



# Quarterly Report

For the period ended 30 June 2016



## HIGHLIGHTS

- ▶ Closing cash of approximately \$6 million as at 30 June 2016
- ▶ Discussions between Pura Vida and Freeport McMoRan regarding a resolution of the second well obligation under the farmin agreement are ongoing. The outcome of these discussions and the timing of any resolution remains uncertain
- ▶ Positive progress in technical and commercial work has demonstrated the commercial viability of the Loba oil discovery in the Nkembe block offshore Gabon. This has led to a shift in the focus of the farmout towards appraisal and fast-track development of Loba along with the potential for near-field exploration
- ▶ Increase to 100% ownership and Operatorship of Ambilobe block offshore Madagascar together with renegotiation and extension of the PSC terms providing up to 5 years remaining tenure on the block. 3D seismic data is currently being interpreted with potential drill targets identified ahead of farmout campaign
- ▶ The Company's cost reduction initiatives have achieved targeted cost savings of \$1.5 million for FY 2016. Going forward, corporate overheads are expected to be approximately \$1.2 to \$1.5 million per annum based on current resourcing requirements to Operate projects in Gabon and Madagascar together with a non-Operated interest in Morocco

## EXPLORATION

### MAZAGAN PERMIT, OFFSHORE MOROCCO

(PURA VIDA 23%, SUBSIDIARY OF FREEPORT-McMoRAN OIL & GAS LLC OPERATOR)

In December 2011, the Company entered into a Petroleum Agreement with the Government of the Kingdom Morocco and the regulator (ONHYM) in relation to the Mazagan permit and was appointed as Operator. During the first exploration period of two years, the Company completed the work commitments on time and on budget.

In January 2013, the Company entered into a farmin agreement with a subsidiary of Freeport-McMoRan Oil & Gas, PXP Morocco B.V. (PXP). Under the terms of the farmin agreement, PXP agreed to drill two wells on the block and the Company assigned a 52% interest and Operatorship to PXP.

During 2013, the Government approved the assignment of the interest to PXP under the farmin agreement and the transfer of Operatorship to PXP. In late 2013, PXP and the Company entered into the second exploration period of three years.

During 2015 the MZ-1 exploration well was drilled to 6,180m to test multiple Cretaceous and Jurassic targets however the well failed to encounter commercial hydrocarbons. The second exploration period is due to end on 18 December 2016 and the second commitment well remains outstanding. Subject to any extension or variation to the terms of the Petroleum Agreement, either or both Pura Vida and Freeport may make an election by 18 October 2016 to exit the permit or enter into the third exploration period of three years. The third exploration period contains a further well commitment.

Pura Vida has written to PXP reserving its rights in relation to the second well obligation under the farmin agreement and the parties are in discussions as to how this matter may be resolved. The outcome of these discussions and the timing of any resolution remains uncertain.

