



**Pura Vida Energy NL**

ACN 150 624 169

**Interim report for the half-year ended 31 December 2015**

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## CORPORATE DIRECTORY

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### DIRECTORS

Jeff Dowling, *Non-Executive Chairman*

Damon Neaves, *Managing Director*

Richard Malcolm, *Non-Executive Director*

### COMPANY SECRETARY

Dennae Lont

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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### STOCK EXCHANGE LISTING

Australian Securities Exchange Limited

ASX Code – PVD

### SHARE REGISTRY

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Perth WA 6000

Telephone: 1300 850 505 (within Australia)

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### AUDITOR

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

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## DIRECTORS' REPORT

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The Directors of Pura Vida Energy NL (**Company** or **Pura Vida**) and the entities it controls (**Consolidated Entity** or **Group**) present their report for the half-year ended 31 December 2015.

### DIRECTORS

The names of the Directors in office during the financial period or since the end of the financial period are:

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

### COMPANY SECRETARY

- Dennaë Lont, Company Secretary

### PRINCIPAL ACTIVITIES

Pura Vida is an Australian-based African oil explorer. The Company has an interest in the Mazagan permit, offshore Morocco, the Nkembe block, offshore Gabon and the Ambilobe block, offshore Madagascar. The Company's strategy is to explore for oil and to build a diversified portfolio of assets over time.

There were no significant changes in the nature of these activities during the half-year.

### DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year (31 December 2014: Nil).

### FINANCIAL SUMMARY

The Group made a net loss after tax of \$4,000,812 for the financial half-year ended 31 December 2015 (31 December 2014: loss 15,220,343).

At 31 December 2015, the Group had net assets of \$4,666,622 (30 June 2015: \$8,660,568) and cash assets of \$4,986,697 (30 June 2015: \$7,329,004).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations below.

### REVIEW OF OPERATIONS

#### *Corporate Cost Reduction Program*

Following the disappointing results of the first well in the Mazagan permit, offshore Morocco and the sustained low oil prices, the Company announced during the period a significant cost reduction program to ensure the Company remains well funded to pursue its future strategic objectives. This program has primarily been focused on non-technical corporate expenses in order to ensure expenditure is focused on operational activities. The full effect of these initiatives can now be seen with the Company on track to deliver meaningful cost savings this year.

The cost reduction initiatives include the following:

- reduction in employee levels (decrease in head count by 50%) and associated cost savings;
- cost sharing arrangements to reduce financial and administrative employee costs;
- downsizing the Perth office allowing office space to be sub-let;
- closure of Melbourne office and relocation of remaining employees to Perth office; and
- minimisation of external service providers, travel, compliance and other costs.

The cost reduction measures outlined above, as well as initiatives undertaken earlier in 2015, are targeting to significantly reduce non-operational expenditure and achieve a cost saving of \$1.2 to \$1.5 million during the current financial year.

### ***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 to 3,000 metres. The Mazagan permit contains significant potential, including Miocene, Cretaceous and Jurassic targets.

#### *Company Activities*

During the period, the MZ-1 exploration well was drilled to a final depth of 6,150 metres True Vertical Depth Sub Sea (TVDS) within Triassic aged sediments. Preliminary results indicated that no oil shows were encountered with the well plugged and abandoned and the rig released on 20 August 2015. The MZ-1 well was completed on budget.

Post-well evaluation of the collected data is underway with analysis of the samples to be completed in early 2016. The technical focus is currently on the maturation of prospects for the second well in the Mazagan permit.

The Company announced on 12 February 2016, that it has written to PXP Morocco B.V. (**PXP**) (a subsidiary of Freeport-McMoRan Oil & Gas) reserving its rights under the farmin agreement and joint operating agreement in relation to the second well obligation in the Mazagan permit. The joint venture parties are in discussions and timely resolution of this matter is an important priority for the Company.

### ***Nkembe block, offshore Gabon***

***(Pura Vida 100%\* and Operator)***

\* 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

The Nkembe block covers an area of 1,210 km<sup>2</sup> in water depths of 50 to 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.

#### *Company Activities*

The Company continued to seek a farmin partner during the period to fund future exploration on the Nkembe block, including drilling. Sustained low oil prices continue to affect the industry with investment in exploration activity greatly impacted which has also impacted on the farmout process. The current phase of the permit is scheduled to expire in January 2017, however, an extension is currently under consideration. Pura Vida's ability to perform the work commitments in the current phase, which includes acquisition of new 3D seismic data and a well, remains dependent on securing a farmin partner.

