

Quarterly Report

For the period ended 30 June 2014



HIGHLIGHTS

- ▶ Pura Vida's high impact deep water Moroccan drilling campaign on schedule
- ▶ Implementation of Cost Reduction Program delivers significant savings resulting in existing cash being sufficient to fully fund Pura Vida's planned work program over the next 12 month budget period
- ▶ Major resource upgrade of net mean prospective resource (unrisked) on Nkembe block, offshore Gabon to 1,344 mmbo
- ▶ A\$20.4 million cash at bank, no debt and US\$215 million (gross) carry on two well drilling program

MANAGING DIRECTOR'S REPORT

Pura Vida is now on the home stretch in the lead up to the drilling campaign for the Mazagan permit, offshore Morocco. This two well campaign will test multiple plays in the Mazagan permit. It is a unique opportunity for a junior oil company to be part of such a significant free-carried deep water drilling campaign with the potential for enormous shareholder return in the success case.

The Company is fortunate to have a joint venture partner like Freeport McMoRan Oil & Gas (**Freeport**), with extensive deep water drilling experience and capability together with a successful track record in finding oil as well as the development of oil projects. Pura Vida looks forward to Freeport successfully executing the drilling campaign.

Management has implemented a Cost Reduction Program (refer Corporate & Financial section) to extend the longevity of our forecast cash position. The program has delivered material savings and efficiencies which results in the Company's current cash reserves funding our planned activities over the next 12 months (including the funding of the 3D seismic survey in Madagascar in late 2014).

During the period, Pura Vida's technical team identified a new play type that resulted in the recognition of significant new resource potential in the pre-salt Syn-rift carbonate for the Nkembe block, offshore Gabon. One of Pura Vida's competitive advantages is the strength of its technical team. The Company has a dedicated team of professional geoscientists with extensive experience in the West African margin and this result demonstrates the ability to generate new play concepts to fully unlock the exploration potential of our acreage.

I wish to thank our shareholders for their continuing support as the Company draws near to the spud of our first well.

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 1,000-2,500 metres. The Mazagan permit contains significant potential, with four independent plays containing multiple prospects and leads mapped on 2D and 3D seismic data. DeGolyer & MacNaughton has estimated total mean unrisked prospective resources of 7,015 mmbo (net 1,614 mmbo to Pura Vida)* (*reference: ASX announcement 21 September 2012*).



The Atwood Achiever Deepwater Drillship

The Atwood Achiever Drillship is on schedule for the spud of Pura Vida's first well in or about January 2015. Two firm well slots with the Atwood Achiever have been secured under contract for the 2015 drilling campaign.

Woodside recently farmed into the Rabat Deep permit, offshore Morocco demonstrating the continuing industry interest in exploration in the region. The next well to be drilled offshore Morocco is Nour-1 by Genel to the south-east of the Mazagan permit which is expected to spud in August 2014.

NKEMBE BLOCK, OFFSHORE GABON

(PURA VIDA 80% AND OPERATOR)

The Nkembe block covers an area of 1,210 km² in water depths of 50-500 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.

During the quarter, Pura Vida announced a significant upgrade to its prospective resource assessment of the Nkembe block. Further technical work undertaken revealed a significant new play in the pre-salt within the Syn-rift interval where carbonate Coquinas reservoirs are anticipated to be present. The inclusion of newly identified prospects increases the total gross mean unrisked prospective resources on block to 1,680 mmbo (1,344 mmbo net to Pura Vida)* (*reference: ASX announcement 23 June 2014*). The carbonate play is analogous to similar plays that have resulted in the discovery of several billion barrels of oil offshore Angola and offshore Brazil. Pura Vida's technical work has also identified several areas which contain multiple stacked prospects that have the potential to be attractive drill candidates that could be tested with a single vertical well.