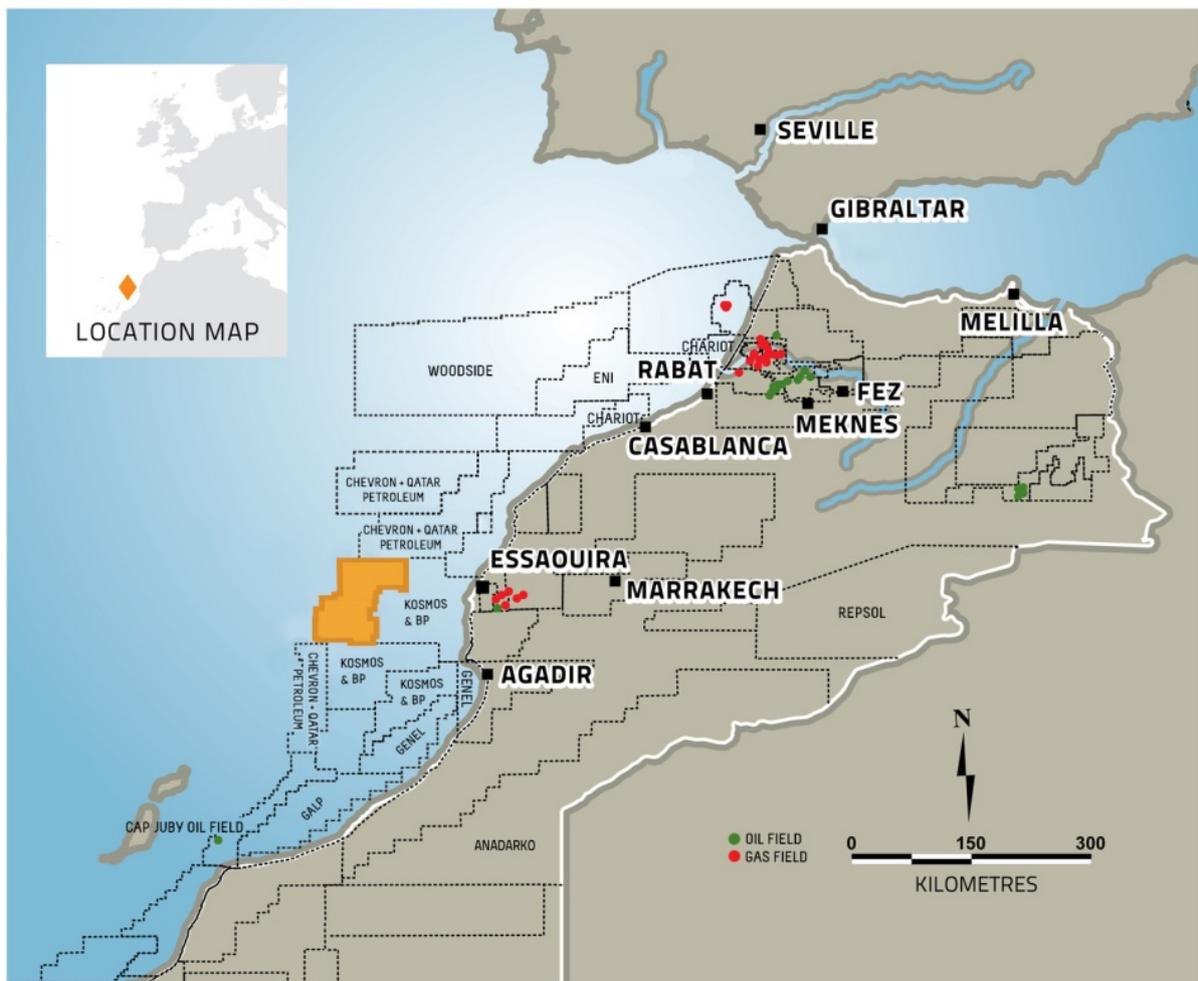


Figure 1 - Location map of Mazagan permit showing recent farmin activity

The Mazagan permit covers an area of 8,717 km<sup>2</sup> and is located off the Atlantic coast of Morocco, in water depths of 1,370-3,000 metres. During 2015 the MZ-1 well was drilled in the northern part of the block and failed to encounter commercial hydrocarbons.

Post-well evaluation of the collected data and samples from MZ-1 is complete, the results from which are currently being integrated into the ongoing technical evaluation which includes the recently completed reprocessed pre-stack depth migrated seismic data.

## **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 km<sup>2</sup> in water depths of 50-1,100 metres approximately 30 km off the coast of Gabon. The eastern part of the Nkembe block is in shallow water within a proven petroleum system proximate to producing fields and pipeline infrastructure (see Figure 2).

The block contains the Loba Oil Field discovered in 1976 where the original well intersected a 140 metre gross oil column. An attempt to flow test the well was made without success, however during abandonment oil was recovered to surface and identified to be very similar oil quality to that of neighbouring producing fields.

The original well was drilled using a water-based mud system which was overbalanced to formation pressures, resulting in damage to the formation. Oil was seen in cuttings, cores and a 140 metre column was interpreted from petrophysical logs. The well was perforated and a test was attempted whilst overbalanced. As a result of the pressure in the well bore being greater than the reservoir, the well was unable to flow to surface during the production test. Remedial measures, such as acidisation, were further detrimental to the formation. Despite this, the well did flow oil into the well bore which was proven when oil was recovered at surface after the test string was removed. The action of removing the test string created negative pressure or "suction" that was enough to finally lift oil from the drill string to surface.