Pura Vida selected the Nkembe block after recognising the diversity of play types, multiple petroleum systems offering oil as well as gas potential. More recently, large gas/condensate discoveries offshore Gabon have de-risked the pre-salt play. Appraisal of these gas/condensate discoveries is currently underway by the industry to confirm the scale and commerciality of gas/LNG development. Whilst these developments are encouraging it will take many years for the commercialisation of gas, which depends on the establishment of an export LNG industry in Gabon.

As a consequence, Pura Vida's focus has been on shallow water oil prospects which offer near term development options that benefit from close proximity to existing infrastructure. Lepidote Deep (refer ASX announcement 23 June 2014 for resource estimates) lies within 10 km of the nearest platform. The Palomite Cluster (refer ASX announcement 23 June 2014 for resource estimates) offers significant potential that offers development options, either stand-alone or via a tie-back. Recent drill cost estimates indicate that low cost exploration drilling is possible given the falling rig market and the number of available rigs in the West Africa region and Pura Vida continues to investigate this potential whilst it seeks to secure a farmin partner.

### ***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.

## DIRECTORS' REPORT

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### *Company Activities*

Following the completion of the 3D seismic in May 2015, processing of the newly acquired 3D data commenced during the period. Intermediary products have been received and early interpretation has commenced, with the final fully processed data expected in the second quarter of 2016.

### *Surrounding Activity*

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. Pura Vida made the strategic entry into the block based on compelling regional geology and 2D seismic data where oil seeps prove a working petroleum system and where effective source rocks, reservoirs and seals in combination with salt in the basin form large structural trends that provide the potential for a significant hydrocarbon province. These fundamental elements have been correlated from the onshore part of the basin, where a recent coring program in the neighbouring block undertaken in late 2014, revealed Cretaceous and Jurassic oil bearing reservoirs. These reservoirs and identical stratigraphic intervals correlate offshore directly into the structural fairway that is the site of the 3D program. Mapping of existing data has already highlighted multiple leads within each of the extensive play fairways and there is significant running room in the event that a discovery is made.

### **RISK MANAGEMENT AND CORPORATE GOVERNANCE**

The Board of Pura Vida is committed to conducting its business in accordance with a high standard of corporate governance commensurate with its size, operations and the industry within which it participates. The Directors of Pura Vida are responsible for corporate governance of the Company and support the principles of the ASX Corporate Governance Council's Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement as at 30 June 2015 as approved by the Board on 14 September 2015 remains current. The Company's Corporate Governance Statement can be viewed on the Company's website [www.puravidaenergy.com.au](http://www.puravidaenergy.com.au) under the Governance tab.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS FROM OPERATIONS**

The Company intends to continue its present range of activities during the forthcoming period. In accordance with its strategy, the Company may participate in exploration and appraisal wells, and may grow its exploration portfolio by farming into or acquiring new exploration licences.

### **EVENTS AFTER THE REPORTING PERIOD**

- On 19 February 2016, the Company announced it had completed a placement to professional and sophisticated investors of \$986,640 (before fees and costs) through the issue 36,542,208 shares at \$0.027 cents per share. The funds raised will be used for general working capital.
- On 22 February 2016, the Company announced it is undertaking a pro-rata non-renounceable rights issue of one (1) New Share for every three (3) existing Shares of the Company at \$0.027 per Share (the same price of the Placement announced on 16 February 2016) to raise up to approximately \$1.7 million (before fees and costs). The entitlement offer is scheduled to close at 5:00pm (AWST) on Thursday, 24 March 2016.

