

Corporate Governance Statement

For the year ended 30 June 2016



This statement outlines the Corporate Governance practices adopted by the Board of Directors for the financial year ending 30 June 2016.

The Board of Pura Vida Energy NL (**Pura Vida** or **Company**) is committed to conducting the Company's business in accordance with a high standard of corporate governance commensurate with its size, operations and the industry within which it participates. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters to support this commitment. It is the Company's policy to regularly review and update its corporate governance practices to ensure they remain appropriate to the Company's circumstances.

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.

In addition to the information contained in this statement, the Company's website www.puravidaenergy.com.au has a dedicated corporate governance section which includes copies of key corporate governance policies adopted by the Company.

The extent to which the Company has complied with the ASX Recommendations during the year ended 30 June 2016, and the main corporate governance practices in place, are set out below.

This statement is current as at 16 September 2016 and has been approved by the Board.

PRINCIPLES AND RECOMMENDATIONS		COMPLY	DISCLOSURE
Principle 1: Lay solid foundations for management and oversight			
<i>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i>			
1.1	A listed entity should disclose: <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	✓	<p>The Company's Corporate Governance Plan includes a Board Charter, which outlines the specific responsibilities of the Board and defines the Board's relationship with Management.</p> <p>The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director/CEO.</p> <p>The Corporate Governance Plan, which includes the Board Charter, is available on the Governance page of the Company's website.</p>
1.2	A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	✓	<p>The Company's Corporate Governance Plan includes a Nomination Committee Charter. The Nomination Committee is responsible for the structure and balance of the Board and making recommendations regarding appointments, retirements and terms of office of Directors.</p> <p>The Company also engages the services of external advisers who undertake the appropriate checks in connection with the suitability of applicants for Board membership. These checks may include character, experience, education, financial history and background.</p> <p>All material information relevant to whether or not to elect or re-elect a Director is provided to the Company's shareholders as part of the Notice of Meeting and Explanatory Statement for the relevant meeting of shareholders which addresses the election or re-election of a Director.</p> <p>Details of the Directors in office, including their qualifications, experience, date of appointment and their status as Non-Executive, independent or Executive Director are set out in the Directors' Report in the Company's Annual Report.</p> <p>The Corporate Governance Plan, which includes the Nomination Committee Charter, is available on the Governance page of the Company's website.</p>

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PRINCIPLES AND RECOMMENDATIONS		COMPLY	DISCLOSURE						
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	Each Executive Director and senior executive of the Company has an employment agreement and the Non-Executive Directors have a letter of appointment which details the terms and conditions of appointment.						
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	✓	The Company Secretary reports directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.						
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.</p>	✓	<p>The Company's Corporate Governance Plan includes a Diversity Policy, which provides a framework for establishing measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p> <p>Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company.</p> <p>As at 30 June 2016, the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out below:</p> <table border="0"> <tr> <td>Whole organisation</td> <td>3 out of 9 (33.3%)</td> </tr> <tr> <td>Board</td> <td>0 out of 3 (0%)</td> </tr> <tr> <td>Senior Executive</td> <td>0 out of 3 (0%)</td> </tr> </table> <p>For this purpose, "Senior Executive" is defined as a member of Key Management Personnel as outlined in the Remuneration Report in the Company's Annual Report.</p> <p>The Corporate Governance Plan, which includes the Diversity Policy, is available on the Governance page of the Company's website.</p>	Whole organisation	3 out of 9 (33.3%)	Board	0 out of 3 (0%)	Senior Executive	0 out of 3 (0%)
Whole organisation	3 out of 9 (33.3%)								
Board	0 out of 3 (0%)								
Senior Executive	0 out of 3 (0%)								
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	✓	<p>The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The Corporate Governance Plan, which includes the Board Charter, is available on the Governance page of the Company's website.</p> <p>The Nomination Committee is responsible for the performance evaluation of the Board, its committees (if any) and its individual Directors on an annual basis. The review will include:</p> <p>(a) comparing the performance of the Board with the requirements of its Charter;</p> <p>(b) examination of the Board's interaction with management;</p> <p>(c) the nature of information provided to the Board by management; and</p> <p>(d) management's performance in assisting the Board to meet its objectives.</p> <p>For the 2016 financial year, there was no formal performance evaluation undertaken. The Board reviews the performance of the Company (including the Board) on a regular basis.</p>						

