the southern flank of the basin and comprise approximately 8,300 square kilometres. The Gippsland Permits aim to target structural and stratigraphic traps of the Latrobe Group as it on-laps the

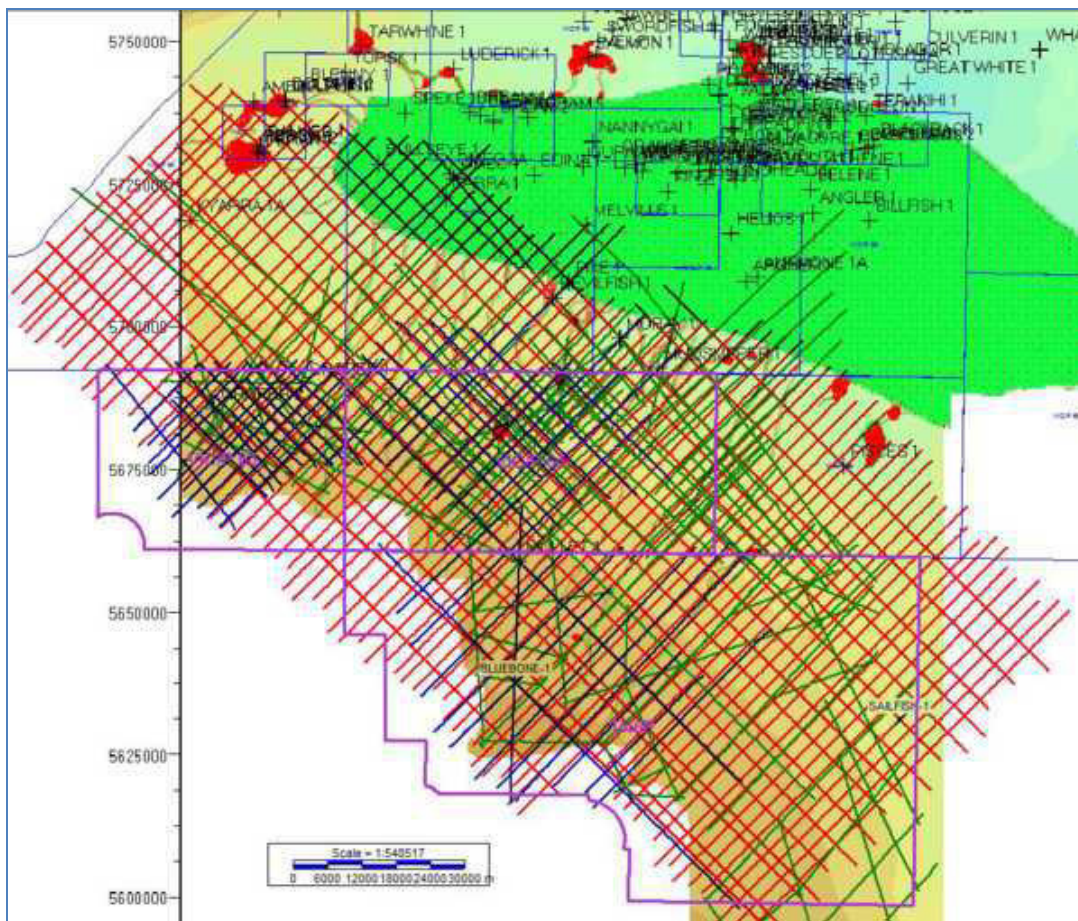
basement and pinches-out towards the basin margin. This occurs in water depths of less than 100 metres.

The seismic data that was originally available comprised many vintages, but all were acquired in the 1980's or earlier. This comprised over 4,000km of vintage 2D seismic and it has been reprocessed and used to delineate exploration plays and to identify potential leads.

1,500km of new 2D seismic ("**Furneaux 2D**") was acquired in May 2010 for around US\$1.5m and has been processed. Interpretation of this data is in early stages.

Immediately after the Furneaux 2D data was acquired, GeoScience Victoria used the same seismic vessel to acquire approximately 8,000km of 2D seismic over the Permits and in the surrounding area. That is currently being processed and will become available to Larus at no cost in about September 2011.