### **AUDITOR'S INDEPENDENCE DECLARATION**

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

On behalf of the Directors



**Damon Neaves**

Managing Director

4 March 2016

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 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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, 4 March 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	Restated <sup>(1)</sup> 2014 \$
<b>Revenue from continuing operations</b>			
Interest income		10,061	32,646
Other income		41,550	-
<b>Total income</b>		<b>51,611</b>	<b>32,646</b>
<b>Expenses</b>			
Exploration and evaluation expenditure	2	(2,899,914)	(14,719,929)
Finance costs	2	(26)	(20)
Depreciation expenses		(10,603)	(28,616)
Administrative expenses <sup>(2)</sup>	2	(1,446,846)	(2,389,787)
Share-based payments expense	2	18,503	(309,791)
Unrealised foreign exchange gain	2	286,463	2,195,154
Loss before income tax		(4,000,812)	(15,220,343)
Income tax expense		-	-
Loss after income tax attributable to the owners of the Company		(4,000,812)	(15,220,343)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(69,632)	23,646
Other comprehensive income for the half-year, net of tax		(69,632)	23,646
Total comprehensive income/(loss) for the half-year attributable to the owners of the Company		(4,070,444)	(15,196,697)
		<b>cents</b>	<b>cents</b>
Earnings per share for the half-year attributable the owners of the Company			
Basic and Diluted loss per share		(2.47)	(10.26)

1 Refer Note 7 for details regarding the restatement as a result of a change in accounting policy

2 Reduction in expenditure due to cost cutting measures implemented

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
<b>Current assets</b>			
Cash and cash equivalents		4,986,697	7,329,004
Other receivables		196,383	92,488
Joint operator contributions	4	1,235,386	2,293,416
<b>Total current assets</b>		<b>6,418,469</b>	<b>9,174,908</b>
<b>Non-current assets</b>			
Property, plant and equipment		16,452	34,946
<b>Total non-current assets</b>		<b>16,452</b>	<b>34,946</b>
<b>Total assets</b>		<b>6,434,921</b>	<b>9,749,854</b>
<b>Current liabilities</b>			
Trade and other payables	5	1,697,277	964,695
Provisions		71,022	124,591
<b>Total current liabilities</b>		<b>1,768,299</b>	<b>1,089,286</b>
<b>Total liabilities</b>		<b>1,768,299</b>	<b>1,089,286</b>
<b>Net assets</b>		<b>4,666,622</b>	<b>8,660,568</b>
<b>Equity</b>			
Issued capital	6	48,353,153	48,258,153
Share-based payment reserve		4,240,012	4,258,514
Foreign exchange reserve		(135,876)	(66,244)
Accumulated losses		(47,790,666)	(43,789,855)
<b>Total equity</b>		<b>4,666,622</b>	<b>8,660,568</b>

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 2015

	Issued capital \$	Reserves \$	Accumulated gain/(loss) \$	Total equity \$
<b>Balance at 1 July 2014<sup>(1)</sup></b>	<b>42,294,014</b>	<b>3,854,565</b>	<b>(27,200,775)</b>	<b>18,947,804</b>
Loss for the half-year	-	-	(15,220,343)	(15,220,343)
Other comprehensive income for the half-year	-	23,646	-	95,831
Total comprehensive income/(loss) for the half-year	-	23,646	(15,220,343)	(407,946)
<b>Transactions with owners in their capacity as owners</b>				
Contributed equity	652,875	-	-	652,875
Share issue costs	-	-	-	-
Option and performance rights expense recognised during the half-year	-	309,791	-	309,791
<b>Balance at 31 December 2014</b>	<b>42,946,889</b>	<b>4,188,001</b>	<b>(42,421,118)</b>	<b>4,713,772</b>
<b>Balance at 1 July 2015</b>	<b>48,258,153</b>	<b>4,192,270</b>	<b>(43,789,855)</b>	<b>8,660,568</b>
Loss for the half-year	-	-	(4,000,812)	(4,000,812)
Other comprehensive income/(loss) for the half-year	-	(69,632)	-	(69,632)
Total comprehensive income/(loss) for the half-year	-	(69,632)	(4,000,812)	(4,070,444)
<b>Transactions with owners in their capacity as owners</b>				
Contributed equity	95,000	-	-	95,000
Share issue costs	-	-	-	-
Option and performance rights expense recognised during the half-year	-	(18,503)	-	(18,503)
<b>Balance at 31 December 2015</b>	<b>48,353,153</b>	<b>4,104,135</b>	<b>(47,790,666)</b>	<b>4,666,622</b>

