



ASX Code: PVD

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14 March 2014

HALF-YEAR RESULTS TO 31 DECEMBER 2013

Pura Vida Energy NL (ASX: PVD) is pleased to release its Financial Report for the half-year ended 31 December 2013.

The Company reported a net profit after tax (NPAT) of \$9.6 million for the period. The net profit arose primarily due to the accounting treatment of the cash consideration from the sale of the part interest in the Mazagan permit under the farmout agreement with a subsidiary of Freeport-McMoRan Oil & Gas LLC.

About Pura Vida Energy: Pura Vida is an Australian-based African oil explorer building a portfolio of high quality assets. Pura Vida currently has operations offshore Morocco, Gabon and Madagascar with significant resource potential and a fully funded high-impact drilling program.

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Pura Vida Energy NL

A.C.N. 150 624 169

INTERIM FINANCIAL REPORT
31 DECEMBER 2013

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CORPORATE DIRECTORY

Directors

Jeff Dowling *Non-Executive Chairman*
Damon Neaves *Managing Director*
David Ormerod *Technical Director*
Richard Malcolm *Non-Executive Director*

Company Secretary

Chen Chik Ong

Registered Office

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PERTH WA 6000

Principal Office

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Solicitors

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Stock Exchange Listing

Australian Securities Exchange Limited
ASX Code – PVD

Share Registry

Automic Registry Services
Level 1
7 Ventnor Avenue
WEST PERTH WA 6005
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Bankers

National Australia Bank Limited
7 Sandridge Road
BUNBURY WA 6230

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

DIRECTORS' REPORT

The Directors of Pura Vida Energy NL (**Pura Vida or the Group**) submit the financial report of the Group for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year are:

- Jeff Dowling, Non-Executive Chairman - appointed 13 January 2014
- Damon Neaves, Managing Director
- David Ormerod, Technical Director
- Richard Malcolm, Non-Executive Director - appointed 13 January 2014
- Bevan Tarratt, Non-Executive Chairman - appointed 1 August 2011, resigned 13 January 2014

COMPANY SECRETARY

The Company Secretary is (Nicholas) Chen Chik Ong. Mr Ong was appointed to the position of Company Secretary on 25 May 2011.

PRINCIPAL ACTIVITIES

Pura Vida enters 2014 with a strong balance sheet with \$28 million cash at bank and a lot of activity leading up to our two well free-carried drilling program in the Mazagan permit.

Pura Vida has grown substantially since we listed early 2012. We have also been successful in securing funding for the deepwater drilling program offshore Morocco as well as broadening the portfolio by acquiring new projects in Gabon and Madagascar. We now have a high quality diversified portfolio with a lot of value-adding exploration activity.

The Company has an interest in the following acreage: the Mazagan permit, offshore Morocco; the Nkembe block, offshore Gabon; and the Ambilobe block, offshore Madagascar.

With the growth of the Company and the change in scale of our operations as we enter the drilling phase, we have strengthened the Board. In January 2014, Jeff Dowling joined the board as Chairman and Ric Malcolm as Non-Executive Director. Their biographies are available on the Company's website.

REVIEW OF OPERATIONS

Mazagan permit, offshore Morocco (Pura Vida 23%, subsidiary of Freeport-McMoRan Oil & Gas LLC Operator)

The Mazagan permit represents an area of 10,900 km² and is located off the Atlantic coast of Morocco, in water depths of 1,000 metres to 2,500 metres. The prospectivity of the Mazagan permit is prolific, with four independent trends containing multiple prospects and leads mapped on 2D and 3D seismic data.

On 1 November 2013, Pura Vida advised that it had completed the farmout of the Mazagan permit, offshore Morocco, to a subsidiary of Freeport-McMoRan Oil & Gas LLC (FM O&G). The completion of the farmout was an important milestone and places the Company in a strong financial position as it enters the drilling phase in the Mazagan permit.

2014 will see Morocco experience large-scale industry activity in the form of an unprecedented number of wells in this frontier exploration area. Some 10 wells will be drilled by operators targeting various play types present in the Mazagan permit.

