Pura Vida Energy NL

ACN 150 624 169

Financial Report for the financial year ended 30 June 2014

Corporate Directory

DIRECTORS

Mr Jeff Dowling *Non-Executive Chairman*

Mr Damon Neaves *Managing Director*

Mr Richard Malcolm *Non-Executive Director*

COMPANY SECRETARY

Matthew Worner

Dennae Lont

REGISTERED OFFICE

Level 3, 89 St Georges Terrace
PERTH WA 6000

PRINCIPAL OFFICE

Level 3, 89 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9226 2011
Facsimile: +61 8 9226 2099
Web: www.puravidaenergy.com.au

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited

ASX Code – PVD

SHARE REGISTRY

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

AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

CONTENTS

	PAGE
Directors' Report	1
Auditors' Independence Declaration	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flow	19
Notes to the Consolidated Financial Statements	20
Directors' Declaration	52
Independent Auditor's Report	53

The Directors of Pura Vida Energy NL (**Company** or **Pura Vida**) and the entities it controls (**Consolidated Entity** or **Group**) present their report for the financial year ended 30 June 2014.

FINANCIAL PERFORMANCE

The Group made a net profit after tax (NPAT) of $4,516,569 for the year (30 June 2013: loss of $6,375,635). The net profit arose due to the cash consideration for the sale of a part interest in the Mazagan permit, offshore Morocco.

At 30 June 2014, the Group had net assets of $41,309,041 (2013: $16,307,244) cash assets of $20,460,177 (30 June 2013: $3,378,472) and amortised borrowings of Nil (30 June 2013: $3,533,506).

PRINCIPAL ACTIVITIES

Pura Vida is an Australian-based African oil explorer. The Company has an interest in the Mazagan permit, offshore Morocco, the Nkembe block, offshore Gabon and the Ambilobe block, offshore Madagascar. The Company's strategy is to explore for oil and to build a diversified portfolio of assets over time.

There were no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS

Mazagan permit, offshore Morocco

2015 will mark the beginning of the Company's deepwater drilling campaign offshore Morocco. The first well is scheduled to spud in January 2015 with another well in the second half of 2015. This drilling program will test the significant resource potential of the permit.

The Mazagan permit covers an area of 8,717 km^2 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 three main plays containing multiple prospects and leads mapped on 2D and 3D seismic data. DeGolyer & MacNaughton evaluated two of these plays, the Tertiary slope channel play and the Cretaceous structural play. DeGolyer & MacNaughton have estimated total combined mean unrisked prospective resources of 7,017 mmbo (net 1,614 mmbo to Pura Vida)* (*reference: ASX announcement: 21 September 2012*).

Company Activities

In November 2013, the Company completed the farmout of the Mazagan permit, offshore Morocco, to a subsidiary of Freeport-McMoRan Oil & Gas LLC (FM O&G). The completion of the farmout was an important milestone for Pura Vida and places the Company in a strong financial position as it enters the drilling phase in the Mazagan permit. Under the terms of the farmout, the work program is fully funded to US$215 million (gross) by FM O&G which includes the two well drilling program offshore Morocco.

During the period, Pura Vida announced the execution of a rig share agreement with Kosmos Energy for the drilling of two wells in the Mazagan permit with the Atwood Achiever Deepwater Drillship, which is under a long-term contract with Kosmos Energy. The Atwood Achiever is a 6th generation ultra-deepwater dynamically positioned drillship capable of drilling in water depths of over 3,500 metres to depths of over 12,000 metres.

In March 2014, the Company received ministerial approval for the extension of the permit for a period of three years (the first extension period). The work commitment under the first extension period comprises the two exploration wells to be drilled in the current drilling campaign. During the year, in accordance with the Petroleum Agreement the joint venture relinquished 20% of the permit area.

Nkembe block, offshore Gabon

Recent discoveries in Gabon have proved the presence of pre-salt reservoir similar to basins in Angola and Brazil that have yielded significant oil reserves.