A map showing the various data lines is set out below.



As a result, Larus has and will have a very large amount of modern day 2D seismic available to it to analyse in relation to the Gippsland Permits and to further develop its prospects and leads.

All of this modern seismic data will provide significant de-risking of leads and prospects by determining structural/stratigraphic traps and the migration pathways to charge those traps with hydrocarbons.

Further geological studies currently being undertaken by Larus and the Victorian Government should go a long way towards addressing any of the remaining concerns about seal risk in this area.

The Gippsland Permits cover an area of approximately 8,300 square kilometres encompassing the entire play for hydrocarbons migrating up onto the southern margin of Australia's most prolific oil basin, the Gippsland Basin.

The exploration permits are currently in Year 4 of their initial 6 year terms. At the end of Year 6, the tenements can be renewed for a further period of 6 years, but 50% of the area must be relinquished.

The work requirements under the permits are:

- Year 4: Geological & Geophysical work with an estimated spend of \$250,000 per permit (total \$750,000);
- Year 5: Geological & Geophysical work and engineering studies with an estimated spend of \$500,000 per permit (total \$1.5M); and
- Year 6: Drill one well in each permit and undertake geological and geophysical studies with an estimated total spend in all permits of \$18.25M.

The permit holder may exit any of the Gippsland Permits at its election at the end of Years 4 and 5 without penalty and hence not be obligated to drill if the permits are not sufficiently prospective.

Larus has also been sourcing and reviewing a number of opportunities for the acquisition of interests in other oil and gas tenements. The intellectual property in these evaluations will form part of the Larus assets to be acquired.

Subject to completion of the Larus acquisition, it is anticipated that Newport will engage Mr Chris Carty to progress the work on the Gippsland Permits and to continue the search for other possible acquisitions. Mr Carty is a key member of the Larus team. He is a geophysicist with over 37 years' worldwide experience and has been in managerial positions for a large part of that time. Until recently Mr Carty worked for Drillsearch as its Exploration Manager. He was responsible for successfully applying for the 3 Gippsland Permits as well as managing the exploration activities in relation to them since they were granted.

1.7 Evaluation of Larus proposal

The Independent Directors completed an evaluation of the Larus proposal in early April 2011.

In relation to the Gippsland tenements, the independent directors of Newport determined that the circumstances of the acquisition and of the proposed transaction with Newport provided no (or strictly limited) incentive for Larus to misrepresent the prospectivity of the interests. Consequently, the independent directors of Newport decided that due diligence enquiries in relation to these assets would be limited to existence, ownership and obligations arising from ownership.

The Independent Directors determined that an appropriate valuation for the Larus assets should take into account:

- the cost of the assets to Larus;
- alternative means (and costs) of Newport acquiring a portfolio of assets suitable for credible presentation of Newport as a multi asset oil and gas company;
- the value of Newport shares being used as consideration;

- valuation ‘rules of thumb’ commonly used in similar circumstances; and
- whether Mr Williams would, following a transaction, be in a position of control or significant influence over the affairs of Newport.

The independent directors of Newport determined that the most important consideration in settling on a valuation was that the valuation of Larus assets be ‘matched’ to the implied valuation of Newport given that the purchase price was to be satisfied by the issue of unlisted Newport shares.

In practice this meant the Independent Directors looked to ensure that the valuations of the two companies involved were similarly optimistic/realistic/pessimistic. A number of scenarios were considered – with each giving rise to a different number of Newport shares to be provided as consideration.

The Independent Directors also considered the extent to which obligations in relation to the Gippsland Permits would compromise Newport’s capacity to undertake exploration work on PPL 326. The Independent Directors decided that the capital raising benefits of the multi asset strategy seem likely to more than offset the obligations under the Licences for the Gippsland Permits. In coming to this conclusion the Independent Directors considered the consistency of opinion on the single vs multi asset issue and Newport’s lack of success in raising substantial capital over the last year, the ability to generate targets in the Gippsland Permits without undertaking further seismic work in view of the comprehensive data available and the fact that Larus is not required to drill the wells in the Gippsland Permits for another two years leaving ample time to raise further capital or negotiate farmouts depending on the outcome of the data review..