DIRECTORS' REPORT

Nkembe block, offshore Gabon (Pura Vida 80% and Operator)

The Nkembe block is an area of 1,210 km² in water depths of 50-500 metres approximately 30 km off the coast of Gabon in the oil prone Gabon Basin. The block is proximate to many producing oil fields, including several fields operated by Total, the largest producer in Gabon.

During the period, the inspection of the cores from the Loba-1 discovery well had confirmed the presence of good quality sandstone reservoirs with abundant oil staining consistent with log properties previously reported by Pura Vida.

The Gabonese deep water bid round was strongly contested and saw blocks offered to companies including Total, Eni and Marathon.

In August 2013, French oil major, Total, announced a discovery in its Diaman-1B exploration well, offshore Gabon. The well encountered a 55 metre net hydrocarbon column and was an excellent start to exploration of the emerging offshore pre-salt basin in Gabon. This pre-salt play exists in the Nkembe block where analogous prospects have been identified. A further seven pre-salt wells are planned by other operators in Gabon in the near term. Recently, the Padouck Deep-1 well was spudded in the Ntsina Block by Ophir Energy, targeting the pre-salt play in the North Gabon Basin.

ExxonMobil recently farmed in to the Arouwe block adjacent to Nkembe. The joint venture with Perenco and Tullow will be drilling the Sputnik East exploration well which is expected to commence in Q2 14 targeting a pre-salt prospect. This well will have a direct read across to the pre-salt prospects in the Nkembe block. In addition, 2014 will see significant drilling activity targeting the pre-salt potential offshore Gabon.

Against the backdrop of this significant amount of exploration activity, Pura Vida is conducting a farmout process to secure a partner for the Nkembe Block. The process is ongoing and has received strong interest from the industry.

Ambilobe block, offshore Madagascar (Pura Vida 50%, Sterling Energy (UK) Limited Operator)

The Ambilobe block is located in the Ambilobe deep water basin, offshore north-west Madagascar with an area of 17,650 km². There has been limited exploration in the Ambilobe Basin, where the offshore area remains undrilled. There are several onshore heavy oil discoveries in the Morondava Basin, southern Madagascar that are currently being developed.

On 5 December 2013, Pura Vida completed its entry into the Ambilobe block with operator, Sterling Energy. Under the agreement, Pura Vida acquired a 50% interest in the Ambilobe Production Sharing Contract. Sterling will retain a 50% interest and operatorship. All required Government approvals have been received.

The Company is very pleased to have made a strategic entry into East Africa, gaining a significant acreage position in Madagascar ahead of anticipated industry activity in the country. The Ambilobe block complements Pura Vida's growing portfolio of high-quality offshore African exploration acreage targeting a range of different oil plays.

The Ambilobe PSC is currently in Phase 2 of the exploration period (expiring in September 2015) with no outstanding work commitments in the current phase.

Under the farmin agreement, Pura Vida will fund the acquisition and processing of 1,250 km² of 3D seismic data targeting substantial anticlinal and salt related prospects. The 3D seismic acquisition is expected to occur late in 2014.

DIRECTORS' REPORT

FINANCIAL SUMMARY

The profit for the financial half-year ended 31 December 2013 after providing for income tax amounted to \$9,601,845 (2012: Loss \$2,340,093).

At 31 December 2013, the Group had net assets of \$45,260,734 (2012: \$11,829,931), cash assets of \$28,958,992 (2012: 8,237,806) and amortised borrowings of \$2,057,477 (2012: NIL).

RISK MANAGEMENT AND CORPORATE GOVERNANCE

The Company's risk management and corporate governance statements were included in the 2013 Annual Report. These statements remain current.

CHANGES TO EQUITY

Options on Issue

Total number of options on issue as at 31 December 2013 was 13,857,693 (31 December 2012: 9,750,000). No options were exercised during the half-year ended 31 December 2013 (2012: NIL).

Performance Rights

A total of 88,369 performance rights vested during the half-year ended 31 December 2013 (2012: 5,000,000). The total number of performance rights on issue as at 31 December 2013 was 1,072,605 (31 December 2012: 5,000,000).