The Nkembe block covers an area of 1,210 km^2 in water depths of 50-1,000 metres approximately 30 km off the coast of Gabon in the prolific oil prone Gabon Basin. The block is adjacent to currently producing oil fields and infrastructure.

Company Activities

During the period, the Company announced that inspection of the cores from the Loba M 1 discovery well had confirmed the presence of good quality sandstone reservoirs with abundant oil staining. The core analysis confirmed the presence of a 46 metre net oil column seen on the petrophysical logs from the Loba M 1 well.

On 23 June 2014, the Company significantly upgraded its assessment of the total gross mean unrisked prospective resources on the Nkembe block to 1,680 mmbo (1,344 mmbo net to Pura Vida)* (*reference: ASX announcement: 23 June 2014*). Further technical work undertaken with the benefit of reprocessed 3D seismic data revealed a significant new play in the pre-salt. The newly recognised pre-salt potential lies within the syn-rift interval where carbonate coquinas reservoirs are anticipated to be present. The carbonate play is analogous to similar plays that have resulted in the discovery of several billion barrels of oil offshore Angola and Brazil. The Company's technical work has also identified several areas which contain multiple stacked prospects that could be tested with a single vertical well.

Pre-salt discoveries

The past 12 months have seen several pre-salt discoveries made in Gabon. As a consequence the pre-salt potential in Gabon is now proven and the pre-salt fairway extends through the Nkembe block.

In August 2013, French Oil Major, Total, announced a discovery in its Diaman-1B exploration well. The well was the first successful deepwater well targeting the pre-salt in Gabon and encountered a 55 metre net hydrocarbon column.

In July 2014, Italian Oil Major, Eni, made a significant pre-salt gas and condensate discovery to the north of the Nkembe block at the Nyonie Deep exploration prospect on Block D4. The pay zone encountered is over an interval of 320 metres and an initial estimate of 500 mmboe (in place) has been announced by Eni.

In addition to the discoveries mentioned above, in July 2014 Tullow discovered a pre-salt field onshore to the east of the Nkembe block with Igongo-1 well encountering 90 metres of net oil and gas pay. Shell also produces from the giant Rabi Kounga pre-salt oil field (800 mmbo) to the east of the Nkembe block.

The Nkembe block is ideally located within the proven pre-salt fairway and is surrounded by these recent pre-salt discoveries.

The industry continues to target the pre-salt in Gabon with further wells being drilled and significant industry investment into exploration activity (including drilling) committed following the recent deepwater bid round.

The Company is focused on both the pre-salt potential as well as the shallower potential in the Nkembe block at proven reservoir levels. To this end, the Company intends to secure a farmin partner to progress activities on the block in 2014.

Ambilobe block, offshore Madagascar

On 1 November 2013, Pura Vida announced the acquisition of a 50% interest in the Ambilobe block, offshore Madagascar from Sterling Energy (UK) Limited (**Sterling**). Sterling retained a 50% interest and Operatorship. The Ambilobe block is located in the offshore part of the Ambilobe Basin, north-west Madagascar covering an area of 17,650 km^2.

Company Activities

Interpretation of existing 2D seismic data revealed large structural four-way dip closures apparently associated with and cored by salt. The Company plans to acquire 1,250 km^2 of 3D seismic data over potential drilling targets within the block. Planning of the 3D seismic survey progressed during the year with acquisition planned for late 2014.

**** 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 31 August 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. The estimates are unrisked and have not been adjusted for both an associated chance of discovery and a chance of development. The 100% basis and net to Pura Vida prospective resource estimates includes Government share of production.

Pura Vida is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of the prospective resources and the relevant market announcements referenced continue to apply and have not materially changed.

Persons compiling information about hydrocarbons

The resource information contained in this report for the Mazagan permit, Morocco has 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 contained in this report 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.