The Independent Directors reached a joint decision on the number of Newport shares that it was appropriate to issue as consideration. This number was less than the Larus proposal. The Independent Directors also identified a number of other matters to be finalised in negotiation.

1.8 Negotiation

The terms of the proposal were negotiated over a period of 2 weeks. Mr Holdaway represented Newport. Mr Williams initially represented Larus, but asked another Larus director Mr Peter Fennessy to undertake those negotiations on behalf of Larus after he was appointed to the Larus board.

A non-binding Terms Sheet was drawn up by the negotiating parties setting out the terms agreed and undertaking to recommend the transaction to the respective Boards. Those terms have now been turned into an agreement between Newport and the shareholders of Larus and the transactions contemplated in it will take effect once the shareholders of Newport have approved the acquisition.

1.9 Terms agreed for the acquisition of Larus

The primary terms of the acquisition of Larus by Newport are as follows:

- Newport will acquire from the shareholders of Larus all the issued capital of Larus;
- the consideration payable is the allotment to them of an aggregate of 7 million fully paid ordinary shares in Newport and the granting of an aggregate of 4 million options;
- the options are on the usual ASX terms and have an exercise price of 15 cents, with an exercise period expiring on 30 June 2014; and

- the agreement is subject to Newport shareholder approval which must be obtained by no later than 24 June 2011.

Newport has been raising capital under the Information Memorandum at a price of 10 cents per share. Using this price of the Newport capital raising implies a Larus valuation of \$700,000 – plus the value of the options.

In the current circumstances, the independent directors of Newport regard the options as having limited value other than that which may be added by the capital raising benefits anticipated from the adoption of the multi asset strategy. As such, the options offered a way of bridging a gap between the price Newport was willing to offer and the price Larus was asking.

1.10 Impact on Newport

The Capital structure of Newport as at 4 May 2011 was:

Capital	Number
Ordinary shares (fully paid)	95,690,120
Options	11,250,000

If the Larus Acquisition Agreement Completes and no other shares or options are issued by Newport after 4 May 2011, the capital structure of Newport will be:

Capital	Number
Ordinary shares (fully paid)	102,690,120
Options	15,250,000

The Managing Director of Newport, David Williams holds approximately 25% of the shares in Larus. As at 4 May 2011 associated entities of Mr Williams held 5,413,334 fully paid ordinary shares in Newport and no options (although with further transfers currently being processed this will reduce to 3,780,000 fully paid ordinary shares in Newport and nil options). If the Larus Acquisition Agreement completes associated entities of Mr Williams will be allotted 1,724,722 fully paid ordinary shares in Newport and be granted 985,556 options. This will make a total holding of 7,138,056 ordinary shares in Newport and 985,556 options (this will become 5,504,722 ordinary shares and 985,556 options once the transfers are completed). After the transfers are completed Mr Williams' interests will hold 5.4% of the issued capital of Newport before the exercise of any options and 5.5% of Newport on a fully diluted basis taking into account the shares to be issued if all outstanding options are exercised and no further shares issued.

Set out below is a Pro-Forma Consolidated Statement of Financial Position as at 31 March 2011, assuming that the proposed transactions envisaged in the Larus Acquisition Agreement are completed ("**Financial Information**"). It does not include capital raised since 31 March 2011 or any other transactions occurring since 31 March 2011.

The Financial Information is based on:

- the audited accounts of Newport as at 31 December 2010;
 - the unaudited adjustments for transactions of Newport to 31 March 2011; and
 - the unaudited accounts of Larus as at 4 May 2011,
- but has otherwise not been subject to an audit or an audit review.