AFTER REPORTING DATE EVENTS


- ***Execution of Rig Share Agreement – Mazagan permit, offshore Morocco***

On 3 March 2014, Pura Vida announced the execution of a rig share agreement for the drilling of two wells in the Mazagan permit by the Atwood Achiever Deepwater Drillship. The Atwood Achiever has been contracted to Kosmos Energy under a long term hire arrangement. Under the rig share agreement with Kosmos, two slots have been assigned for the drilling of wells in the Mazagan permit. The first of these slots will be used to drill the Toubkal-1 well and is expected to commence in January 2015. The second slot will be in 2H 2015.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 of the half-year report.

On behalf of the Directors



Jeff Dowling
Non-Executive Chairman

14 March 2014

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF PURA VIDA ENERGY NL

As lead auditor for the review of Pura Vida Energy NL for the half-year ended 31 December 2013, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pura Vida Energy NL and the entities it controlled during the period.

PHILLIP MURDOCH

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2014

BDO Audit (WA) Pty Ltd ABN 79 112 234 727 is a member of a national association of independent members which are all members of BDO Business Ltd ABN 77 000 110 175, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Business Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | December 2013 \$ | December 2012 \$ |
|---|------------------------|------------------------|
| <i>Revenue from continuing operations</i> | | |
| Other income | 23,890 | 37,572 |
| Gain on disposal of subsidiary | 3 11,625,129 | - |
| <i>Expenses</i> | | |
| Audit expenses | (15,867) | (20,178) |
| Personnel costs | (377,914) | (214,575) |
| Share based payment expense | (78,285) | (1,250,050) |
| Occupancy costs | (157,766) | (72,042) |
| Depreciation expenses | (41,436) | (26,420) |
| Directors benefit expense | (119,744) | (85,836) |
| Finance costs | (690,369) | - |
| Foreign exchange gain | 1,009,044 | 52,204 |
| Other expenses | (1,574,837) | (760,768) |
| Profit/(loss) before income tax | 9,601,845 | (2,340,093) |
| Income tax expense | - | - |
| Profit/(loss) after income tax for the period | 9,601,845 | (2,340,093) |
| Other comprehensive income for the period | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| Exchange differences on translation of foreign operations | 854 | - |
| Total comprehensive income/(loss) for the period attributable to the period attributable to the owners of Pura Vida Energy NL | 9,602,699 | (2,340,093) |
| Profit/(loss) per share for the period attributable to the members of Pura Vida | | |
| Basic profit/(loss) per share (cents per share) | 9.635 | (4.378) |
| Diluted profit/(loss) per share (cents per share) | 8.543 | (4.378) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

| | NOTE | 31 December 2013 \$ | 30 June 2013 \$ |
|--|------|---------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 28,958,992 | 3,378,472 |
| Trade and other receivables | | 252,530 | 158,860 |
| Non-current assets held for sale | 4 | - | 4,823,963 |
| Total current assets | | 29,211,522 | 8,361,295 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation expenditure | 4 | 19,501,966 | 12,004,925 |
| Property, plant and equipment | | 109,612 | 114,677 |
| Total non-current assets | | 19,611,578 | 12,119,602 |
| TOTAL ASSETS | | 48,823,100 | 20,480,897 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,504,889 | 559,607 |
| Borrowings | | 2,057,477 | 3,533,506 |
| Provisions | | - | 80,540 |
| Total current liabilities | | 3,562,366 | 4,173,653 |
| TOTAL LIABILITIES | | 3,562,366 | 4,173,653 |
| NET ASSETS | | 45,260,734 | 16,307,244 |
| EQUITY | | | |
| Issued capital | 9 | 41,832,572 | 22,523,835 |
| Reserves | | 3,156,441 | 3,113,533 |
| Retained earnings/(Accumulated losses) | | 271,721 | (9,330,124) |
| TOTAL EQUITY | | 45,260,734 | 16,307,244 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Issued Capital \$ | Accumulated Losses \$ | Share Based Payments Reserve \$ | Total Equity \$ |
|---|-------------------------|-----------------------------|--|--------------------|
| Balance at 1 July 2012 | 6,695,859 | (2,954,489) | 519,250 | 4,260,620 |
| Loss for the period | - | (2,340,093) | - | (2,340,093) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | - | (2,340,093) | - | (2,340,093) |
| Transactions with owners in their capacity as owners | | | | |
| Shares/options issued during the period | 9,107,771 | - | 3,083,500 | 12,191,321 |
| Share issue expenses | (2,281,917) | - | - | (2,281,917) |
| Performance shares converted during the period | 519,300 | - | (519,300) | - |
| Balance at 31 December 2012 | 14,041,013 | (5,294,582) | 3,083,500 | 11,829,931 |