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

Name	Experience and expertise
Current Directors	
Mr Jeff Dowling, *BComm FCA, FAICD, FFin* Non-Executive Chairman Appointed: 13 January 2014 Chairman of the Remuneration Committee Member of the Audit and Nomination Committees	Mr Dowling is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on the mining, oil & gas and other industries. His professional expertise centre around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Director of the Ernst & Young Western Region for a period of five years. He led the Ernst & Young Oceania oil and gas group and was responsible for servicing and developing Ernst & Young's oil and gas clients across the Oceania region and was a member of Ernst & Young's global oil and gas leadership group. Mr Dowling has a Bachelor of Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute Australasia. Mr Dowling is currently Non-Executive Chairman of Sirius Resources NL, and Non-Executive Director of Atlas Iron Limited and NRW Holdings Limited.
Mr Damon Neaves, *LLB, B.Comm, A.S.I.A* Managing Director Appointed: 17 August 2011 Member of the Nomination Committee	Mr Neaves is a founding Director and shareholder of Pura Vida. He has worked in various commercial, operational and management roles and brings a wealth of international oil and gas expertise. Prior to forming Pura Vida, Mr Neaves was the Business Development Manager of a mid-cap international E&P company and his international experience spans countries throughout Africa, Europe, the Middle East and Asia Pacific. Mr Neaves has extensive commercial experience particularly in commercialisation of gas in Western Australia as well as upstream project management experience.
Mr Richard Malcolm, *B.Sc. Geology, MAICD, MEI* Non-Executive Director Appointed: 13 January 2014 Chairman of the Audit Committee Member of the Remuneration and Nomination Committees	Mr Malcolm is a petroleum geologist who commenced his career in 1980 at Woodside Petroleum Limited. Mr Malcolm has previously held the position of Managing Director of OMV (UK) Limited, a subsidiary of OMV, one of Europe's leading oil and gas companies, overseeing OMV's activities Australia, New Zealand and Norway as well as managing OMV's exploration interests in Libya. Between 2008 and early 2013, Mr Malcolm was CEO of Gulfsands Petroleum plc, an AIM listed oil and gas production, exploration and development company with operations in Syria, Iraq, Morocco, Colombia, Tunisia and the USA. Mr Malcolm also has extensive experience and networks in UK equity capital markets.
Former Directors	
Mr Bevan Tarratt, *BBus* Non-Executive Chairman Appointed: 1 August 2011 Resigned: 13 January 2014	Mr Tarratt has an extensive background in the accounting industry with over 10 years' experience primarily focused on small cap resource companies. He also has several years' experience in the evaluation of mineral resources acquisitions, principally in Africa, and has previous equity markets experience with Patersons Securities Limited. Mr Tarratt has extensive experience in primary and secondary capital raisings and corporate strategic consulting having managed several initial public and re-compliance offerings on the ASX and having participated in the restructuring and re-compliance of numerous ASX listed companies.
Mr David Ormerod, *B.Sc. Geology (Hons)* Technical Director Appointed: 21 July 2011 Resigned: 7 May 2014	Mr Ormerod was the Technical Director and part of Pura Vida's technical team before resigning in May 2014.

Directorships of Other Listed Companies

Current and former directorships in the last three years of other listed companies held by Directors as at the date of this report are as follows:

Name	Company	Position	Commenced	Ceased
Current Directors				
J Dowling[(1)]	Sirius Resources NL	Non-Executive Chairman	28 February 2013	-
	Atlas Iron Ltd	Non-Executive Director	8 November 2011	-
	NRW Holdings Ltd	Non-Executive Director	21 August 2013	-
	Neptune Marine Services Ltd	Non-Executive Director	1 December 2011	25 June 2013
D Neaves	-	-	-	-
R Malcolm[(1)]	-	-	-	-
Former Directors				
B Tarratt[(2)]	Stonehenge Metals Ltd	Non-Executive Director	12 June 2007	-
	Minerals Corporation Ltd	Non-Executive Director	17 February 2011	1 April 2013
	ZYL Ltd	Non-Executive Director	2 December 2009	14 November 2012
D Ormerod[(3)]	-	-	-	-

