

Quarterly Report

For the period ended 31 March 2014



HIGHLIGHTS

- ▶ Execution of the rig share agreement for the drilling of two wells in the Mazagan permit by the Atwood Achiever Deepwater Drillship.
- ▶ Preparations for the Toubkal-1 well on schedule for January 2015 spud.
- ▶ Strengthening of the Pura Vida Board with the commencement of Jeff Dowling as Non-Executive Chairman and Ric Malcolm as Non-Executive Director.
- ▶ Pura Vida strategically positioned with play-opening drilling activity around its acreage this year.
- ▶ Strong financial position with \$24.9 million cash at bank.

EXPLORATION

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 1,000-2,500 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.



The Atwood Achiever Deepwater Drillship

During the period, 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 (pictured). The Atwood Achiever has been contracted

to Kosmos Energy under a long term hire arrangement. Under the rig share agreement with Kosmos, two firm 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 is expected to be in 2H 2015.

In March 2014, the Company received ministerial approval for the extension of the permit for a period of three years (the first extension period). The work commitment under the first extension period comprises the two exploration wells to be drilled in the current drilling campaign by the Atwood Achiever.

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. At the time of writing, the FA-1 well is being drilled, targeting the Eagle prospect in the Fom Assaka block neighbouring Pura Vida's Mazagan permit. The primary objective is a deepwater Lower Cretaceous reservoir.

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.

The farmout process to secure a partner for the Nkembe block continued during the quarter.

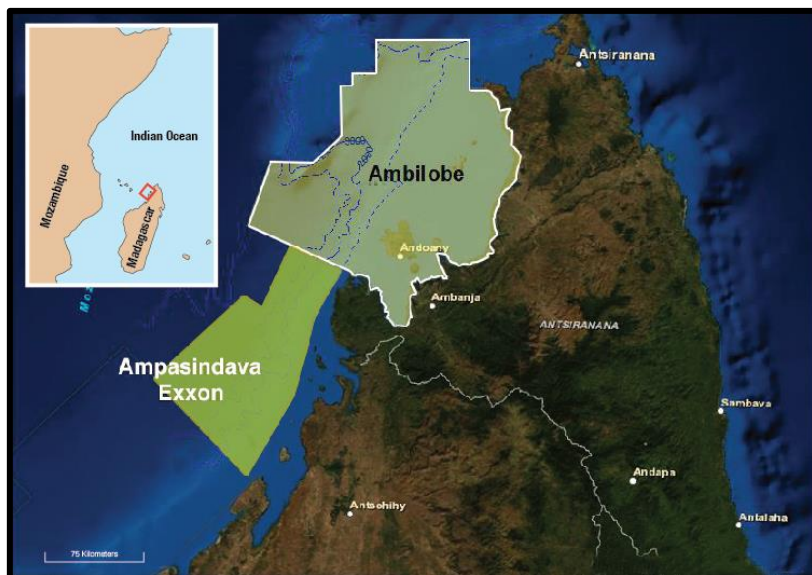
During 2014, significant drilling activity offshore Gabon will be targeting the pre-salt potential. In late 2013, Total drilled the first well in deepwater Gabon targeting the pre-salt which resulted in a discovery. This is a very encouraging start to the current exploration campaign.

ExxonMobil recently farmed in to the Arouwe block adjacent to Nkembe. The joint venture with Perenco and Tullow will be drilling an exploration well expected to commence in mid-2014 targeting a pre-salt prospect. This well will have a direct read across to the pre-salt prospects in the Nkembe block.

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.

The Operator commenced planning of the 3D seismic survey covering approximately 1,250 km² during the quarter, which is scheduled to be acquired in late 2014.



Location of Ambilobe block

CORPORATE & FINANCIAL

BOARD

On 13 January 2014, Mr Jeff Dowling (Non-Executive Chairman) and Mr Ric Malcolm (Non-Executive Director) commenced as members of the Board. Mr Bevan Tarratt resigned as a member of the Board from this date. Mr Tarratt remains in an executive role with the Company.

The new Board appointments follow a period of transformational growth since Pura Vida listed on the ASX in February 2012, and reflect the changing nature of the Company's operations due to the expansion of its asset portfolio and the significant drilling program that lies ahead. The appointments ensure the Company has strong leadership and governance as it begins the next phase of its development.

CASH

As at 31 March 2014, the Company had a closing cash position of \$24.9 million.

