



ASX Code: PVD

17 May 2016

REDUCTIONS IN BOARD REMUNERATION, BOARD CHANGES & COST SAVINGS PROGRAM

Pura Vida Energy NL (**Pura Vida** or **Company**) (ASX: PVD) advises that further to previous announcements regarding the Company's continuing cost reduction program, the executive and non-executive directors have all elected to reduce their remuneration. This voluntary reduction in salaries and fees demonstrates the Board's continuing commitment to reduce corporate costs in order to preserve its cash position.

The details of the changes in remuneration arrangements are as follows:

- each of the non-executive directors base fee has been reduced from \$100,000 to \$25,000 per annum;
- the Managing Director's remuneration arrangements have been varied as follows:
 - (a) base salary has been reduced from \$385,000 to \$300,000 per annum;
 - (b) all short term and long term incentive awards under the Company's remuneration policy have been suspended and incentives have been restructured so that the Managing Director may receive a percentage of cash received in respect of farmouts, asset sales and other cash generating transactions relating to the Company's existing and future asset portfolio. Any payments are capped at a maximum of 2% of cash received, reducing incrementally over three years to 0%; and
 - (c) entitlements payable on termination remain unchanged.

The reductions in salaries and fees outlined above are in addition to the continuing cost reduction initiatives previously undertaken and announced by the Company, which include:

- reduction in employee levels (down to 6 full-time and 1 part-time employee);
- 3 of the 6 full-time employees are shared with another ASX listed company;
- downsizing the Perth office and sub-letting office space;
- closure of Melbourne office and retrenchment of employees and relocation of the Exploration Manager to Perth office; and
- minimisation of external service providers, travel, compliance and other costs.

As previously advised, these initiatives are on track to achieve a cost saving of \$1.2 to \$1.5 million on non-operational expenditure during the current financial year. The reductions in salaries and fees outlined above will lead to further annualised cost savings going forward. Independent of the efforts already made, the Company will continue to look for opportunities to further reduce spending to preserve its sound cash position.

COMPANY BOARD CHANGES

As part of the repositioning of the Company to reflect current market conditions, the Company advises of the following changes to the Board of Directors:

- Mr Jeff Dowling has resigned from the Board as non-executive Chairman;
- existing non-executive director, Mr Ric Malcolm, has been appointed as independent, non-executive interim Chair; and
- Mr Nathan Lude has been appointed as a non-executive director.

It is proposed that Mr Malcolm will act as interim Chair whilst the Company undertakes a search for a new Chairman and the Company expects to advise of this appointment in the next few months.

Mr Damon Neaves, the Company's Managing Director, will continue in the same capacity.

Managing Director, Damon Neaves, said:

"On behalf of the Board, I would like to sincerely thank Jeff for his valuable contribution as Chairman over the past two years. I also take this opportunity to welcome Nathan to the Board and look forward to working together to meet the challenges ahead. The newly constituted Board has reviewed the Company strategy and reaffirmed the direction of the strategy and the importance of a disciplined approach to cost control."

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