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1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	✓	<p>In May 2014, the Company undertook a comprehensive review of its remuneration policies and practices and approved the engagement of Ernst & Young to undertake an independent review of its current remuneration framework. The recommendations arising from this review were implemented by the Company for the financial year ended 30 June 2016.</p> <p>All senior executives are subject to annual performance evaluations. For the period ended 30 June 2016, performance evaluations for all senior executives have been undertaken and formed part of the remuneration assessment.</p>
<p>Principle 2: Structure the board to add value</p> <p><i>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i></p>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director;</p> <p>and disclose:</p> <p>(3) the charter of the committee.</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	In part	<p>The Company's Corporate Governance Plan includes a Nomination Committee Charter. The Corporate Governance Plan is available on the Governance page of the Company's website.</p> <p>The primary purpose of the Nomination Committee is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.</p> <p>No formal Nomination Committee has been established by the Company. The Board, as a whole, currently serves as the Nomination Committee.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board is currently has or is looking to achieve in its membership.</p>	✓	<p>The Board Charter provides that the Board will regularly review the appropriate mix of skills and expertise to facilitate successful strategic direction.</p> <p>In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.</p> <p>The Company provides details of each Director, such as their skills, experience and expertise relevant to their position in the Directors' Report in the Annual Report and also provides these details on its website.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship that might cause doubt about the independence as a director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	✓	<p>The Company's Non-Executive Chairman, Mr Ric Malcolm is considered by the Board to be an independent director.</p> <p>The dates of appointment as a director are contained in the Directors' Report in the Annual Report.</p>

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2.4	A majority of the board of a listed entity should be independent directors.	✓	The majority of the Board are Non-Executive Directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✓	The Chair of the Board, Mr Ric Malcolm (appointed 13 January 2014), is an independent director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	✓	The Company's Corporate Governance Plan includes a Board Charter, which provides for the induction and professional development for the Board. The Corporate Governance Plan is available on the Governance page of the Company's website.
Principle 3: Act ethically and responsibly			
<i>A listed entity should act ethically and responsibly.</i>			
3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	✓	The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The Company has an Anti-Bribery and Corruption Policy which specifies the principles of business conduct and ethics to be followed by the Directors, officers and employees for the prevention of bribery and corruption. It also provides guidance on how to try to ensure that third parties who act on the Company's behalf follow equivalent standards. The Corporate Governance Plan, which includes the Corporate Code of Conduct, and the Anti-Bribery & Corruption Policy are available on the Governance page of the Company's website.
Principle 4: Safeguard integrity in financial reporting			
<i>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</i>			
4.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	In part	The Company's Corporate Governance Plan includes an Audit & Risk Committee Charter. The Corporate Governance Plan is available on the Governance page of the Company's website. The role of the Audit & Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. The Company does not fully comply with 4.1(a)(1) as the Audit & Risk Committee is comprised of two members. However, the members of the Committee are independent Non-Executive Directors and the Board considers that this appropriate for the current size of the Company. The members of the Audit & Risk Committee and the number of meetings held can be found in the Directors' Report in the Company's Annual Report.