1 J Dowling and R Malcolm were appointed as Non-Executive Directors on 13 January 2014
2 B Tarratt resigned as Non-Executive Chairman on 13 January 2014 and was appointed Chief Financial Officer
3 D Ormerod resigned as Technical Director on 7 May 2014

Director's Shareholdings

The following table sets out each Director's relevant interest in ordinary shares and options and performance rights to acquire shares of the Company as at the date of this report:

Name	Fully paid ordinary shares	Partly paid ordinary shares	Options	Performance rights
J Dowling[(1)]	-	-	1,000,000	-
D Neaves	6,525,000	4,725,000	2,500,000	-
R Malcolm[(1)]	-	-	500,000	-

1 J Dowling and R Malcolm were appointed as Non-Executive Directors on 13 January 2014

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of the Board of Directors of Pura Vida) held during the financial year and which each Director of the Company was eligible to attend and the number of meetings attended by each Director of the Company (while they were a Director or committee member).

Directors	Board of Directors		Audit Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J Dowling[(1)]	6	6	1	1	1	1	-	-
D Neaves	8	8	-	-	-	-	1	1
R Malcolm[(1)]	6	6	1	1	1	1	-	-
B Tarratt[(2)]	2	2	1	1	-	-	1	1
D Ormerod[(3)]	7	7	-	-	-	-	1	1

1 J Dowling and R Malcolm were appointed as Non-Executive Directors on 13 January 2014
2 B Tarratt resigned as Non-Executive Chairman on 13 January 2014 and was appointed Chief Financial Officer
3 D Ormerod resigned as Technical Director on 7 May 2014

Company Secretary

Mr Matthew Worner, Appointed 2 July 2014

Mr Worner is an experienced industry lawyer and Company Secretary and also holds the position of the Company's Commercial Manager. He has previously acted as the Company Secretary for ASX and AIM listed companies and has experience practising as a corporate lawyer and advisor.

Mrs Dennae Lont, Appointed 2 July 2014

Mrs Lont has substantial governance experience in the oil and gas industry and with other Australian public companies. She is a member of the Governance Institute of Australia and was previously the Company's Deputy Company Secretary.

Mr Chen Chik Ong, Appointed 25 May 2011 and resigned on 2 July 2014

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) in Perth and brings many years' experience in listing rules compliance and corporate governance to the Company. Mr Ong is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Masters of Business Administration.

OPTIONS AND PERFORMANCE RIGHTS

Details of the issued options and performance rights as at the date of this report are as follows:

Options

- 1,500,000 options exercisable at $0.25 expiring 3 December 2014
- 300,000 options exercisable at $0.70 expiring 3 June 2016
- 2,000,193 options exercisable at $0.60 expiring 20 June 2016
- 3,750,000 options exercisable at $0.40 expiring 6 September 2016
- 775,000 options exercisable at $1.03 expiring 2 October 2016
- 32,500 options exercisable at $1.08 expiring 4 November 2016
- 250,000 options exercisable at $0.84 expiring 16 December 2016
- 1,500,000 options exercisable at $0.91 expiring 13 January 2017
- 3,000,000 options exercisable at $0.35 expiring 20 August 2017

Performance Rights

- 265,105 performance rights subject to performance conditions, expiring on 3 June 2016
- 775,000 performance rights subject to performance conditions, expiring on 30 October 2016
- 32,500 performance rights subject to performance conditions, expiring on 4 November 2016
- 250,000 performance rights subject to performance conditions, expiring on 16 December 2016
- 541,143 performance rights subject to performance conditions, expiring on 1 July 2017

Further details of performance rights and options issued by the Company during the period and on issue as at 30 June 2014 are set out in Note 16 to the financial statements and form part of this report.

INDEMNIFYING OFFICERS

During the financial year, the Company paid a premium in respect of a policy insuring the Company's Directors, secretaries, executive officers and any related body corporate against a liability incurred as such a director, secretary or officer to the extent permitted by the *Corporations Act 2001*. The policy of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has entered into Deeds of Indemnity, Insurance and Access with the Company's Directors, secretaries and executive officers.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporate against a liability incurred as such an officer or auditor.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year (30 June 2013: Nil).