1 Refer Note 7 for details regarding the restatement as a result of a change in accounting policy

The 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 2015**

Note	2015 \$	Restated <sup>(1)</sup> 2014 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers, consultants and employees <sup>(2)</sup>	(1,671,882)	(2,512,296)
Payments for exploration and evaluation expenditure	(1,056,052)	(2,685,225)
Interest received	12,396	66,833
Finance costs	(26)	(20)
Other income	41,550	-
<b>Net cash outflow from operating activities</b>	<b>(2,674,014)</b>	<b>(5,130,708)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(2,256)	(19,683)
<b>Net cash outflow from investing activities</b>	<b>(2,256)</b>	<b>(19,683)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	47,500	652,875
Share issue costs	-	-
<b>Net cash inflow from financing activities</b>	<b>47,500</b>	<b>652,875</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,628,770)</b>	<b>(4,497,516)</b>
Cash and cash equivalents at the beginning of the half-year	7,329,004	20,460,177
Effects of exchange rate changes on cash and cash equivalents	286,463	2,195,154
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,986,697</b>	<b>18,157,816</b>

1 Refer Note 7 for details regarding the restatement as a result of a change in accounting policy

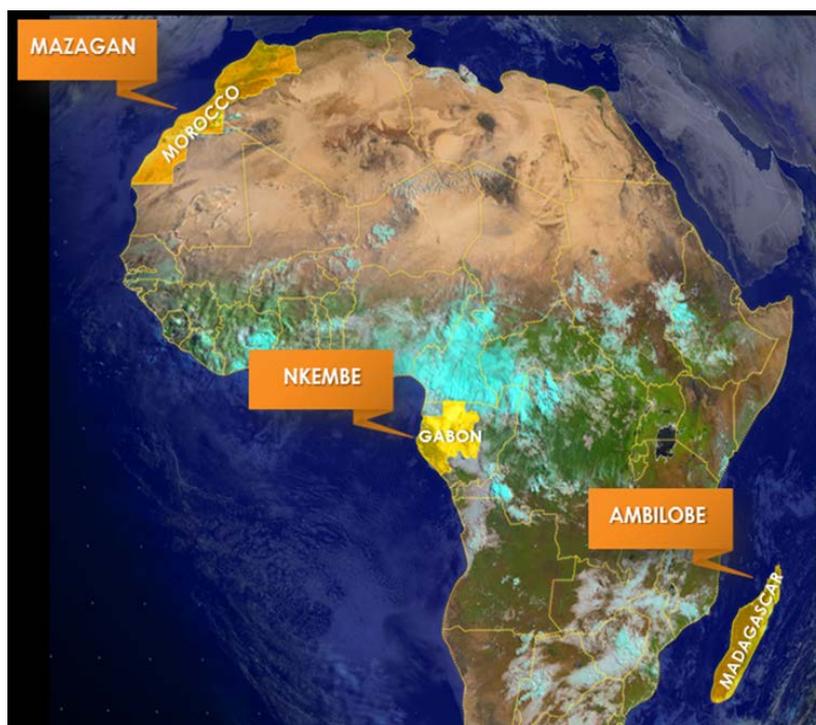
2 Reduction in expenditure due to cost cutting measures implemented

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 2015

**1. SEGMENT INFORMATION**

Management has determined that the Group has three reportable segments, being an interest to explore for oil in acreage known as the Mazagan permit, offshore Morocco, the Nkembe block, offshore Gabon and the Ambilobe block, offshore Madagascar. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. As the Group is focused on oil exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by 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.



	Morocco	Gabon	Madagascar	Other corporate activities	Total
	\$	\$	\$	\$	\$
<b>For the half-year ended</b>					
<b>31 December 2015</b>					
Revenue from external sources	-	-	-	51,611	51,611
Reportable segment profit/(loss)	(280,114)	(1,212,100)	(1,515,550)	(933,047)	(4,000,812)
Reportable segment assets <sup>(1)</sup>	3,919	92,571	1,241,680	5,096,751	6,434,921
Reportable segment liabilities	123,306	1,266,886	119,720	258,386	1,768,299
<b>Restated<sup>(2)</sup></b>					
<b>For the half-year ended</b>					
<b>31 December 2014</b>					
Revenue from external sources	-	-	-	32,646	32,646
Reportable segment profit/(loss)	(349,060)	(1,787,451)	(12,720,080)	(363,752)	(15,220,343)
<b>For the year ended</b>					
<b>30 June 2015</b>					
Reportable segment assets <sup>(3)</sup>	4,240	45,686	2,299,647	7,400,281	9,749,854
Reportable segment liabilities	10,233	623,004	21,207	434,842	1,089,286