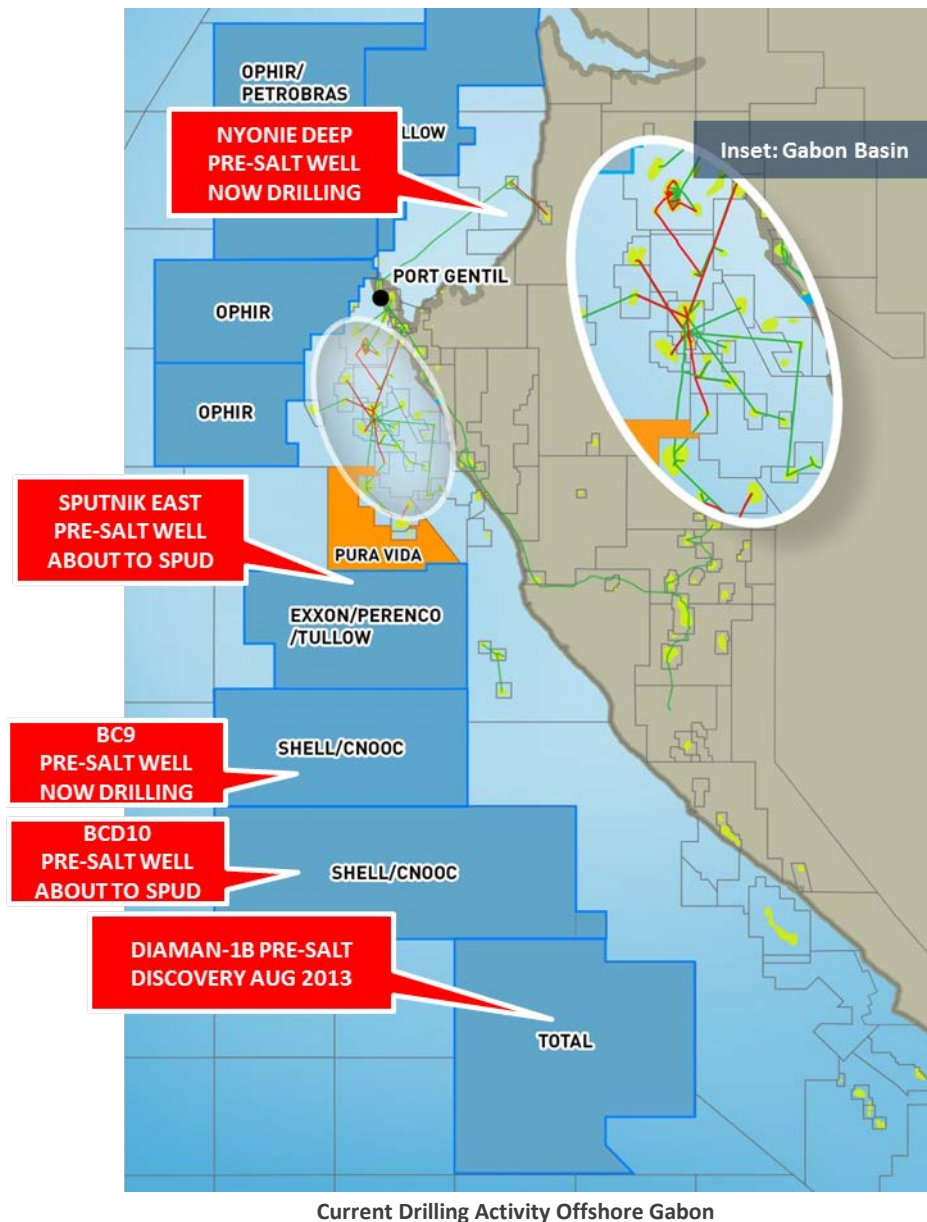
The farmout process to secure a partner for the Nkembe block continued during the quarter. The Gabonese Government recently announced seven companies have been selected for the final round of PSC negotiations in the deep water bid round, including ExxonMobil, Repsol, Marathon and Petronas. The results of the bid round demonstrates the industry demand and interest in offshore acreage in Gabon.

Significant drilling activity offshore Gabon during 2014 is targeting the pre-salt potential. In late 2013, Total drilled the first well in deep water Gabon targeting the pre-salt which resulted in a gas and condensate discovery.

* Refer to cautionary statement in relation to prospective resources at the end of this Report

Exxon farmed into Tullow and Perenco's Arouwe block adjacent to the Nkembe block late last year. A drillship is currently being mobilised to the Sputnik East Well location (refer map over page) to test a pre-salt target close to the southern border of the Nkembe block.

