

# Quarterly Report

For the period ended 31 December 2014



## HIGHLIGHTS

- ▶ Closing cash of \$18.1 million
- ▶ High impact MZ-1 well to spud in Q1 2015
- ▶ MZ-1 will be drilled in a unique location allowing it to test four independently risked stacked prospects (and a fifth prospect if the well is deepened)
- ▶ MZ-1 will test total gross mean prospective resources of over 1.4 billion barrels (328 mbo net to Pura Vida), with a high case of over 3.0 billion barrels (*refer ASX announcement of 17 December 2014*)
- ▶ Option secured for additional carry in the event that drilling costs for two Moroccan wells exceed the US\$215 million cap under the original farmin terms

## MANAGING DIRECTOR'S REPORT

The drilling of Pura Vida's first well, MZ-1, is nearly upon us. This represents the realisation of a major milestone for Pura Vida. If successful, the MZ-1 well has the potential to be transformational for Pura Vida, generating significant value for shareholders. The location of the well offers a unique opportunity to test several independently risked stacked targets, increasing the overall chance of making an oil discovery.

We begin 2015 with a strong balance sheet and a significant portfolio of activity ahead of us, including:

- two deep water wells in the Mazagan permit, offshore Morocco, with the first well to spud this quarter;
- farmout of the Nkembe block, offshore Gabon; and
- 1,250 km<sup>2</sup> seismic acquisition in the Ambilobe block, offshore Madagascar.

Pura Vida's financial position benefitted from our decision to hold cash in US dollars as a natural hedge against our exploration expenditure (which is denominated in US dollars) during a period in which the Australian dollar depreciated markedly against the US dollar. Year end cash was also boosted by cost savings measures introduced in early 2014. As a result, we finished the year with \$18.1 million in cash.

2015 is going to be an exciting year for Pura Vida with increased industry and market interest in the Company as we draw near to our first well. I wish to take this opportunity to thank our loyal shareholders who have supported us and stayed with us into the drilling of our first well.

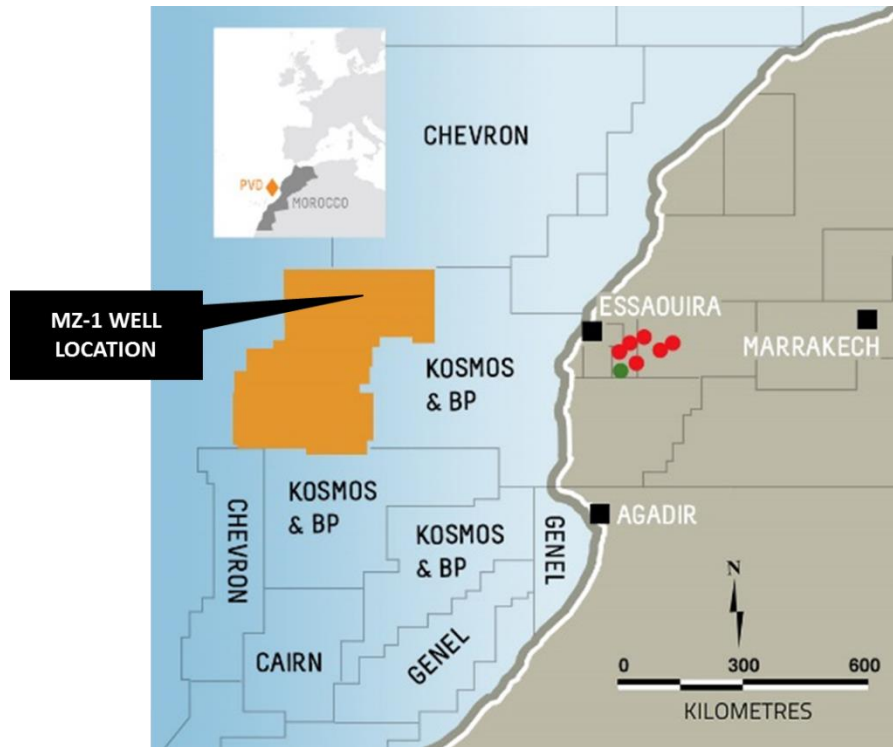
# EXPLORATION

## MAZAGAN PERMIT, OFFSHORE MOROCCO

(PURA VIDA 23%, SUBSIDIARY OF FREEPORT-MCMORAN OIL & GAS LLC OPERATOR)

The Mazagan permit covers an area of 8,717 km<sup>2</sup> and is located off the Atlantic coast of Morocco, in water depths of 1,370-3,000 metres. The Mazagan permit contains significant potential, including Miocene, Cretaceous and Jurassic targets.