| | Issued Capital \$ | Accumulated Profit/ (Loss) \$ | Share Based Payments Reserve \$ | Foreign Exchange Reserve \$ | Total Equity \$ |
|---|-------------------------|-------------------------------------|--|--------------------------------------|--------------------|
| Balance at 1 July 2013 | 22,523,835 | (9,330,124) | 3,113,533 | - | 16,307,244 |
| Profit for the period | - | 9,601,845 | - | - | 9,601,845 |
| Other comprehensive income for the period | - | - | - | 854 | 854 |
| Total comprehensive income for the period | - | 9,601,845 | - | 854 | 9,602,699 |
| Transactions with owners in their capacity as owners | | | | | |
| Shares/options issued during the period | 20,606,250 | - | 78,285 | - | 20,684,535 |
| Share issue expenses | (1,333,744) | - | - | - | (1,333,744) |
| Performance shares converted during the period | 36,231 | - | (36,231) | - | - |
| Balance at 31 December 2013 | 41,832,572 | 271,721 | 3,155,587 | 854 | 45,260,734 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | December 2013 \$ | December 2012 \$ |
|--|------------------------|------------------------|
| Cash flows from operating activities | | |
| Receipt from customers | 18,578 | - |
| Payments to suppliers and consultants | (2,285,239) | (1,040,600) |
| Interest received | - | 23,386 |
| Interest paid | (329,856) | (1,315) |
| Other payments - GST | (22,597) | (8,718) |
| Net cash outflow from operating activities | (2,619,114) | (1,027,247) |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 15,809,250 | - |
| Payments for exploration, evaluation and development expenditure | (5,190,647) | (2,989,555) |
| Payments for property, plant and equipment | (36,371) | (62,136) |
| Net cash inflow/(outflow) from investing activities | 10,582,232 | (3,051,691) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 929,939 | - |
| Repayment of borrowings | (2,709,371) | - |
| Proceeds from issue of shares and options, net of transaction costs | 19,272,506 | 8,526,854 |
| Net cash inflow from financing activities | 17,493,074 | 8,526,854 |
| Net increase in cash and cash equivalents | 25,456,192 | 4,447,916 |
| Cash and cash equivalents at the beginning of the period | 3,378,472 | 3,737,685 |
| Effects of exchange rate changes on cash and cash equivalents | 124,328 | 52,205 |
| Cash and cash equivalents at the end of the period | 28,958,992 | 8,237,806 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The consolidated financial statements of the Company for the half-year ended 31 December 2013 include the Company and its controlled entities, together referred to as the Consolidated Group.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Pura Vida Energy NL and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Consolidated Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period, except the following:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 13 Fair Value Measurement
- AASB 119 Employee benefits
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Adoption of new and revised accounting standards

In the half year ended 31 December 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

Changes to accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which may have an effect on the amounts recognised in the financial statements. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Key estimates and assumptions may have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities. Key estimates and judgements are consistent with 30 June with the addition of the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION (cont'd)

Income Taxes

The Group is subject to income taxes in Australia and overseas and at times significant judgement is required in determining the Group's provision for income taxes. The Group estimates its tax liabilities based on the Group's understanding of the tax law in the local jurisdiction in which it operates. During the period, the Group has treated the cash component with respect to the Mazagan farmout as being non-assessable based upon tax advice received from its Moroccan tax advisors. Should the final tax outcome of these matters be different from the initial assessment, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 2: SEGMENT INFORMATION

Management has determined that the Group has three reportable segments, being interests to explore for oil in acreage known as the Mazagan permit offshore area located off the Atlantic coast of Morocco, Africa, the Nkembe block, offshore Gabon and the Ambilobe block, offshore Madagascar, East Africa. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on oil and gas exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by the area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Revenue by geographical region: The Group has not generated revenue from operations, other than interest income derived from deposits held at call with banks in Australia and from the farmout of the Mazagan permit, offshore Morocco.