Eni is currently drilling the Nyonie Deep well in block D4 to the north of the Nkembe block (refer map below) targeting a pre-salt prospect. Shell is also currently drilling a pre-salt well in block BC9 to the south of the Nkembe block (refer map below), the rig will then move to drill another pre-salt target in the neighbouring block BCD10.



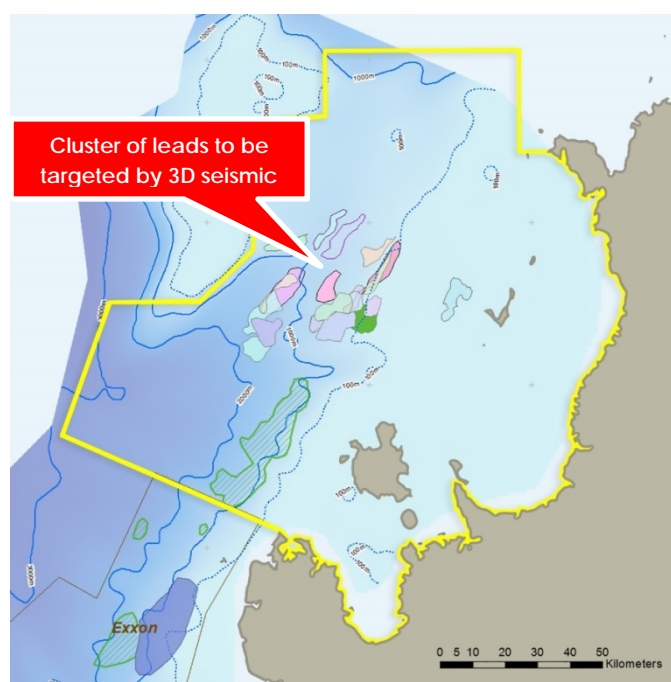
AMBILOBE BLOCK, OFFSHORE MADAGASCAR

(PURA VIDA 50%, STERLING ENERGY (UK) LIMITED OPERATOR)

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar covering an area of 17,650 km². 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.

Planning of the 3D seismic survey covering approximately 1,250 km² progressed during the quarter with acquisition planned for late 2014.

Foreign investment and industry activity in Madagascar has increased significantly following the country's return to political and economic stability. Notable developments include OMV continuing to build its onshore and offshore portfolio in Madagascar by farming into two blocks with Tullow and Madagascar Oil making a commercial declaration in May 2014 for the full field development of the Tsimiroro heavy oil project onshore Madagascar.



Location of Ambilobe block

CORPORATE & FINANCIAL

As at 30 June 2014, the Company had a net cash position of \$20.4 million.

Pura Vida has implemented a Cost Reduction Program to minimise corporate and administrative overheads, achieve savings through efficiencies and optimise work programs to extend the longevity of our forecast cash position. The Cost Reduction Program has and continues to deliver material reductions in expenditure. Based on the Cost Reduction Program, Pura Vida's existing cash position is sufficient to fully fund our planned activities over the forthcoming 12 month budget period (including funding the 3D seismic survey in Madagascar in late 2014).

The Company has no debt following the repayment during the period of the loan facility (approximately \$2.5 million inclusive of interest) entered into to assist in funding the acquisition of the Nkembe block, offshore Gabon.

During the June quarter, the Company's Managing Director, Mr Damon Neaves reaffirmed his commitment to the Company by entering into a continuing Executive Services Agreement. Renewing Damon's contract provides stability and continuity in management at what is a particularly exciting time for the Company. In addition, Mr Andrew Morrison was promoted to the position of Exploration Manager. Andy was formerly the Company's New Ventures Manager and has over 25 years' experience in the oil and gas industry.

ISSUED CAPITAL AS AT 30 JUNE 2014

| Security | Number |
|-----------------------------|-------------|
| Ordinary Shares | 128,220,829 |
| Unlisted Partly Paid Shares | 19,999,604 |
| Unlisted Performance Rights | 1,072,605 |
| Unlisted Options | 12,857,693 |

PETROLEUM TENEMENTS HELD AS AT 30 JUNE 2014

| | % Interest | Tenement | Location |
|-----------------------------|------------|----------------|---------------------|
| Held at end of quarter | 23% | Mazagan Permit | Offshore Morocco |
| | 80% | Nkembe Block | Offshore Gabon |
| | 50% | Ambilobe Block | Offshore Madagascar |
| Acquired during the quarter | - | - | - |
| Disposed during the quarter | - | - | - |