During the quarter, the Company announced the location of the first well in its two well Moroccan drilling campaign. The well named Mazagan-1 (**MZ-1**) will target the Ouanoukrim prospect in the northern part of the block (refer map below).

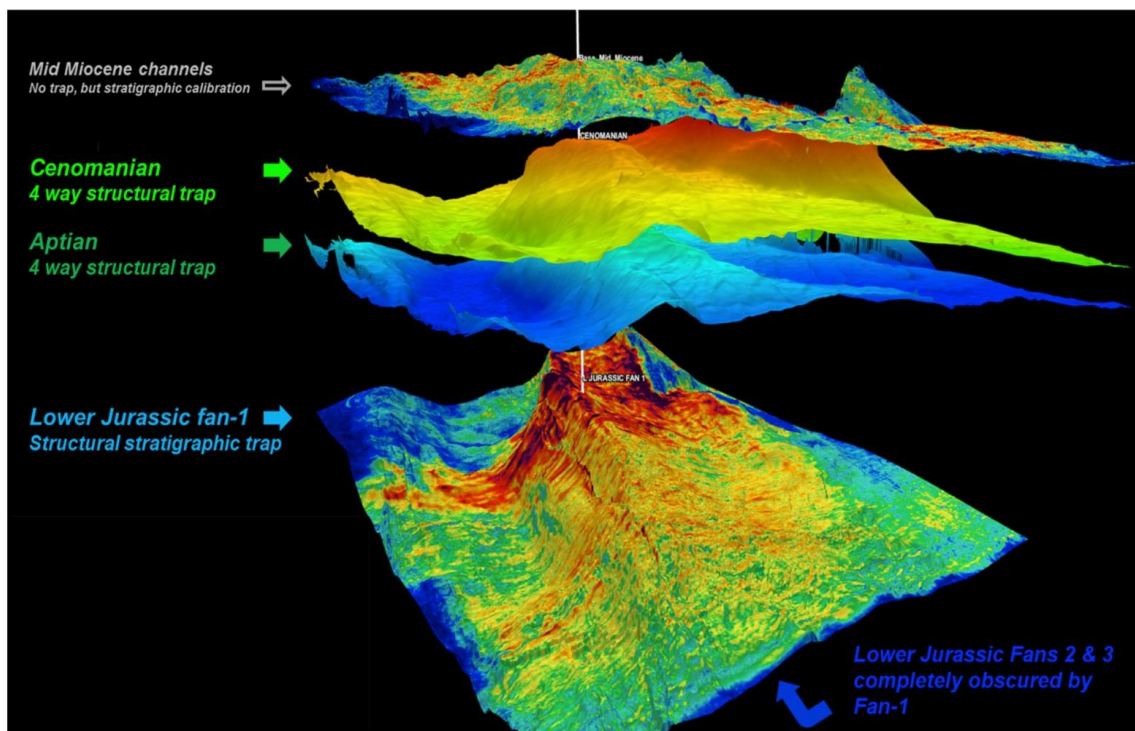


Location of MZ-1 well

The decision of the Joint Venture to select MZ-1 as the location for the first well followed a detailed review by the Joint Venture of the prospectivity of the Mazagan permit and careful consideration of the benefits offered through investing more capital to drill deeper and test multiple prospects in the first well in the two well program.

The Ouanoukrim prospect comprises a series of independently risked stacked targets that are defined on 3D seismic (refer map below). MZ-1 is located in water depths of 2,176 metres and will be drilled to 5,600 metres Total Vertical Depth Subsea with potential to deepen to 6,150 metres. The total gross un-risked mean prospective resource potential to be targeted by the MZ-1 well is over 1.4 billion barrels, with a high case of over 3.0 billion barrels (*reference: ASX announcement 17 December 2014. Refer to cautionary statement in relation to prospective resources at the end of this Report*).