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Pura Vida, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of Pura Vida for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of Pura Vida with leave of the Court under Section 237 of the *Corporations Act 2001*.

CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Consolidated Entity during the financial year and as at the date of this report are:

- On 6 September 2013, the Company completed a capital raising of $7 million through the issue 12 million shares at $0.58 cents per share.
- The Company announced on 1 November 2013, completion of the farmout for the Mazagan Permit, offshore Morocco to Freeport-McMoRan Oil & Gas LLC (**FM O&G**) following receipt of all Government approvals. Upon completion, the Company received a cash payment from FM O&G of US$15 million.
- On 1 November 2013, the Company announced that it acquired a 50% interest in the Ambilobe block, offshore Madagascar held by Sterling Energy (UK) Limited.
- On 5 December 2013, the Company raised a total of $13.5 million through the placement of 21.5 million shares at $0.63 per share.
- On 22 November 2013, the Company announced the appointment of Mr Jeff Dowling as Non-Executive Chairman of the Company and Mr Ric Malcolm as a Non-Executive Director and the resignation of Mr Bevan Tarratt as Non-Executive Chairman. These appointments/resignations took effect on 13 January 2014.
- On 7 May 2014, the Company announced the appointment of Andrew Morrison as Exploration Manager following the resignation of Technical Director, David Ormerod.

There were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or the financial statements.

LIKELY DEVELOPMENTS AND FUTURE PROSPECTS

The Company intends to continue its present range of activities during the forthcoming year. In accordance with its strategy, the Company may participate in exploration and appraisal wells and new projects, and may grow its exploration portfolio by farming into or acquiring new exploration licences.

ENVIRONMENTAL REGULATION

The Company's policy is to comply with, or exceed, its environmental obligations in each jurisdiction in which it operates. No known environmental breaches have occurred.

EVENTS AFTER THE REPORTING PERIOD

In the opinion of the Directors, no event of a material nature or transaction, has arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or its state of affairs in subsequent financial years.

REMUNERATION REPORT (Audited)

The Directors of Pura Vida Energy NL (**Company** or **Pura Vida**) present the Remuneration Report of the Company and the entities it controlled (**Consolidated Entity** or **Group**) for the year ended 30 June 2014. The report outlines the remuneration arrangements for the Company's key management personnel (**KMP**) in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

This report is presented in the following sections:

1. Introduction
2. Governance
3. Key Management Personnel
4. 2014 Remuneration Structure
   - Executive
   - Non-Executive Directors
5. Executive Service Agreements
6. Share-Based Compensation
7. Details of Remuneration
8. Overview of Remuneration Structure for 2015 and Beyond

1. INTRODUCTION

The policies and practices have been tailored to increase goal congruence amongst shareholders, Directors and KMP and designed to ensure that the level and form of compensation achieves certain objectives, including:

- attraction and retention of employees to pursue the Company's strategy and goals;
- delivery of value-adding outcomes for the Company; and
- incentive to deliver future individual and Company performance.

Remuneration consists of base salary, superannuation, short-term incentives and long-term incentives. Remuneration is determined by reference to market conditions and performance. Performance is evaluated at an individual level as well as the performance of the Company as a whole.

During the year ended 30 June 2014, Pura Vida undertook a comprehensive review of its remuneration policies and practices and approved the engagement of Ernst & Young (**EY**) to undertake a review of its current remuneration framework. Key initiatives under this review were:

- developing an overarching remuneration framework to formalise reward structures and to establish a framework to guide remuneration practices going forward;
- benchmarking executive remuneration and consideration of typical market practice of peer companies to determine the competitiveness of current remuneration arrangements and to identify areas for change;
- design of a new short-term incentive (**STI**) plan to drive the collective efforts of the workforce in realising the short-term business strategy; and
- design of a new equity-based long-term incentive (**LTI**) plan for executives to encourage long-term sustainable performance.