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 30 JUNE 2014

| | 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 |
| Richard Malcolm | Non-Executive Director |

Company Secretary

| |
|----------------|
| Matthew Worner |
| Dennae Lont |

Registered Office and Principal Place of Business

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Share Registry

Automic Registry Services
 Level 1, 7 Ventnor Avenue
 WEST PERTH WA 6005
 Telephone: +61 8 9324 2099

Disclaimers

* Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources

Prospective resource estimates presented in this Report are prepared as at 21 September 2012 (*reference: ASX announcement 21 September 2012*) and 23 June 2014 (*reference: ASX announcement 23 June 2014*). The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org

Persons compiling information about hydrocarbons

The resource information contained in this Report for the Mazagan permit, Morocco have been prepared by DeGolyer & MacNaughton. DeGolyer & MacNaughton is a consultant of the Company and has consented to the inclusion of the resource estimates in the form and context in which they are included.

The resource estimates for the Nkembe block, Gabon 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 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 2014

Consolidated statement of cash flows

| | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | | |
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration & evaluation | (1,121) | (9,268) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (882) | (4,454) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 5 | 7 |
| 1.5 | Interest and other costs of finance paid | (179) | (629) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | 27 | 32 |
| Net Operating Cash Flows | | (2,149) | (14,311) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: | | |
| | (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | (9) | (49) |
| 1.9 | Proceeds from sale of: | | |
| | (a) prospects (Mazagan) | - | 15,809 |
| | (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 | | (9) | 15,761 |
| 1.13 | Total operating and investing cash flows (carried forward) | (2,158) | 1,450 |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|---|----------------|---------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (2,158) | 1,450 |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 304 | 20,235 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | 930 |
| 1.17 | Repayment of borrowings | (2,288) | (4,997) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (costs associated with issue of shares and other financing costs) | - | (544) |
| | Net financing cash flows | (1,984) | 15,624 |
| | Net increase (decrease) in cash held | (4,142) | 17,074 |
| 1.20 | Cash at beginning of quarter/year to date | 24,919 | 3,408 |
| 1.21 | Exchange rate adjustments to item 1.20 | (316) | (20) |
| 1.22 | Cash at end of quarter | 20,462 | 20,462 |

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 | 248 |
| 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 \$248,100.

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 | - | - |
| 3.2 Credit standby arrangements | - | - |

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 2,027 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 1,205 |
| Total | 3,232 |

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 | 16,778 | 24,696 |
| 5.2 Deposits at call | 3,684 | 222 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (Bank Guarantee) | - | - |
| Total: cash at end of quarter (item 1.22) | 20,462 | 24,919 |

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 (description) | - | - | - | - |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 | *Ordinary securities | 128,220,829 | 128,220,829 | - | - |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 1,578,946 - | 1,578,946 - | \$0.20 - | \$0.20 (conversion of partly paid shares) - |
| 7.5 | *Convertible securities | - | - | - | - |
| | <i>Unquoted partly Paid Securities</i> | 19,999,604 | - | - | - |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | - 1,578,946 | - - | - - | - - |
| 7.7 | Options (description and conversion factor) | 3,750,000 3,000,000 1,500,000 2,000,193 300,000 775,000 32,500 1,500,000 | - - - - - - - - | Exercise price \$0.40 \$0.35 \$0.25 \$0.60 \$0.70 \$1.03 \$1.08 \$0.91 | Expiry date 6 September 2016 20 August 2017 3 December 2014 20 June 2016 3 June 2016 2 October 2016 4 November 2016 13 January 2017 |
| 7.8 | Issued during quarter | - | - | - | - |
| 7.9 | Exercised during quarter | - | - | - | - |
| 7.10 | Expired during quarter | 2,500,000 | - | \$0.40 | 6 September 2016 |
| 7.11 | Debentures (totals only) | - | - | | |
| 7.12 | Unsecured notes (totals only) | - | - | | |
| 7.13 | Performance Rights | 1,072,605 | - | | |

+ See chapter 19 for defined terms.

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: 25/07/14
(Company secretary)

Print name: Dennaë 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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