MZ-1 will test four separate independently risked stacked objectives and a fifth objective if the well is deepened. MZ-1 provides the opportunity to test the full prospective stratigraphy of the basin including large traps in the Cretaceous and Jurassic, as well as providing valuable data on the potential of the Mid-Miocene. In drilling through the Jurassic targets the well will also sample the source rocks as they are interbedded with the Jurassic fans. Another significant benefit of this prospect will be the opportunity to drill through the shallower Tertiary, including the Mid-Miocene, where deep water turbidite channels are evident on seismic that are believed to be the same age as those at Toubkal.



3D view showing MZ-1 well path intersecting multiple stacked targets

This well not only provides a greater chance of finding oil but will greatly enhance the Joint Venture’s understanding of the potential of the Mazagan permit ahead of the selection of the second well.

The MZ-1 well has an estimated cost of US\$136.6 million (including contingencies other than deepening). Pura Vida is carried by its Joint Venture partner, a subsidiary of Freeport-McMoRan Oil & Gas, PXP Morocco B.V. (**Freeport**), for the cost of both this well and the second well in the program up to a maximum of US\$215 million. In order to further protect itself against cost overruns which may occur, Pura Vida has secured an option to continue to be carried beyond the cap of US\$215 million under the farmin agreement. If the option is exercised, Pura Vida will dilute its present 23% interest in the permit on the basis of one percentage point per US\$4.5 million of gross expenditure in excess of the US\$215 million cap. However, Pura Vida’s interest shall not be reduced below 4% as a result of additional well costs relating to carried wells.

The Atwood Achiever deepwater drillship is on schedule to spud the MZ-1 exploration well in Q1 2015.

The drillship is contracted under a rig sharing arrangement amongst several Operators. It is currently drilling at a location for another Operator and, following the completion of this well, the drillship will move briefly to carry out operations at another location before moving to the MZ-1 well location.



The Atwood Achiever Deepwater Drillship

## NKEMBE BLOCK, OFFSHORE GABON

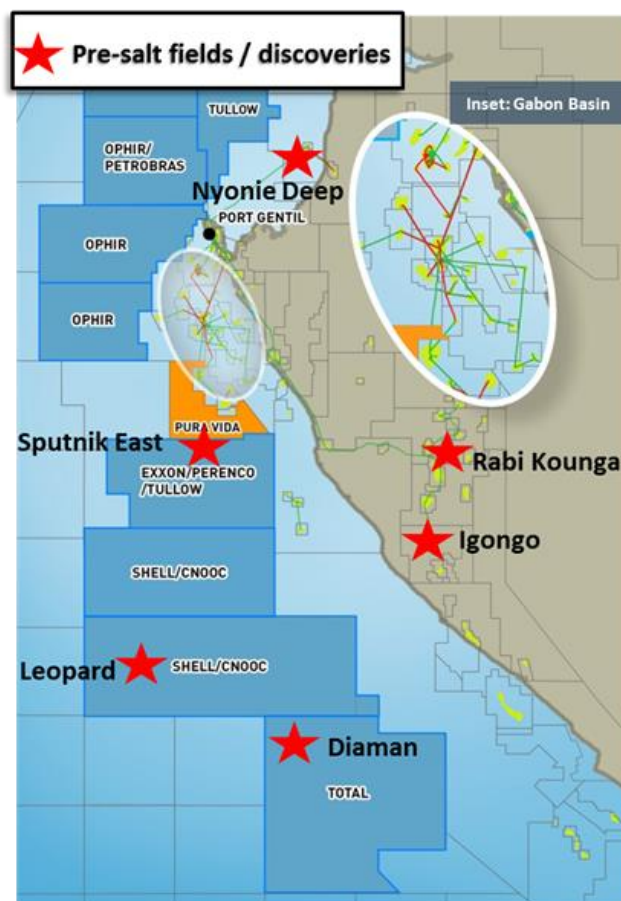
(PURA VIDA 80% AND OPERATOR)

The Nkembe block covers an area of 1,210 km<sup>2</sup> in water depths of 50-1,100 metres approximately 30 km off the coast of Gabon in the prolific oil prone Gabon Basin. The block is adjacent to producing oil fields and infrastructure, including several fields operated by Total, the largest producer in Gabon.

The farmout process to secure a partner for the Nkembe block continued during the quarter. Pura Vida is in discussions with a number of potential partners, and remains confident of securing an agreement in the near term.