1 Other corporate activities includes cash held of \$4,881,402

2 Refer Note 7 for details regarding the restatement as a result of a change in accounting policy

3 Other corporate activities includes cash held of \$7,283,318

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**2. EXPENSES**

	<b>2015</b>	<b>Restated<sup>(1)</sup></b>
	<b>\$</b>	<b>2014</b>
		<b>\$</b>
Profit/(Loss) before income tax includes the following specific items:		
<u>Exploration and evaluation expenditure</u>		
Mazagan permit, offshore Morocco	271,349	292,787
Nkembe block, offshore Gabon	1,092,509	1,717,148
Ambilobe block, offshore Madagascar	1,514,547	12,709,994
New venture activity costs	21,509	-
Total exploration and evaluation expenditure	2,899,914	14,719,929
<u>Finance costs</u>		
Other interest expense	26	20
Total finance costs	26	20
<u>Share-based payments expense</u>		
Options	-	99,977
Performance rights	153,228	209,814
Performance rights forfeited <sup>(2)</sup>	(171,731)	-
Total share-based payments expenses	(18,503)	309,791
<u>Administrative expense includes</u>		
Employee benefits expense <sup>(3)</sup>	594,344	942,070
Advisory and audit fees	175,795	114,589
Travel and accommodation <sup>(4)</sup>	72,706	160,653
Other expenses <sup>(5)</sup>	604,001	1,172,475
Total administrative expense	1,446,846	2,389,787
<u>Unrealised foreign exchange gain<sup>(6)</sup></u>	(286,463)	(2,195,154)

1 Refer Note 7 for details regarding the restatement as a result of a change in accounting policy

2 Performance rights were forfeited as a result of employee redundancies

3 Reduction in the number of employees

4 Reduction in travel undertaken during the period

5 Reduction in expenditure due to cost cutting measures implemented

6 Foreign exchange gain was recognised in relation to the retranslation of United States and Euro dollar denominated balances

**3. DIVIDENDS**

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2015 (31 December 2014: Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**4. JOINT OPERATOR CONTRIBUTIONS**

Under the farmin agreement for the Ambilobe block, Pura Vida has funded the acquisition and processing of 1,175 km<sup>2</sup> of 3D seismic data. The 3D seismic survey was acquired in May 2015, with processing ongoing and due to be completed in second quarter of 2016.

Pura Vida was cash called for the estimated cost of the program in December 2014 for an amount of US\$9.7 million. As at 31 December 2015, US\$900,967 of this balance remains unspent. Expenditure is expected to be consumed within 12 months.

	<b>31 December 2015 \$</b>	<b>30 June 2015 \$</b>
Joint operation contribution	1,235,386	2,293,416

**5. TRADE AND OTHER PAYABLES**

	<b>31 December 2015 \$</b>	<b>30 June 2015 \$</b>
Trade payables	443,228	163,561
Other payables	1,254,049	801,134
	<b>1,697,277</b>	<b>964,695</b>

Other payables includes contributions payable under exploration licence terms.

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

**6. ISSUED CAPITAL**

	<b>31 December 2015 Securities</b>	<b>31 December 2014 Securities</b>	<b>31 December 2015 \$</b>	<b>31 December 2014 \$</b>
Fully paid ordinary shares	152,690,185	131,730,698	48,248,867	42,766,991
Partly paid ordinary shares	10,428,550	17,989,735	104,286	179,898
			<b>48,353,153</b>	<b>42,946,889</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**6. ISSUED CAPITAL** (continued)

*Movement in fully paid ordinary shares*

	<b>Date</b>	<b>Number of securities</b>	<b>Issue price</b> \$	<b>\$</b>
<b>Balance at 1 July 2014</b>		<b>128,768,198</b>		<b>42,099,491</b>
Conversion of partly paid shares	27-Aug-14	112,500	0.20	22,500
Conversion of partly paid shares	13-Oct-14	550,000	0.20	110,000
Conversion of partly paid shares	22-Oct-14	700,000	0.20	140,000
Conversion of partly paid shares	17-Dec-14	100,000	0.20	20,000
Exercise and conversion of options	17-Dec-14	1,500,000	0.25	375,000
Share issue costs		-		-
<b>Balance at 31 December 2014</b>		<b>131,730,698</b>		<b>42,766,991</b>
<b>Balance at 1 July 2015</b>		<b>150,684,051</b>		<b>48,148,867</b>
Conversion of partly paid shares	1-Jul-15	250,000	0.20	50,000
Conversion of partly paid shares	14-Jul-15	250,000	0.20	50,000
Conversion of performance rights	21-Aug-15	201,875	-	-
Share issued under STI plan	18-Sep-15	1,304,259	-	-
Share issue costs		-		-
<b>Balance at 31 December 2015</b>		<b>152,690,185</b>		<b>48,248,867</b>