Recent engineering and well completion studies using modern technology and processes have provided assurance that sustainable and commercial flow rates should be achievable from Loba and would be comparable to nearby analogous fields that are in production.

The Loba Oil Field lies in shallow water (65 metres) which can be drilled by a jack-up rig and is ideally positioned to access existing pipeline infrastructure opening up the potential for cost effective development options. In addition, the attractive Lepidote Deep exploration prospect lies just 5 km to the northeast and if drilled and successful, could form a combined development.

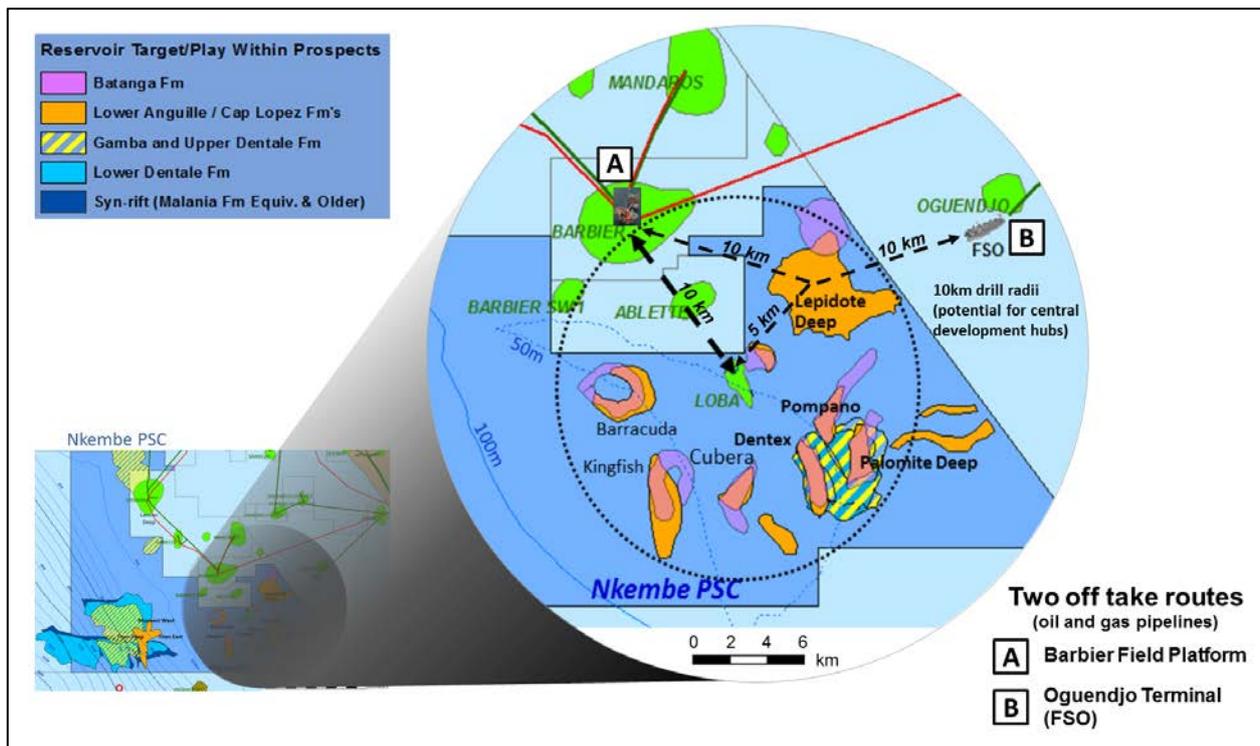


Figure 2 – Shallow water prospectivity offers near term oil potential in close proximity to existing infrastructure

The potential for commercialisation of the Loba oil discovery has been rejuvenated as a result of recent developments and various technical and commercial studies undertaken during the quarter, including:

- significant reductions in rig rates, drilling and oil field equipment and services as a consequence of the low oil price environment. Competitive terms and arrangements are now being offered by contractors and vendors which have had a significant positive impact on the economics of Loba;
- flow assurance studies conducted in relation to Loba crude and reservoir characteristics which de-risk an appraisal of Loba and enhanced field performance and recovery using horizontal completions with downhole Electric Submersible Pumps (ESPs);
- a fully costed Concept & Feasibility Study (CFS) for a phased drilling program and fast-track development of the Loba Oil Field;
- economic modelling based on costings for the appraisal and fast-track development of the Loba Oil Field and associated prospects;
- ongoing evaluation of 3D seismic data over Loba and integration of engineering and well completion work into resource estimations;
- progressed discussions for access to existing nearby infrastructure for oil export from the development of Loba;
- a fully costed CFS for the Lepidote Deep prospect from exploration through to fast-track development and then full field development of the potential prospective resource range; and
- economic modelling based on costings for the exploration, appraisal and development of the Lepidote Deep prospect.