Pura Vida was awarded the Nkembe block in early 2013 and since then there have been a number of important pre-salt discoveries in Gabon. The first was in August 2013 with a discovery by Total with the Diaman-1 well to the south of the Nkembe block which encountered a 50-55 metre gas/condensate column in pre-salt reservoir. Following Total's success, there was a string of pre-salt discoveries in Gabon in 2014, including the Nyonie Deep discovery drilled by Eni (estimated at 500 mboe), the Leopard discovery drilled by Shell (approximately 200 metres net gas pay), and the Igongo discovery (90 metres net oil and gas pay) drilled by Tullow. Appraisal wells are now being planned for all of these recent discoveries. These discoveries prove the pre-salt potential in Gabon as a significant play. Due to the proximity of these discoveries to the Nkembe block, it is now established that the pre-salt fairway extends through the Nkembe block substantially de-risking the pre-salt prospects within the block.

The Sputnik East well drilled by a joint venture between Perenco, Tullow and ExxonMobil to the south of the Nkembe block also encountered non-commercial hydrocarbon pay and a thick pre-salt sandstone reservoir, some 300 metres net, significantly exceeding Pura Vida's pre-drill expectations. Sputnik East proves a working petroleum system immediately to the south of the Nkembe block and along trend from the large Mouveni West prospect. Whilst not commercial, the Sputnik East well provides further encouragement for the potential of the Nkembe block.



Pre-salt fields/discoveries around the Nkembe block



## AMBILOBE BLOCK, OFFSHORE MADAGASCAR

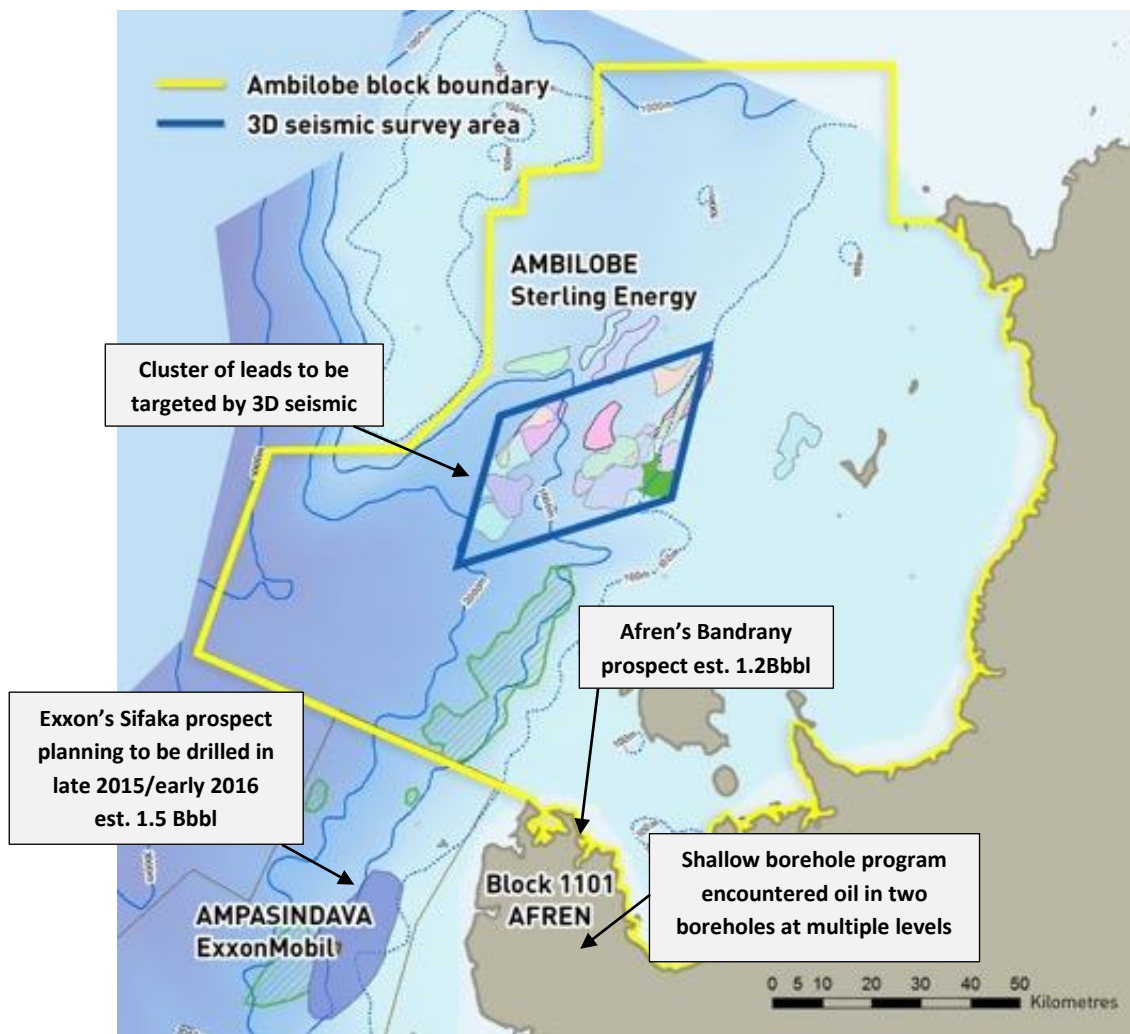
(PURA VIDA 50%, STERLING ENERGY (UK) LIMITED OPERATOR)