*Movement in partly paid shares*

	<b>Date</b>	<b>Number of securities</b>	<b>Issue price</b> \$	<b>\$</b>
<b>Balance at 1 July 2014</b>		<b>19,452,235</b>		<b>194,523</b>
Conversion of partly paid shares	27-Aug-14	(112,500)	0.01	(1,125)
Conversion of partly paid shares	13-Oct-14	(550,000)	0.01	(5,500)
Conversion of partly paid shares	22-Oct-14	(700,000)	0.01	(7,000)
Conversion of partly paid shares	17-Dec-14	(100,000)	0.01	(1,000)
<b>Balance at 31 December 2014</b>		<b>17,989,735</b>		<b>179,898</b>
<b>Balance at 1 July 2015</b>		<b>10,928,550</b>		<b>109,286</b>
Conversion of partly paid shares	1-Jul-15	(250,000)	0.01	(2,500)
Conversion of partly paid shares	14-Jul-15	(250,000)	0.01	(2,500)
<b>Balance at 31 December 2015</b>		<b>10,428,550</b>		<b>104,286</b>

**7. EXPLORATION AND EVALUATION ASSET**

This financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure in accordance with standard AASB 6: Exploration for and Evaluation of Mineral Resources.

Previously, the Group capitalised, accumulated exploration and evaluation expenditure and carried forward to the extent that they were expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

The result of this accounting change means that the Group will expense exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development.

The Board have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with industry practice.

The following table summarises the adjustments made to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on implementation of the new accounting policy. The impact to the Consolidated Statement of Financial Position was disclosed in the 30 June 2015 Annual Report.

	<b>For the period ended 31 December 2014</b>
Increase in loss for the period	14,716,566

The table below summarises the impact on the earnings per share for the comparative period:

	<b>31 December 2014 Cents</b>
<b>Loss per share</b>	
Previously reported – basic and diluted loss per share	(0.34)
Restated – basic and diluted loss per share	(10.26)

**8. SHARE-BASED PAYMENT TRANSACTIONS**

Share-based payment transactions are recognised at fair value in accordance with AASB 2.

**Significant accounting estimates and assumptions**

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within this note.

**Performance Rights Plan**

During the period the Company granted performance rights as a long term incentive and retention rights to employees which have been issued under the Company's Performance Rights Plan approved by Shareholders on 2 September 2011 and 31 October 2014. On vesting, each performance right and retention right has an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

**8. SHARE-BASED PAYMENT TRANSACTIONS (continued)**

Movement in the performance rights and retention rights is shown below:

Grant date	Series	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at period end	Vested and exercisable at period end
30-Oct-13	3	30-Oct-16	n/a	567,204	-	(131,250)	(300,000)	135,954	-
07-Nov-13	4	07-Nov-16	n/a	32,500	-	-	-	24,375	-
16-Dec-13	5	16-Dec-16	n/a	250,000	-	(62,500)	(187,500)	-	-
01-Jul-14	6	30-Jun-17	n/a	606,500	-	-	(184,268)	422,214	-
31-Oct-14	7	30-Jun-17	n/a	275,000	-	-	-	275,000	-
09-Sep-15	8	30-Jun-18	n/a	-	1,340,752	-	-	1,340,752	-
09-Sep-15	9	30-Jun-16 and 30-Jun-17	n/a	-	3,550,000	-	-	3,550,000	-
11-Nov-15	10	30-Jun-18	n/a	-	1,631,356	-	-	1,631,356	-
11-Nov-15	11	30-Jun-16 and 30-Jun-17	n/a	-	1,250,000	-	-	1,250,000	-
<b>Total</b>				<b>1,731,204</b>	<b>7,772,108</b>	<b>(193,750)</b>	<b>(671,768)</b>	<b>8,629,651</b>	<b>-</b>