This review will result in significant changes to the Company's remuneration policies and practices, with the new remuneration structure to take effect in the year ending 30 June 2015.

For further detail of the remuneration structure for 2015 and beyond refer to section 8 of this report.

The Remuneration Committee approved the engagement of EY to provide remuneration recommendations regarding executive remuneration quantum. Both EY and the Remuneration Committee are satisfied the advice received from EY is free from undue influence from the KMP to whom the remuneration recommendations apply.

The remuneration recommendations were provided to the Company as an input into decision making only. The Remuneration Committee considered the recommendations, along with other factors, in making its remuneration decisions.

The fees paid to EY for the remuneration recommendations were $58,195.

REMUNERATION REPORT (Audited) **(continued)**

2. GOVERNANCE

The Board retains overall responsibility for remuneration policies and practices of the Company.

The Board has established a Remuneration Committee (**Committee**) which operates in accordance with its charter as approved by the Board. The Committee comprises two independent Non-Executive Directors.

The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibility to shareholders by:

- reviewing and approving KMP remuneration to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensuring KMP remuneration demonstrates a clear relationship between KMP performance and remuneration;
- recommending to the Board the remuneration of KMP;
- fairly and responsibly rewarding KMP having regard to the performance of the Group, the performance of the individual and the prevailing remuneration expectations in the market;
- reviewing the Company's recruitment, retention and termination policies and procedures for KMP;
- reviewing and approving the remuneration of senior executives of the Company who report to the Managing Director; and
- reviewing and approving any equity based plans and other incentive schemes.

3. KEY MANAGEMENT PERSONNEL

The KMP disclosed in this report are as follows:

Non-Executive Directors – Current

- J Dowling (Chairman) – appointed 13 January 2014
- R Malcolm – appointed 13 January 2014

Non-Executive Directors – Former

- B Tarratt (Chairman) – resigned 13 January 2014

Executives – Current

- D Neaves (Managing Director) – appointed 17 August 2011
- A Morrison (Exploration Manager) – appointed 7 May 2014
- B Tarratt (Chief Financial Officer) – appointed 13 January 2014

Executives - Former

- D Ormerod (Technical Director) – resigned 7 May 2014

4. 2014 REMUNERATION STRUCTURE

Executive Remuneration Structure

The remuneration structure in place for 2014 applies to all employees of the Group, including executives. The Company's remuneration structure has three elements:

(a) Base Salary: Initial rate of compensation, excluding superannuation.

(b) STI: Short-term incentives include annual incentives and bonuses. Short-term incentives are measured based on the individual's own performance and the Company's overall performance.

(c) LTI: Long-term incentives are made in the form of performance rights and have a vesting period of three years.

During 2014, the Board elected not to make any STI or LTI awards to KMP.

REMUNERATION REPORT (Audited) **(continued)**

Non-Executive Directors' Remuneration Structure

In line with corporate governance principles, Non-Executive Directors of the Company are remunerated solely by way of fees and statutory superannuation. The annual fee is set to reflect current market levels based on the time, responsibilities and commitments associated with the proper discharge of their duties as members of the Board.

Non-Executive Directors' fees and payments are reviewed annually by the Board and for the year ended 30 June 2014, is $65,000 per annum. The former Chairman received $96,000 per annum (additional consulting services for $95,409 were provided during tenure, refer Note 25). The current Chairman of the Company receives $100,000 per annum. Fees provided to Non-Executive Directors are exclusive of superannuation. There are no termination or retirement benefits paid to Non-Executive Directors (other than statutory superannuation). The aggregate amount of remuneration for Non-Executive Directors approved by shareholders at the 2013 Annual General Meeting is $250,000 per annum.

In order to attract the appropriate calibre of candidates to act as Non-Executive Directors on the Board of Pura Vida, the new Non-Executive Directors were offered, subject to shareholder approval, sign-on options as part of their remuneration package. The terms and conditions of the grant of options affecting remuneration in the current and future years is set out in section 6 of this report.