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar covering an area of 17,650 km<sup>2</sup>. 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.

Planning of the 3D seismic survey covering approximately 1,250 km<sup>2</sup> progressed during the quarter with required environmental and government permitting approved. The acquisition is planned for late Q1 2015.

During the quarter, Afren completed a borehole program in Block 1101 which is the onshore area adjacent to the Ambilobe block. Afren announced the discovery of oil in two boreholes at multiple levels.

We understand ExxonMobil is planning to drill the 1.5 billion barrel Sifaka prospect in the Ampasindava block (adjacent to the Ambilobe block) in late 2015/early 2016. This will have the potential to add significant value to the region.



Location of 3D seismic survey within Ambilobe block

## CORPORATE & FINANCIAL

As at 31 December 2014, the Company had a net cash position of \$18.1 million.

### ISSUED CAPITAL AS AT 31 DECEMBER 2014

Security	Number
Ordinary Shares	131,730,698
Unlisted Partly Paid Shares	17,989,735
Unlisted Performance Rights	2,315,534
Unlisted Options	11,607,693

### PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2014

	% Interest	Tenement	Location
<b>Held at end of quarter</b>	23%	Mazagan Permit	Offshore Morocco
	100%*	Nkembe Block	Offshore Gabon
	50%	Ambilobe Block	Offshore Madagascar
<b>Acquired during the quarter</b>	-	-	-
<b>Disposed during the quarter</b>	-	-	-

\* Pura Vida's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Production Sharing Contract

### INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 31 DECEMBER 2014

	Farm-in / Farm-out	% Change in Interest	Project
<b>Held at end of quarter</b>	-	-	-
<b>Acquired during the quarter</b>	-	-	-
<b>Disposed during the quarter</b>	-	-	-

# CORPORATE DIRECTORY

## Directors

Jeff Dowling                Non-Executive Chairman  
Damon Neaves            Managing Director  
Richard Malcolm        Non-Executive Director

## Company Secretary

Matthew Worner  
Dennae Lont

## Registered Office and Principal Place of Business

Level 3, 89 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 8 9226 2011  
Facsimile: +61 8 9226 2099  
Web: www.puravidaenergy.com.au

## Share Registry

Computershare  
Level 2, 45 St Georges Terrace  
PERTH WA 6000  
Telephone: 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

## Disclaimers

### **\* Prospective Resource Estimates Cautionary Statement**

The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

### **Prospective Resources**

Prospective resource estimates presented in this report are prepared as at 17 December 2014 (*reference: ASX announcement 17 December 2014*). The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at [www.spe.org](http://www.spe.org). The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development. The 100% basis and net to Pura Vida prospective resource estimates includes Government share of production.

Pura Vida is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of the prospective resources and the relevant market announcements referenced continue to apply and have not materially changed.

### **Persons compiling information about hydrocarbons**

The resource estimates contained in this report for the Mazagan permit, Morocco have been prepared by Mr Andrew Morrison BSc. Geology (Hons) a Geologist who has over 30 years of experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimations and is a member of the Society of Petroleum Engineers. Mr Morrison is a full time employee of the Company and has consented to inclusion of the resource estimates in this presentation in the form and context in which they are included.