

Quarterly Report

For the period ended 31 December 2015



HIGHLIGHTS

- ▶ Closing cash of approximately \$5 million*
- ▶ Post-well evaluation of MZ-1 is underway to determine potential targets for second well
- ▶ Cost reduction program on track to deliver cost savings of \$1.2 to \$1.5 million during the current financial year

**Excluding unspent cash deposited by the Company in Joint Venture accounts*

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 km² 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.

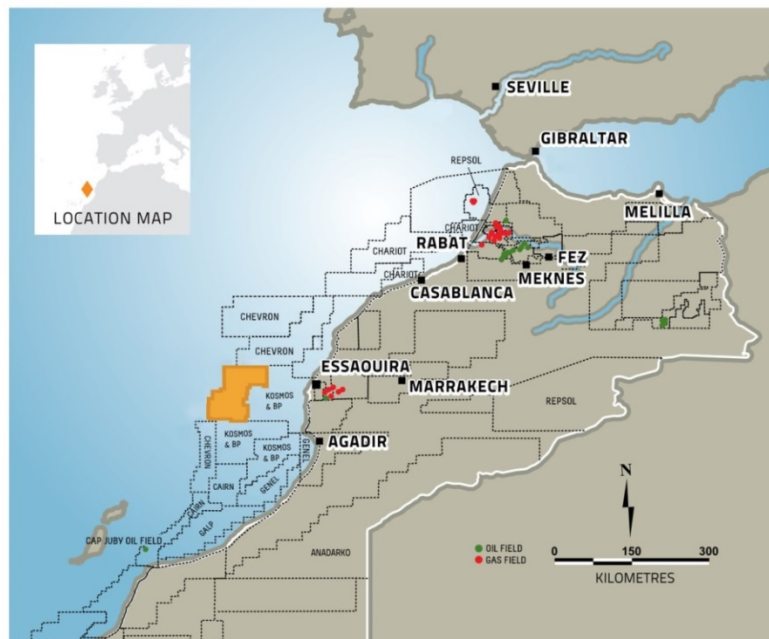


Figure 1 - Location map of Mazagan permit

As previously reported, post-well evaluation of the collected data and samples from MZ-1 continues with analysis expected to be completed in Q1 2016. The technical focus is currently on maturation of prospects for the second well in the Mazagan permit.

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 km² 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.

Pura Vida continued to seek a farmin partner 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 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 this quarter has been on shallow water oil prospects which offer near term development options that benefit from close proximity to existing infrastructure. Lepidote Deep (refer map below and ASX announcement 23 June 2014 for resource estimates) lies within 10 km of the nearest platform at Barbier. The Palomite Cluster (refer map below and 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.