The CFS in respect of the Loba Field is based on an appraisal and production test of the Loba discovery. Pura Vida estimates the chance of commercial success at approximately 80% due to the known oil accumulation at the Batanga level. Based on preliminary evaluation of the work outlined above, Pura Vida is confident of demonstrating commerciality of a Loba development.

Being able to offer a near-term and low risk appraisal/development opportunity such as Loba has shifted the focus of the farmout. Securing funding through a farmout for a future drilling program to unlock the value of Loba and test near field exploration has the potential to generate significant near term value for the Company.

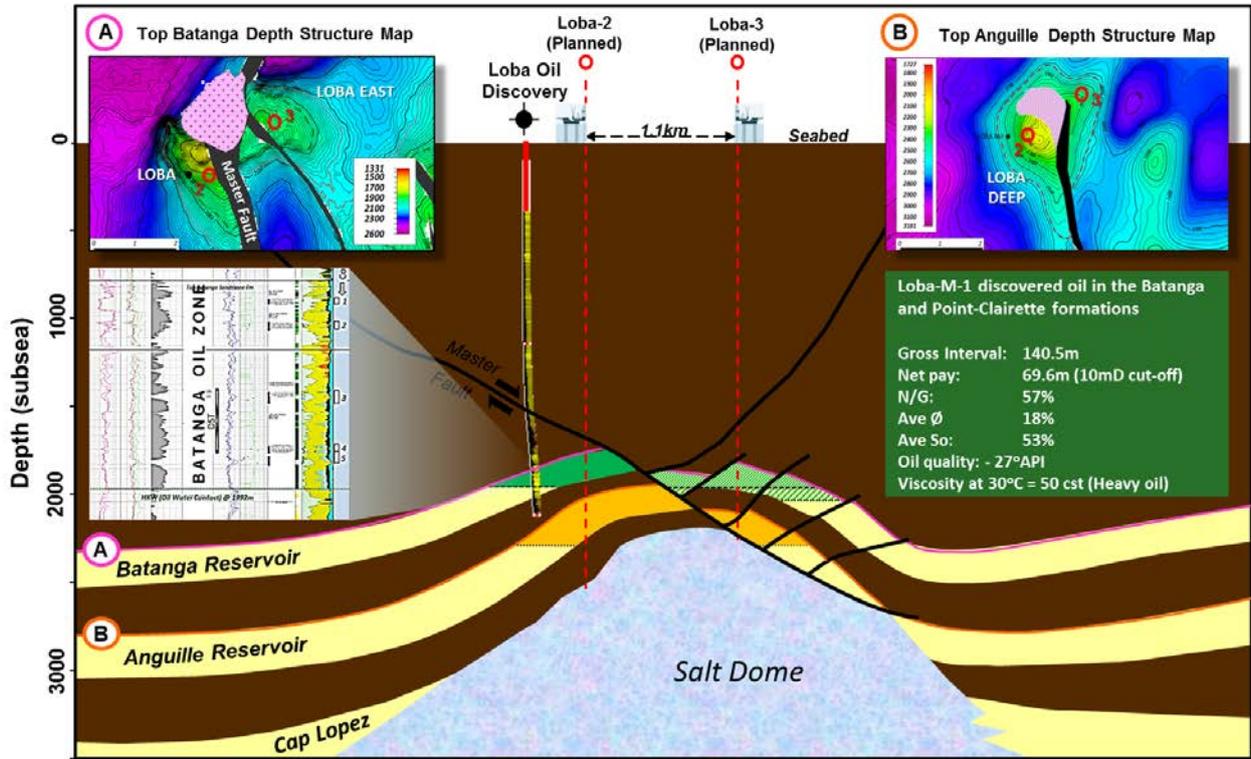


Figure 3 – Geological section across the Loba oil discovery highlighting appraisal and exploration potential

During the quarter the Company made progress toward formalising an agreement with the Gabonese Government to extend the current phase of the permit. The Company expects to finalise that extension during the current quarter. 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 and the finalisation of the extension.