	Un audited Actual 31 Mar 2011 A\$	Unaudited Pro-Forma 31 Mar 2011 A\$
Current assets		
Cash and cash equivalents	570,113	597,342
Receivables	20,835	23,111
Other current assets	13,968	13,968
Total current assets	604,916	634,421
Non-current assets		
Other non-current financial assets	38,212	38,212
Plant and Equipment and intangible	3,264	203,264
Exploration and evaluation expenditure	1,312,944	1,881,839
Total non-current assets	1,354,420	2,123,315
Total Assets	1,959,336	2,757,736
Current liabilities		
Payables	249,822	249,822
Other current liabilities	248,155	248,155
Total current liabilities	497,977	497,977
Total Liabilities	497,977	497,977
Net Assets	1,461,359	2,259,759
Equity and reserves		
Share capital	3,222,109	3,922,109
Reserves	283,211	381,611
Accumulated losses	(2,043,961)	(2,043,961)
Total Equity and Reserves	1,461,359	2,259,759

Given the immediate programs that both Newport and Larus have envisaged with their respective current assets, the planned capital requirements of the combined entities through to the end of 2012 (not including capital raising costs) total \$25.8M, subject to the availability of capital, allocated as follows:

Description	PPL 326	Gippsland	General
2011	A\$	A\$	A\$
Onshore 2D seismic	4,500,000		
Geological & geophysical	200,000	500,000	
Acquisition costs		600,000	
Working capital			500,000
2012			
Offshore 2D seismic	10,000,000		

Onshore well	5,000,000		
Offshore 3D seismic		2,000,000	
Geological and geophysical	500,000	1,000,000	
Working Capital			1,000,000

Note: the work programs outlined in this Table for both PPL 326 and Gippsland are in each case larger than the minimum work commitments under the respective licences.

1.11 Other issues

Once the acquisition of Larus is completed the Board of Newport anticipates that Mr Williams will return to full time employment with Newport and that Newport will engage Mr Carty directly to manage the exploration work on the Australian oil and gas interests.

2. Resolution 2 – Change of Company name

Throughout the last 12 months there has been a degree of confusion with companies with similar names to Newport. In order to avoid this continuing confusion and in order to reflect the change in direction and structure of the combined entities, the Board believes Newport should change its name.

Larus has secured its name, reserved its domain name and developed a logo and identity which would suit the identity of the combined entities.

The Larus logo is:



Once Newport completes the transactions contemplated in the Larus Acquisition Agreement, Newport will control the Larus Energy name and will be in a position to change its name to Larus Energy Limited. If the Larus Acquisition does not complete for any reason the name change will not proceed.

If the approval of the name change is given by shareholders, it is contemplated that immediately after Completion under the Larus Acquisition Agreement, Newport will apply to the relevant regulatory authorities for:

- Newport Energy Limited to change its name to Larus Energy Limited;
- Larus Energy Pty Limited to change its name to Larus Energy (Gippsland) Pty Limited;
- Newport Energy (PNG) Limited to change its name to Larus Energy (PNG) Limited.

NEWPORT ENERGY LIMITED

ACN 140 709 360

Proxy Form

Shareholder – please complete

(full name of shareholder – please print)

(address)

Please post to:

Level 8, 65 York Street
SYDNEY NSW 2000
Australia

or Fax: (02) 8215 1600

Enquiries: (02) 9419 4766

Appointment of Proxy

I/We being a member/s of Newport Energy Limited and entitled to attend and vote hereby appoint

the Chair of the Meeting (mark with an "X")

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chair of the Meeting.

or failing the person named, or if no person is named, the Chair of the Meeting, as my/our Proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as my/our Proxy sees fit) at the General Meeting of Newport Energy Limited to be held on 14 June 2011 at 10.00 am and at any adjournment of that Meeting.

The Chair of the Meeting intends to vote undirected Proxies in favour of all resolutions.

Voting directions to your Proxy – please mark to indicate your directions

Resolution

For Against Abstain*

1. Acquisition of Larus Energy

2. Change of Name to Larus Energy Limited

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll on that item and your votes will not be counted in computing the required majority on a poll on that item.

SIGNATURE/S – this form must be signed below where indicated

This section *must* be signed in accordance with the instructions under "Voting by Proxy" at the end of the Notice of General Meeting.

Individual or Company with Sole Director and Secretary

Sole director and sole company secretary

Shareholder 2 / Company

Director

Shareholder 3 / Company

Director/Company secretary

Contact name

Contact Daytime Telephone

Date