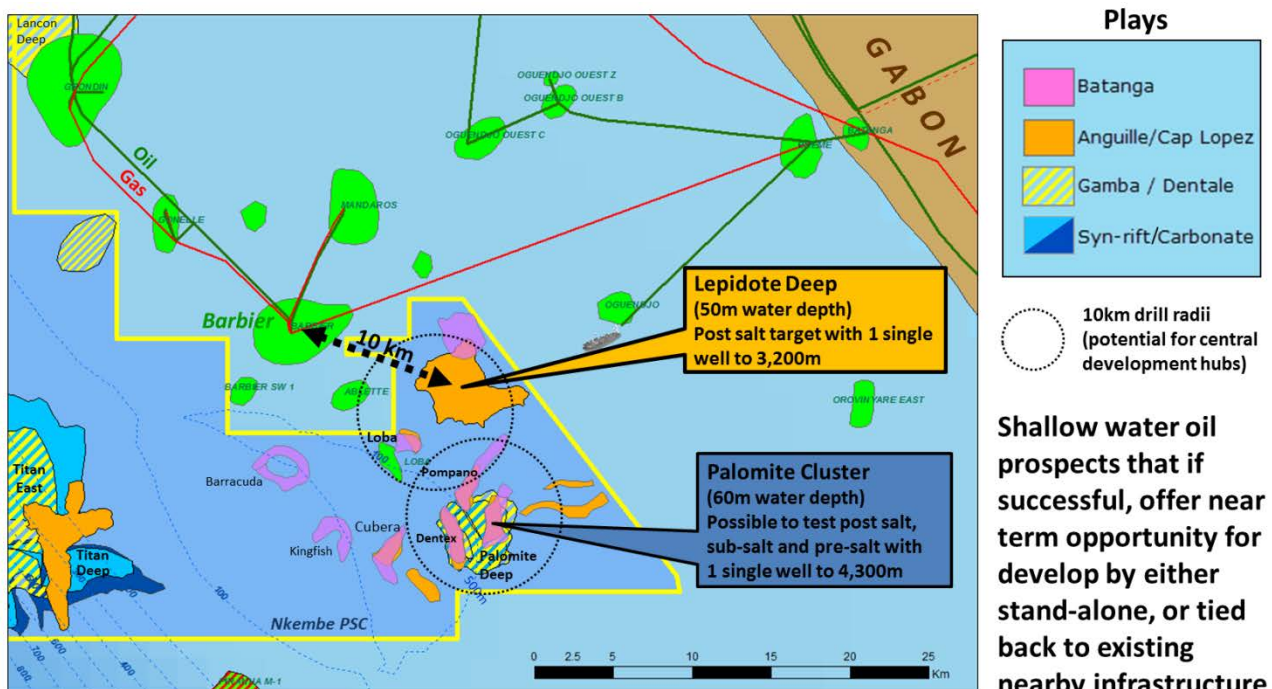


Figure 2 – Shallow water prospectivity offers near term oil potential in close proximity to existing infrastructure

Implementation of Cost Reduction Program

In response to changing market conditions in the oil and gas sector, the Company has implemented a significant cost reduction program. 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 will be seen in financial reporting going forward.

The cost reduction initiatives include the following:

- reduction in staff levels (decrease in head count by 50%) and associated cost savings;
- cost sharing arrangements to reduce financial and administrative staff costs;
- downsizing the Perth office allowing office space to be sub-let;
- closure of Melbourne office and relocation of remaining staff 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 the year, 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.

ISSUED CAPITAL AS AT 31 DECEMBER 2015

Security	Number
Ordinary Shares	152,690,185
Unlisted Partly Paid Shares	10,428,550
Unlisted Performance Rights	5,461,007
Unlisted Retention Rights	4,800,000
Unlisted Options	11,007,693

PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2015

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

* 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 2015

	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
Ric Malcolm	Non-Executive Director

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

Company Secretary

Dennae Lont

Share Registry

Computershare
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

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 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	23	42
1.2 Payments for (a) exploration & evaluation	(714)	(1,323)
(b) development	-	-
(c) production	-	-
(d) administration	(383)	(1,405)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,072)	(2,674)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(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	-	(2)
1.13 Total operating and investing cash flows (carried forward)	(1,072)	(2,676)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,072)	(2,676)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	48
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (costs associated with issue of shares and other financing costs)	-	-
	Net financing cash flows	-	48
	Net increase (decrease) in cash held	(1,072)	(2,628)
1.20	Cash at beginning of quarter/year to date	6,253	7,329
1.21	Exchange rate adjustments to item 1.20	(194)	286
1.22	Cash at end of quarter¹	4,987	4,987

Note 1 – Excluding unspent cash deposited by the Company in Joint Venture accounts

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	160
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 \$160,144.	

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	
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	

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	-

+ See chapter 19 for defined terms.

3.2	Credit standby arrangements	-	-
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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	614
4.2	Development	-
4.3	Production	-
4.4	Administration	937
Total		1,551

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	4,851	6,103
5.2 Deposits at call	136	150
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22) ²	4,987	6,253

Note 2 - Excluding unspent cash deposited by the Company in Joint Venture accounts

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

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	152,690,185	152,690,185	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible securities				
7.6 <i>Unquoted partly Paid Securities</i> Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	10,428,550	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<u>Exercise price</u>	<u>Expiry date</u>
	300,000	-	\$0.70	3 June 2016
	2,000,193	-	\$0.60	20 June 2016
	3,750,000	-	\$0.40	6 September 2016
	775,000	-	\$1.03	2 October 2016
	32,500	-	\$1.08	4 November 2016
	250,000	-	\$0.82	16 December 2016
	1,500,000	-	\$0.91	13 January 2017
	2,400,000	-	\$0.35	20 August 2017
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>	-	-
7.12	Unsecured notes <i>(totals only)</i>	-	-
7.13	Performance Rights	5,461,007	-
7.14	Retention Rights	4,800,000	

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:


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(Company Secretary)

Date: 29/01/16

Print name: Denna Lont

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 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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