Assets by geographical region: The Company owns an interest to explore for oil in acreage known as the Mazagan permit offshore area located off the Atlantic coast of Morocco, Africa.

| 2013 | Morocco | Gabon | Madagascar | Other corporate activities | Total |
|--|------------|-------------|------------|----------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Revenue from external sources | - | - | - | - | - |
| Reportable segment profit /(loss) | - | - | - | - | - |
| Reportable segment assets | 1,523,715 | 14,705,628 | 3,446,706 | 29,147,051 | 48,823,100 |
| Reportable segment liabilities | (13,871) | (2,248,670) | (896,576) | (403,249) | (3,562,366) |
| <i>Reconciliation of reportable segment profit or loss</i> | | | | | |
| Reportable segment profit /(loss) | 11,928,241 | (690,369) | - | - | 11,237,872 |
| Other income | | | | | 23,890 |
| Unallocated: | | | | | |
| Depreciation expense | | | | | (41,436) |
| Personnel costs | | | | | (377,914) |
| Share based payment expense | | | | | (78,285) |
| Occupancy costs | | | | | (157,766) |
| Exploration and evaluation | | | | | (303,112) |
| Other expenses | | | | | (701,404) |
| Profit before tax | | | | | <u>9,601,845</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: SEGMENT INFORMATION (cont'd)

In 2012 there was one reportable segment being interests to explore for oil in acreage known as the Mazagan permit offshore area located off the Atlantic coast of Morocco, Africa.

| 2012 | Morocco \$ | Other corporate activities \$ | Total \$ |
|--|---------------|--|--------------------|
| Revenue from external sources | | | |
| Reportable segment profit / (loss) | | | |
| Reportable segment assets | 3,691,985 | 8,769,268 | 12,461,253 |
| Reportable segment liabilities | 244,552 | 386,770 | 631,322 |
| <i>Reconciliation of reportable segment profit or loss</i> | | | |
| Reportable segment profit /(loss) | | | - |
| Other income | | | 37,572 |
| Unallocated: | | | |
| Depreciation expense | | | (26,420) |
| Personnel costs | | | (214,575) |
| Share based payment expense | | | (1,250,050) |
| Occupancy costs | | | (72,042) |
| Other expenses | | | (814,578) |
| Loss before tax | | | <u>(2,340,093)</u> |

NOTE 3: SUBSIDIARIES DISPOSED OF DURING THE PERIOD

On 1 November 2013 in accordance with the farmout agreement, the Group disposed of its wholly owned subsidiary, PXP Morocco BV, to Freeport-McMoRan Oil & Gas LLC. PXP Morocco BV held a 52% interest in the Mazagan permit. The carrying amounts of assets and liabilities as at the date of sale were as follows:

| | 1 November 2013 \$ |
|---------------------------------------|--------------------------|
| Current assets | 6,840 |
| Non-current assets (Mazagan Interest) | 3,122,734 |
| Total assets | <u>3,129,574</u> |
| Liabilities | 71,230 |
| Net assets | <u>3,058,344</u> |
| Equity | |
| Issued share capital | 3,122,734 |
| Retained earnings | (64,390) |
| Total equity | <u>3,058,344</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 3: SUBSIDIARIES DISPOSED OF DURING THE PERIOD (cont'd)

| | 1 November 2013 |
|---|----------------------------|
| | \$ |
| Carrying value of net assets disposed | 3,058,344 |
| Consideration received (net of transaction costs) | 14,683,473 |
| Net gain on sale after income tax | 11,625,129 |

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2013 | 30 June 2013 |
|--|-----------------------------|-------------------------|
| | \$ | \$ |
| Balance at beginning of period | 12,004,925 | 992,293 |
| License acquisition costs | - | 8,650,512 |
| Exploration expenditure incurred | 5,795,812 | 8,137,443 |
| Assets held for sale in previous period ¹ | 4,823,963 | (4,823,963) |
| Disposal of interest in Mazagan permit (see Note 3) | (3,122,734) | - |
| Expenditure written off | - | (951,360) |
| Balance at end of the period | 19,501,966 | 12,004,925 |

