



ASX Code: PVD

10 May 2016

PURA VIDA INCREASES STAKE IN AMBILOBE BLOCK FOLLOWING RENEGOTIATION OF PSC TERMS

HIGHLIGHTS

- **Pura Vida increases equity to 100% and takes Operatorship over Ambilobe block at no cost**
- **Renegotiation of PSC terms directly with the Government of Madagascar have achieved a number of objectives:**
 - **to ensure appropriate time to finalise interpretation of newly acquired 3D seismic data ahead of entry into drilling phase next year**
 - **a total of up to 5 years tenure remaining on the block**
 - **reduced financial exposure ensuring all expenditure is directed towards progressing technical work**
- **Preliminary interpretation of new 3D seismic data reveals large structures**

Pura Vida Energy NL (**Pura Vida** or **Company**) (ASX: PVD) advises that it has increased its equity to 100% and has taken Operatorship of, the Ambilobe block, offshore Madagascar following the withdrawal of Sterling Energy (UK) Limited, increasing from its previous 50% non-operator interest. All regulatory and other approvals for the transfer of the interest and Operatorship to Pura Vida have been obtained and the transfer is complete.

Securing 100% interest and Operatorship is important in opening up additional strategic options and provides Pura Vida with maximum flexibility in how it progresses the Ambilobe block. This announcement outlines the renegotiated terms of the work commitments under the Production Sharing Contract (**PSC**) as the Company progresses towards the drilling phase and provides an overview of the prospectivity of the block based on the preliminary interpretation of the newly acquired 3D seismic data. Pura Vida anticipates a further review of prospectivity, including resource estimates, following completion of final processing and interpretation.

RENEGOTIATED PSC TERMS

Pura Vida has recently renegotiated the terms of the PSC and has entered into an Assignment Deed giving effect to those changes. The Deed is conditional only upon ratification of the Presidential Decree.

The Ambilobe block is currently in Phase 2 of the PSC which has been extended to January 2017. All work commitments for Phase 2 have been completed. Pura Vida has the election to enter into Phase 3 prior to the expiry of Phase 2. The work commitments for Phase 3 include drilling one exploration well (to be funded by a future farminee) prior to the expiry of Phase 3 which may be extended, at Pura Vida's option, to January 2021.

With the 3D seismic processing nearing completion, there is no other extant work or material financial commitments associated with the block other than the ongoing interpretation being undertaken by Pura Vida.

The forward work commitments for the Ambilobe block to be undertaken by Pura Vida includes the completion of processing and interpretation by year end. A competitive farmout process will be commenced to fund the drilling of the well following completion of the seismic interpretation.

OVERVIEW OF PRELIMINARY INTERPRETATION

The newly acquired 3D seismic pre-stack depth migrated data will be integrated with existing 2D seismic data. The new data is of good quality, especially in the southern region of the survey area, however, further improvements can be made in the north where better imaging results can be expected that will enhance confidence and allow prospect maturation.

Early interpretation of the southern area has revealed a broad structurally controlled fairway where multiple faulted anticlines exist (refer Figure 1 below).