## AMBILOBE BLOCK, OFFSHORE MADAGASCAR

(PURA VIDA 100% AND OPERATOR)

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar covering an area of 17,650 km<sup>2</sup> (Figure 4).

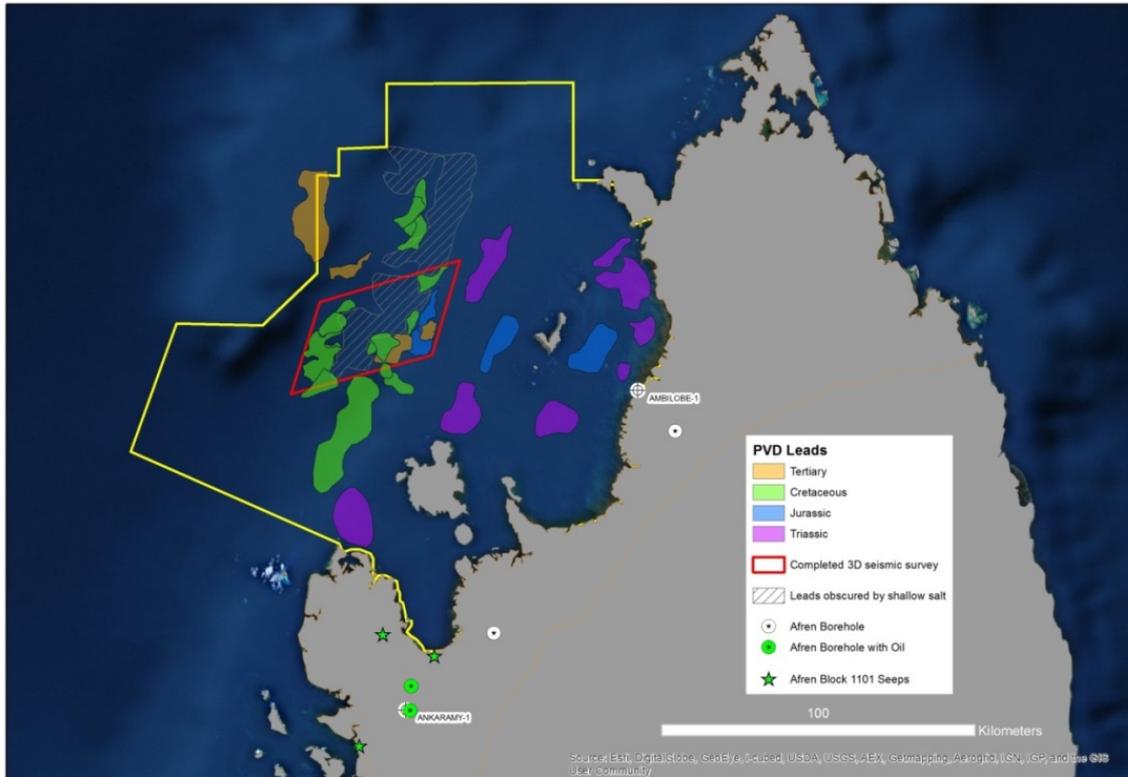


Figure 4 – Approximate location of completed 3D seismic survey area

During the quarter, the Company increased its equity to 100% and assumed Operatorship of the Ambilobe block at no cost following the withdrawal of its partner.

In conjunction with the increase in ownership, Pura Vida renegotiated the terms of the Production Sharing Contract (PSC) with the Government of the Republic of Madagascar and the regulator (OMNIS). Those changes have now been ratified by Presidential Decree and we await official publication to conclude the process.

Renegotiation of the PSC terms has achieved a number of important 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; and
- reduced financial exposure ensuring all expenditure is directed towards progressing the ongoing technical work.