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4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	The CEO and CFO declaration is provided to the Board prior to the sign-off of both the full-year financial statements and the half-year financial statements.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	✓	The Company invites the auditor to attend its AGM to answer questions from security holders relevant to the audit.
<p>Principle 5: Make timely and balanced disclosure <i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p>			
5.1	A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose the policy or a summary of it. 	✓	The Company's Corporate Governance Plan includes a continuous disclosure program. The Corporate Governance Plan is available on the Governance page of the Company's website. The focus of the program is on continuous disclosure compliance with the ASX Listing Rules and improving access to information for investors.
<p>Principle 6: Respect the rights of security holders <i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i></p>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	The Company's website provides information about itself and its governance for investors.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	The Company encourages security holders to attend and participate in general meetings and makes itself available to meet security holders and regularly responds to telephone or email enquiries from security holders.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	✓	The Company encourages security holders to attend and participate in general meetings.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	Security holders are able to subscribe to the Company's email alert service called Frontier and are able to email enquiries to info@puravidaenergy.com.au The Company's share registry also provides security holders with the option to receive communications electronically.

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PRINCIPLES AND RECOMMENDATIONS		COMPLY	DISCLOSURE
<p>Principle 7: Recognise and manage risk</p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	In part	<p>The Company's Corporate Governance Plan includes a risk management policy. The Corporate Governance Plan is available on the Governance page of the Company's website. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board has delegated to the Audit and Risk Committee responsibility for implementing the risk management system. The Company does not fully comply with 7.1(a)(1) as the Audit & Risk Committee is comprised of two members. The Board considers that this appropriate for the current size of the Company. The members of the Audit & Risk Committee and the number of meetings held can be found in the Directors' Report in the Company's Annual Report.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	✓	<p>The Company's Corporate Governance Plan includes a risk management policy. The Corporate Governance Plan is available on the Governance page of the Company's website. The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis. The Board meets on a regular basis to discuss the operating activities of the Company. As part of this, all risks are considered including but not limited to strategic, operational, legal, reputation and financial risks. This is an on-going process rather than a formal annual review.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; and</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	✓	<p>Due to the size of the Company, the Board does not consider it necessary at this time, to formally implement an internal audit function. The Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Group. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	✓	<p>The Company is of the view that its operations do not create a material exposure to economic, environmental or social sustainability risks.</p>

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Principle 8: Remunerate fairly and responsibly		
<i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</i>		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee, which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	In part	<p>The Company's Corporate Governance Plan includes a Remuneration Committee Charter. The Corporate Governance Plan is available on the Governance page of the Company's website.</p> <p>The key responsibilities for the Committee is to support and advise the Board in fulfilling its responsibility to security holders by:</p> <p>(a) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;</p> <p>(b) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;</p> <p>(c) recommending to the Board the remuneration of executive Directors; and</p> <p>(d) reviewing and approving any equity based plans and other incentive schemes.</p> <p>The Company does not fully comply with 8.1(a)(1) as the Remuneration Committee is comprised of two members. However, the members of the Committee are independent Non-Executive Directors and the Board considers that this appropriate for the current size of the Company.</p> <p>The members of the Remuneration Committee and the number of meetings held can be found in the Directors' Report in the Company's Annual Report.</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	✓	<p>Remuneration of the Company's Non-Executive Directors, Executive Directors and senior executives is set out in the Company's Remuneration Report (which forms part of the Directors' Report) in the Company's Annual Report.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	✓	<p>The Company's equity-based remuneration scheme is governed by the Performance Rights Plan (approved by Shareholders on 11 September 2011 and 31 October 2014) and Incentive Option Scheme (approved by Shareholders on 11 September 2011). Both the Performance Rights Plan and Incentive Option Scheme are available on the Company's website.</p> <p>The Company's Securities Trading Policy applies to all Directors, employees, contractors and consultants of Pura Vida. The policy provides a brief summary of the law on insider trading and other relevant laws and establishes a best practice procedure relating to dealing in securities that provides protection to both the Company and its personnel against the misuse of unpublished information which could materially affect the value of PVD securities.</p> <p>PVD personnel are prohibited from hedging PVD securities prior to the vesting of those securities or while those securities are subject to a holding lock or restriction on dealing under the terms of an employee incentive plan (outlined above) operated by the Company. Clearance from the Board must be received prior to entering into such a transaction. This prohibition is contained in the Company's Securities Trading Policy, a copy of which is available on the Company's website.</p>