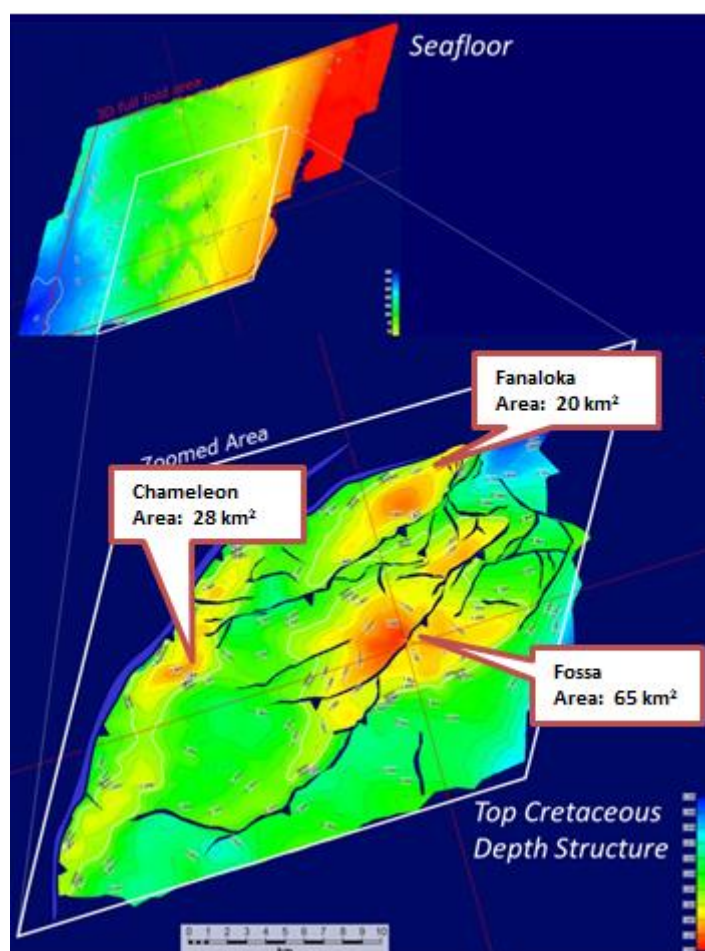


Figure 1 – Cretaceous aged leads mapped on 3D seismic

These traps all have independent four way dip closures and trap size varies in area from 20 km² to 65 km² and have robust closures with up to 650 metres vertical relief. Good seismic imaging within these culminations shows stratigraphic complexity, cyclicity and stacking patterns that bodes well for the presence of reservoirs and seals (refer Figure 2 below).

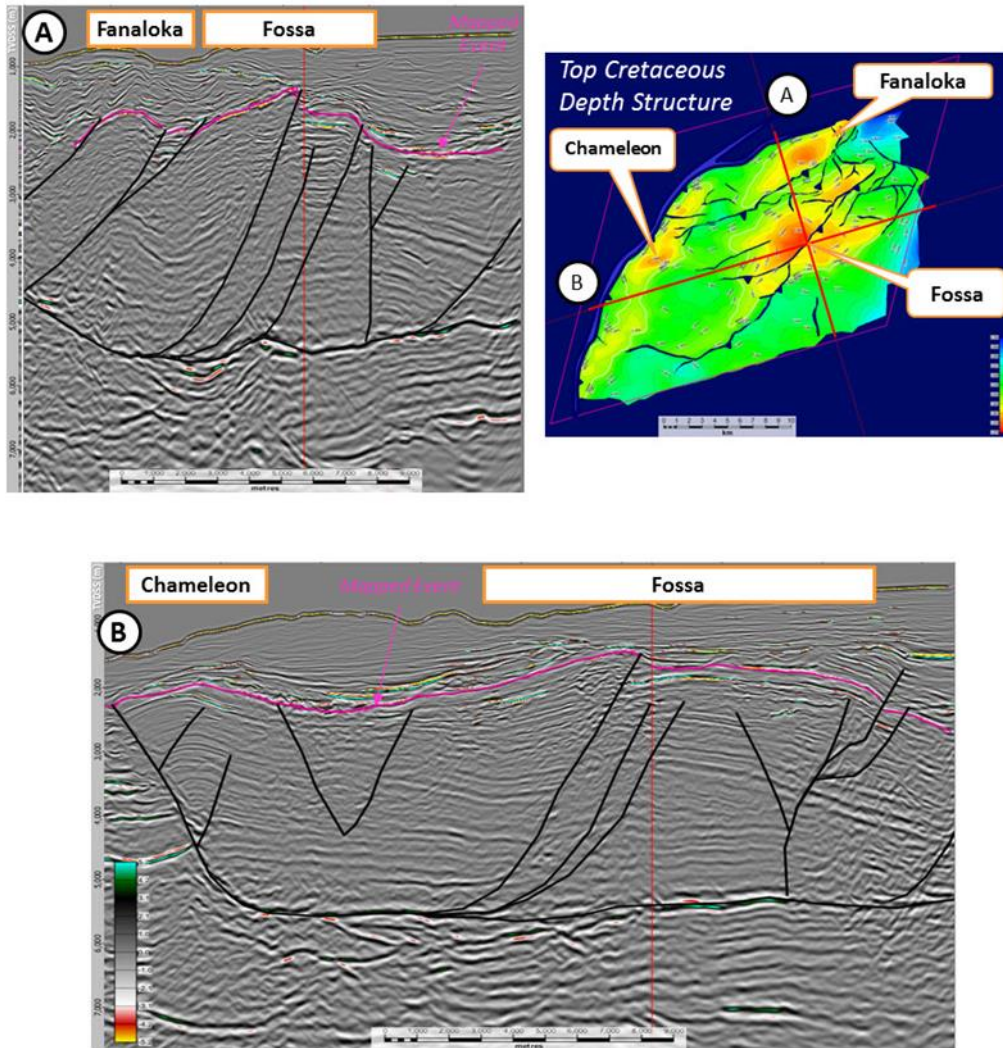


Figure 2 – Seismic images demonstrating the trapping styles and faulted nature of the anticlinal traps

Work going forward will focus on defining leads and prospects in the southern part of the survey area and building a portfolio whilst continuing processing, which is expected to take a further three to four months to complete. The aim will be to mature all prospects in the portfolio and to promote drill ready candidates ahead of the farmout campaign.

Managing Director, Damon Neaves, said:

“We are pleased to acquire 100% of the project and take over Operatorship. The additional interest together with the new PSC terms opens up the potential to significantly enhance the value of the block to Pura Vida.”

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