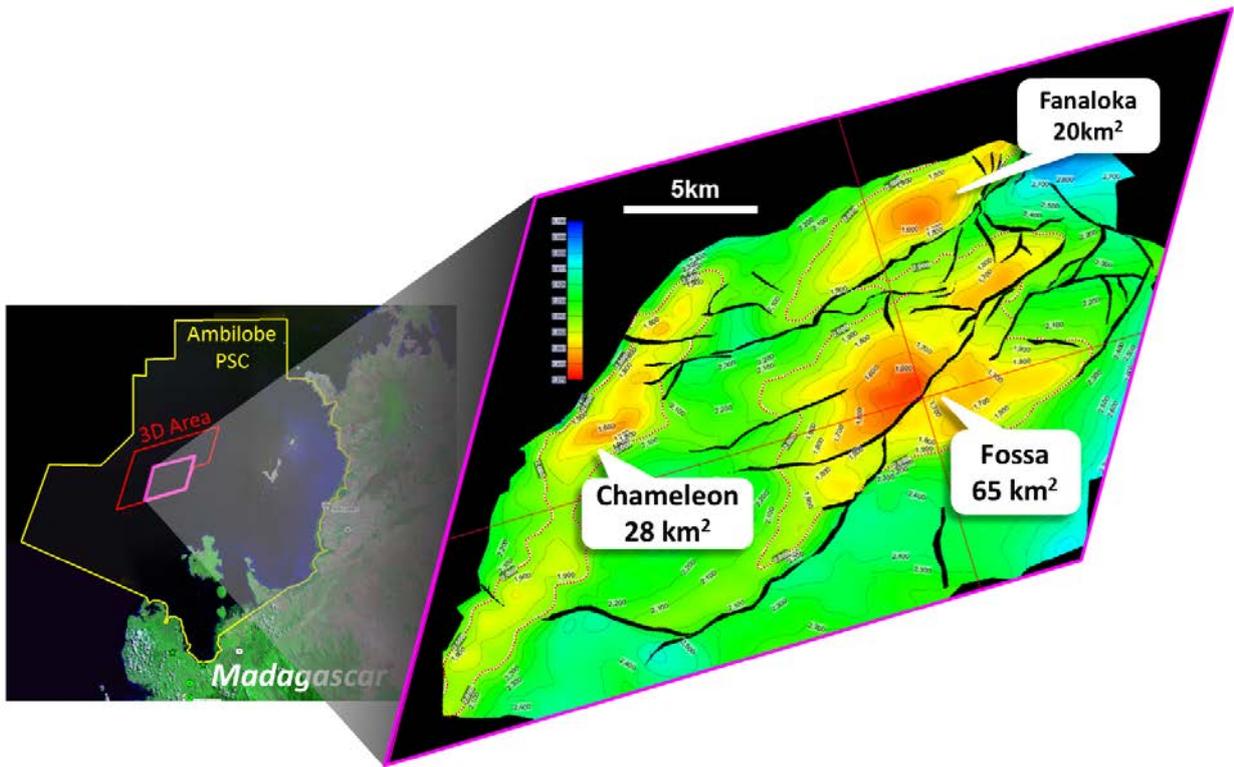


Figure 5 – Cretaceous leads based on new 3D seismic data

Interpretation of the newly acquired 3D seismic data continues. The evaluation going forward will be focused on defining leads and prospects and building a portfolio with the aim to mature prospects to drill ready candidates, ahead of a farm-out campaign.

Initial interpretation of the newly acquired 3D seismic data has generated encouraging leads (Figure 5, Top Cretaceous level) which includes structural traps with four way dip closure. Trap definition is considered robust with good vertical relief at this level ranging from 400 metres to over 600 metres with independent closure over significant areal extents ranging from 20km<sup>2</sup> to 65km<sup>2</sup>.

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. Pura Vida made the strategic entry into the block based on compelling regional geology and 2D seismic data where oil seeps prove a working petroleum system and where effective source rocks, reservoirs and seals in combination with salt in the basin form large structural trends that provide the potential for a significant hydrocarbon province. These fundamental elements have been correlated from the onshore part of the basin, where a recent coring program in the neighbouring block undertaken in late 2014, revealed Cretaceous and Jurassic oil bearing reservoirs. These reservoirs and identical stratigraphic intervals correlate offshore directly into the structural fairway that was the site of the 3D seismic program. Mapping of the new data has reaffirmed the presence of multiple leads within each of the extensive play fairways where there is significant running room, in the event that a discovery is made.