The outstanding balance of the loan facility entered into to fund the acquisition of the Nkembe block, offshore Gabon, approximately \$2.5 million (inclusive of interest), will be discharged during the next quarter.

ISSUED CAPITAL AS AT 31 MARCH 2014

| Security | Number |
|-----------------------------|-------------|
| Ordinary Shares | 126,641,883 |
| Unlisted Partly Paid Shares | 21,578,550 |
| Unlisted Performance Rights | 1,072,605 |
| Unlisted Options | 15,357,693 |

PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2014

| | % Interest | Tenement | Location |
|------------------------------------|------------|----------------|---------------------|
| Held at end of quarter | 23% | Mazagan Permit | Offshore Morocco |
| | 80% | Nkembe Block | Offshore Gabon |
| | 50% | Ambilobe Block | Offshore Madagascar |
| Acquired during the quarter | - | - | - |
| Disposed during the quarter | - | - | - |

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 31 MARCH 2014

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

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

Share Registry

Automic Registry Services
Level 1, 7 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +61 8 9324 2099

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

PURA VIDA ENERGY NL

ABN

11 150 624 169

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation | (2,363) | (8,147) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (972) | (3,572) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 1 | 2 |
| 1.5 Interest and other costs of finance paid | (115) | (450) |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | 8 | 5 |
| Net Operating Cash Flows | (3,441) | (12,162) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (3) | (40) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects (Mazagan) | - | 15,809 |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | (3) | 15,769 |
| 1.13 Total operating and investing cash flows (carried forward) | (3,444) | 3,607 |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|---|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (3,444) | 3,607 |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 157 | 19,931 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | 930 |
| 1.17 | Repayment of borrowings | - | (2,709) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (costs associated with issue of shares and other financing costs) | - | (544) |
| | Net financing cash flows | 157 | 17,608 |
| | Net increase (decrease) in cash held | (3,287) | 21,215 |
| 1.20 | Cash at beginning of quarter/year to date | 28,918 | 3,408 |
| 1.21 | Exchange rate adjustments to item 1.20 | (712) | 296 |
| 1.22 | Cash at end of quarter | 24,919 | 24,919 |

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | Current quarter \$A'000 | |
|------|--|-----|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 231 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Payments of Directors fees and salaries \$231,313.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 2,300 | 2,300 |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|---------------------------------|--------------|
| 4.1 Exploration and evaluation | 2,134 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration ¹ | 3,846 |
| Total | 5,980 |

Note 1: Includes interest and repayment of the loan facility of \$2.5 million.

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 24,696 | 28,506 |
| 5.2 Deposits at call | 222 | 412 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (Bank Guarantee) | - | - |
| Total: cash at end of quarter (item 1.22) | 24,919 | 28,918 |

Changes in interests in mining tenements

| Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | - | - | - |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|---|---|---|
| 6.2 Interests in mining tenements acquired or increased | - | - | - |
|---|---|---|---|

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|-------------------------|---------------------------|---|--|
| 7.1 Preference + securities <i>(description)</i> | - | - | - | - |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 126,641,883 | 126,641,883 | - | - |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | (a) - 300,000 | 12,320,000 300,000 | Nil \$0.20 | Nil (securities released from escrow \$0.20 (conversion of partly paid shares)) |
| 7.5 +Convertible securities <i>Unquoted partly Paid Securities</i> | - 21,578,550 | - - | - - | - - |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | (b) 300,000 | - | - | - |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| 7.7 | Options <i>(description and conversion factor)</i> | | | Exercise price | Expiry date |
|------|--|-----------|---|----------------|------------------|
| | | 6,250,000 | - | \$0.40 | 6 September 2016 |
| | | 3,000,000 | | \$0.35 | 20 August 2017 |
| | | 1,500,000 | | \$0.25 | 3 December 2014 |
| | | 2,000,193 | | \$0.60 | 20 June 2016 |
| | | 300,000 | | \$0.70 | 3 June 2016 |
| | | 775,000 | | \$1.03 | 2 October 2016 |
| | | 32,500 | | \$1.08 | 4 November 2016 |
| 7.8 | Issued during quarter | 1,500,000 | - | \$0.91 | 13 January 2017 |
| 7.9 | Exercised during quarter | - | - | - | - |
| 7.10 | Expired during quarter | - | - | - | - |
| 7.11 | Debentures <i>(totals only)</i> | - | - | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | - | - | | |
| 7.13 | Performance Rights | 1,072,605 | - | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *(lodged electronically)*
(Company secretary)

Date:

Print name: Nicholas Ong

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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