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

¹ Assets held for sale at 30 June represented the carrying value of the Mazagan interest subsequently re-classified as exploration and evaluation expenditure prior to the disposal of the interest in the Mazagan permit.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

• *Execution of Rig Share Agreement – Mazagan permit, offshore Morocco*

On 3 March 2014, Pura Vida announced the execution of a rig share agreement for the drilling of two wells in the Mazagan permit by the Atwood Achiever Deepwater Drillship. The Atwood Achiever has been contracted to Kosmos Energy under a long term hire arrangement. Under the rig share agreement with Kosmos, two slots have been assigned for the drilling of wells in the Mazagan permit. The first of these slots will be used to drill the Toubkal-1 well and is expected to commence in January 2015. The second slot will be in 2H 2015.

NOTE 6: CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2013.

NOTE 7: COMMITMENTS

There are no material changes to the commitments as disclosed at 30 June 2013.

NOTE 8: DIVIDENDS

No dividends have been declared or paid for the half-year ended 31 December 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 9: ISSUED CAPITAL

(a) Share Capital

| | December 2013 Shares | June 2013 Shares | December 2013 \$ | June 2013 \$ |
|-------------|----------------------------|------------------------|------------------------|--------------------|
| Fully paid | 126,341,883 | 92,528,514 | 41,613,787 | 22,304,400 |
| Partly paid | 21,878,550 | 21,953,550 | 218,785 | 219,535 |

(b) Movements in ordinary share capital

Period ended 31 December 2013

| Date | Details | Number of shares | Issue price | \$ |
|----------|-----------------------------------|---------------------|----------------|-------------------|
| 01/07/13 | Balance at beginning of period | 92,528,514 | | 22,304,300 |
| 01/08/13 | Conversion of partly paid shares | 75,000 | \$0.20 | 15,000 |
| 16/09/13 | Fully paid ordinary shares issued | 12,150,000 | \$0.58 | 7,047,000 |
| 26/11/13 | Conversion of performance rights | 88,369 | \$0.41 | 36,231 |
| 12/12/13 | Fully paid ordinary shares issued | 21,500,000 | \$0.63 | 13,545,000 |
| | Capital raising costs | | | (1,333,744) |
| 31/12/13 | Balance at end of period | <u>126,341,883</u> | | <u>41,613,787</u> |

Period ended 31 December 2012

| Date | Details | Number of shares | Issue price | \$ |
|----------|--|---------------------|----------------|-------------------|
| 01/07/12 | Balance at beginning of period | 40,250,000 | | 6,466,678 |
| 16/07/12 | Fully paid ordinary shares issued | 5,937,500 | \$0.25 | 1,484,375 |
| 20/08/12 | Fully paid ordinary shares issued | 6,062,500 | \$0.25 | 1,515,625 |
| 19/10/12 | Performance shares vested and ordinary shares issued | 5,000,000 | \$0.104 | 519,300 |
| 31/10/12 | Conversion of partly paid shares | 31,250 | \$0.20 | 6,250 |
| 21/11/12 | Conversion of partly paid shares | 166,667 | \$0.20 | 33,333 |
| 03/12/12 | Conversion of partly paid shares | 166,667 | \$0.20 | 33,334 |
| 04/12/12 | Fully paid ordinary shares issued | 8,625,000 | \$0.70 | 6,037,500 |
| | Capital raising costs | | | (2,281,917) |
| 31/12/12 | Balance at end of period | <u>66,239,584</u> | | <u>13,814,478</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 9: ISSUED CAPITAL (cont'd)

(c) Partly paid shares

Period ended 31 December 2013

| Date | Details | Number of shares | Issue price | \$ |
|----------|----------------------------------|------------------|-------------|---------|
| 01/07/13 | Opening Balance | 21,953,550 | \$0.01 | 219,535 |
| 31/07/13 | Conversion of partly paid shares | (75,000) | \$0.01 | (750) |
| 31/12/13 | Balance at end of period | 21,878,550 | | 218,785 |