Performance rights and retention rights are not listed and carry no dividend or voting rights. Upon exercise each performance right and retention right is convertible into one fully paid ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Key inputs to the Monte-Carlo simulation valuation models used in the calculation of each grant of performance rights and retention rights during the half-year ended 31 December 2015 were as follows:

Type of grant	Series	Volatility <sup>(1)</sup>		Vest date	Expiry date	Share price at grant date	Risk free interest rate <sup>(2)</sup>	Fair value per right
		S&P/ASX 300 Energy index	Pura Vida shares					
<b>Grant date: 9 September 2015</b>								
Performance rights <sup>(3)</sup>	8	2.04%	11.53%	30-Jun-18	30-Jun-18	\$0.048	1.86%	\$0.0088
<b>Grant date: 11 November 2015<sup>(4)</sup></b>								
Performance rights <sup>(3)</sup>	10	2.04%	11.53%	30-Jun-18	30-Jun-18	\$0.050	1.97%	\$0.0004
<b>Grant date: 9 September 2015</b>								
Retention rights <sup>(5)</sup>	9	n/a	n/a	30-Jun-16 and 30-Jun-17	30-Jun-16 and 30-Jun-17	\$0.048	n/a	\$0.048
<b>Grant date: 11 November 2015<sup>(3)</sup></b>								
Retention rights <sup>(5)</sup>	11	n/a	n/a	30-Jun-16 and 30-Jun-17	30-Jun-16 and 30-Jun-17	\$0.050	n/a	\$0.050

1 Expected price volatility is based on the 90 days averages for both the Pura Vida share price and the S&P/ASX 300 Energy (industry group) index

2 Risk free rate of government bonds rates with comparable terms to maturity

3 Performance will be measured based on Pura Vida's relative total shareholder return (TSR) over a three-year period, measured from 1 July. The vesting of the performance rights will be measured using the Company's TSR compared to the S&P/ASX 300 Energy (industry group) index (Index). The employee is required to be employed with the Company at the date of vesting

4 Rights granted to the Managing Director were approved by shareholders at the annual general meeting held on 11 November 2015

5 Rights are split equally between two tranches, Tranche 1 has a service condition of 1 year and Tranche 2 has a service condition of 2 years

The total expense arising from employee performance rights and retention rights granted during the period as part of share based payment expense was \$89,650.

**9. RELATED PARTY TRANSACTIONS**

During the half-year ended 31 December 2015, the Company issued performance rights and retention rights to Mr Damon Neaves. 1,631,356 performance rights were issued at a fair value on grant date of \$605 and 1,250,000 retention rights were issued at a fair value on grant date of \$62,500. The details of the rights issued can be found within Note 8.

No other related party transactions have occurred during the period.

**10. COMMITMENTS**

There are no material changes to the commitments as disclosed at 30 June 2015.

**11. CONTINGENCIES**

The Group currently has no contingent assets or liabilities as at 31 December 2015 (31 December 2014: Nil).

**12. FAIR VALUE MEASUREMENTS**

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payable and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

*Fair value hierarchy*

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**13. EVENTS OCCURRING AFTER REPORTING DATE**

- On 19 February 2016, the Company announced it had completed a placement to professional and sophisticated investors of \$986,640 (before fees and costs) through the issue 36,542,208 shares at \$0.027 cents per share. The funds raised will be used for general working capital.
- On 22 February 2016, the Company announced it is undertaking a pro-rata non-renounceable rights issue of one (1) New Share for every three (3) existing Shares of the Company at \$0.027 per Share (the same price of the Placement announced on 16 February 2016) to raise up to approximately \$1.7 million (before fees and costs). The entitlement offer is scheduled to close at 5:00pm (AWST) on Thursday, 24 March 2016.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

#### **14. BASIS OF PREPARATION**

This consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Pura Vida during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

##### *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

##### *New standards and interpretations not yet adopted*

###### *AASB 9 Financial Instruments*

AASB 9 *Financial Instruments* (AASB 9) addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013 it also sets out new rules for hedge accounting.

When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The Group does not have any such assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Adoption of AASB 9 is only mandatory for the year commencing 1 January 2017. There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

##### *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 2015.

## DIRECTORS' DECLARATION

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In the Directors' opinion:

1. the financial statements, and accompanying notes set out above, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date;
2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Damon Neaves**

Managing Director

Perth, Western Australia

4 March 2016

## 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 2015, 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 2015 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.



## 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 2015 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, 4 March 2016