## CORPORATE & FINANCIAL

Closing cash at the end of the quarter was approximately \$6 million.

The Company has no debt.

During the quarter, the Company continued its cost reduction program with the executive and non-executive directors all electing 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. In addition, the Company's CFO was made redundant during the quarter further reducing ongoing corporate costs.

If the Company is successful in farming out projects in Gabon and/or Madagascar, it is expected this will have a positive impact on the Company's financial position going forward.

### ISSUED CAPITAL AS AT 30 JUNE 2016

Security	Number
Ordinary Shares	255,978,414
Unlisted Partly Paid Shares	10,428,550
Unlisted Performance Rights	4,488,186
Unlisted Retention Rights	3,800,000
Unlisted Options	8,707,500

### PETROLEUM TENEMENTS HELD AS AT 30 JUNE 2016

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

\* 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 30 JUNE 2016

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

## CORPORATE DIRECTORY

### Directors

Ric Malcolm	Non-Executive Chairman
Damon Neaves	Managing Director
Nathan Lude	Non-Executive Director

### Company Secretary

Nicholas Ong

### Share Registry

Computershare  
Level 11, 172 St Georges Terrace  
PERTH WA 6000  
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+61 3 9415 4000 (outside Australia)

### Registered Office and Principal Place of Business

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Telephone: +61 8 9226 2011  
Facsimile: +61 8 9226 2099  
Web: [www.puravidaenergy.com.au](http://www.puravidaenergy.com.au)

### ***Persons compiling information about hydrocarbons***

The resource estimates and/or risking contained in this report have been prepared by Mr Andrew Morrison BSc. Geology (Hons) a Geologist who has over 30 years of experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimations and is a member of the Society of Petroleum Engineers. Mr Morrison is a full time employee of the Company and has consented to inclusion of the resource estimates and/or risking in this presentation in the form and context in which they are included.

# 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")

30 June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	46	106
1.2 Payments for (a) exploration & evaluation	(166)	(1,711)
(b) development	-	-
(c) production	-	-
(d) administration	(569)	(2,542)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(686)</b>	<b>(4,130)</b>
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(2)</b>
1.13 Total operating and investing cash flows (carried forward)	(686)	(4,132)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(686)	(4,132)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,708	2,742
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)	(59)	(83)
	<b>Net financing cash flows</b>	<b>1,649</b>	<b>2,659</b>
	<b>Net increase (decrease) in cash held</b>	<b>963</b>	<b>(1,473)</b>
1.20	Cash at beginning of quarter/year to date	5002	7,329
1.21	Exchange rate adjustments to item 1.20	(115)	224
1.22	<b>Cash at end of quarter<sup>1</sup></b>	<b>6,080</b>	<b>6,080</b>

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	127
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 \$127,499.

**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	N/A
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	N/A

**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	351
4.2	Development	-
4.3	Production	-
4.4	Administration	459
<b>Total</b>		<b>811</b>

### 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	5,979	4,902
5.2 Deposits at call	101	100
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)<sup>2</sup></b>	<b>6,080</b>	<b>5,002</b>

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 <b>Preference + securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	255,978,414	255,978,414	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	19,103,503 44,139,190 3,503,328 -	19,103,503 44,139,190 3,503,328 -	\$0.027 \$0.027 \$0.027 -	\$0.027 \$0.027 \$0.027 -
7.5 <b>+Convertible securities</b>  <i>Unquoted partly Paid Securities</i>	10,428,550	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,750,000 775,000 32,500 250,000 1,500,000 2,400,000	- - - - - -	<u>Exercise price</u> \$0.40 \$1.03 \$1.08 \$0.82 \$0.91 \$0.35	<u>Expiry date</u> 6 September 2016 2 October 2016 4 November 2016 16 December 2016 13 January 2017 20 August 2017
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	300,000 2,000,193	-	\$0.70 \$0.60	3 June 2016 20 June 2016

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>	-	-
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-
7.13	<b>Performance Rights</b>	4,488,186	-
7.14	<b>Retention Rights</b>	3,800,000	

## 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:



Date: 28/07/16

(Company Secretary)

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 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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