Period ended 31 December 2012

| Date | Details | Number of shares | Issue price | \$ |
|----------|--|------------------|-------------|---------|
| 01/07/12 | Balance at beginning of period (Unquoted \$0.20 shares paid to \$0.01) | 22,918,133 | \$0.20 | 229,181 |
| 16/07/12 | Unquoted \$0.20 shares paid to \$0.01 | 100,000 | \$0.20 | 1,000 |
| 31/10/12 | Conversion of partly paid shares | (31,250) | \$0.20 | (312) |
| 21/11/12 | Conversion of partly paid shares | (166,667) | \$0.20 | (1,667) |
| 03/12/12 | Conversion of partly paid shares | (166,667) | \$0.20 | (1,667) |
| 31/12/12 | Balance at end of period | 22,653,549 | | 226,535 |

NOTE 10: SHARE BASED PAYMENTS

Period ended 31 December 2013

| Date | Details | Number of shares/options | Issue price | Total fair value \$ | Vesting expense \$ |
|----------|--------------------------------------|--------------------------|-------------|---------------------|--------------------|
| 30/10/13 | Options issued (Employee) | 775,000 | \$0.281 | 217,620 | 12,633 |
| 30/10/13 | Performance Rights issued (Employee) | 775,000 | \$0.700 | 542,500 | 30,717 |
| 26/11/13 | Options issued (Employee) | 32,500 | \$0.333 | 10,823 | 353 |
| 26/11/13 | Performance Rights issued (Employee) | 32,500 | \$0.790 | 25,675 | 821 |
| | | | | | 44,524 |

Expenses arising from share based payments recognised during the period

During the period to 31 December 2013, the Group expensed \$44,524 relating to performance rights and options issued in the current period and \$33,761 relating to performance rights and options issued in previous periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 10: SHARE BASED PAYMENTS (cont'd)

The performance rights as disclosed above are subject to the following performance conditions:

| No. | Milestones | Conversion of Performance Rights |
|-----|---|----------------------------------|
| 1 | Achievement of a market capitalisation of PVD in excess of \$200 million for 5 consecutive trading days | 25% |
| 2 | Sustaining a share price of above \$1.50 for 5 consecutive trading days | 25% |
| 3 | Completion of seismic acquisition for the Nkembe block, offshore Gabon | 25% |
| 4 | Commencement of drilling on PVD's Moroccan asset | 25% |

Period ended 31 December 2012

| Date | Details | Number of shares/options | Issue price | Total fair value \$ | Vesting expense \$ |
|----------|---|--------------------------|-------------|---------------------|--------------------|
| 20/08/12 | Options issued (Corporate Advisors) | 3,000,000 | \$0.248 | 744,000 | 744,000 |
| 19/10/12 | Options issued (Employee) | 250,000 | \$0.530 | 132,500 | 132,500 |
| 26/11/12 | Options issued (Corporate Advisors) | 1,500,000 | \$0.638 | 1,500,000 | 957,000 |
| 31/12/12 | Options expensed (Directors) | 5,000,000 | \$0.090 | 450,000 | 75,000 |
| 31/12/12 | Directors Performance rights expensed (Tranche B) | 5,000,000 | \$0.160 | 800,000 | 800,000 |
| 31/12/12 | Directors Performance rights expensed (Tranche A) | 5,000,000 | \$0.104 | 519,300 | 375,050 |
| | | | | | <u>3,083,550</u> |
| | <i>Expensed as follows:</i> | | | | |
| | Share issue expenses | | | | 1,701,000 |
| | Share based payment expense | | | | 1,250,050 |
| | Employee benefits expense | | | | 132,500 |
| | | | | | <u>3,083,550</u> |

PURA VIDA ENERGY NL

ACN 150 624 169

DECLARATION BY DIRECTORS

The Directors of the Group declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Dated this 14th day of March 2014



Jeff Dowling
Non-Executive Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pura Vida Energy NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pura Vida Energy NL, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pura Vida Energy NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pura Vida Energy NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd ABN 79 112 234 757 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (which) than for the auditor members of financial services transactions in each State or Territory who than themselves.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pura Vida Energy NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch
Director

Perth, 14 March 2014