During the financial year ended 30 June 2014, the Company undertook a comparison of fees paid to Non-Executive Directors of peer group companies. This review resulted in an increase to the level of fees payable to one of the Non-Executive Directors to the amount of $100,000 per annum.

5. EXECUTIVE SERVICE AGREEMENTS

Remuneration and other terms of employment for KMP are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTl plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below. Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Name	Effective date	Term of agreement	Notice period[(1)]	Base salary (ex super-annuation)[(2)] $	Termination payments
Executives - Current					
Damon Neaves, *Managing Director*	17-Aug-2011	2 years (option of 1 year extension)	3 months	315,000	3 months
	20-Jun-2014	No fixed term	6 months	385,000	12 months
Andrew Morrison, *Exploration Manager*	7-May-2014	No fixed term	1 month	297,483[(3)]	1 month
Bevan Tarratt, *Chief Financial Officer*	13-Jan-2013	No fixed term	1 month	250,000	1 month
	20-Jun-2014	No fixed term	3 months	275,000	6 months
Executives - Former					
David Ormerod, *Technical Director*	26-Aug-2011	2 years (option of 1 year extension)	3 months	315,000	3 months

1 *The notice period applies equally to both parties*
2 *Base salaries are quoted for the year ended 30 June 2014*
3 *$325,000 inclusive of superannuation*

REMUNERATION REPORT (Audited) **(continued)**

6. SHARE-BASED COMPENSATION

During the year ended 30 June 2014 the following options were granted, vested and/or lapsed to KMP:

Name	Award	Grant date	Grant value[(1)] $	Number of options granted	Number of options vested during the year	Number of options lapsed during the year
Non-Executive Directors - Current						
J Dowling	Sign-on options[(2)]	13-Jan-2014	210,346	1,000,000	1,000,000	-
R Malcolm	Sign-on options[(2)]	13-Jan-2014	105,173	500,000	500,000	-
Executive Directors – Former						
D Ormerod[(3)]	Options	06-Sep-2011	-	-	-	2,500,000

1 *The assessed fair value at grant date of options is allocated to remuneration equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-fee interest rate for the term of the option as set out in Note 16 of the financial statements*

2 *Sign-on options granted to Non-Executive Directors were approved by shareholders at a general meeting held on 13 January 2014*

3 *D Ormerod resigned as Technical Director on 7 May 2014*

The key conditions of awards affecting remuneration in the current reporting period are set out below:

Type of Grant	Grant date	Vesting date	Expiry date	Exercise price	Value per option[(2)(3)]	Service and performance condition	Achieved	Vested
Options[(1)]	13-Jan-2014	13-Jan-2014	13-Jan-2017	$0.91	$0.210	-	-	-

1 *Options can only be exercised if they have vested and, unless automatically exercised, can be exercised at any time until the expiry date. Upon exercise each option is convertible into one ordinary share which will rank equally with all other issued ordinary shares*

2 *The value at grant date of options granted during the year are calculated in accordance with AASB2 Share-based Payments. Refer to Note 16 of the financial statements for details of the assumptions used in calculating the value of each option as at their effective grant date*

3 *Sign-on options granted to Non-Executive Directors were approved by shareholders at a general meeting held on 13 January 2014*

No grant of options affects future remuneration.

REMUNERATION REPORT (Audited) **(continued)**

7. DETAILS OF REMUNERATION

Remuneration of the KMP for the 2014 financial year is set out below:

KMP	Short-term benefits			Post-employment benefits		Share-based payments		Total remuneration	Performance related
	Cash, salary & fees	Cash bonus	Non-cash benefit[1]	Super-annuation	Termi-nation	Performance rights	Options[2]		
	$	$	$	$	$	$	$	$	%
Non-Executive Directors - Current									
J Dowling[3]	47,436	-	-	4,388	-	-	210,346	262,170	-
R Malcolm[3]	30,833	-	-	2,852	-	-	105,173	138,858	-
Non-Executive Directors - Former									
B Tarratt[4]	56,000	-	1,359	5,180	-	-	-	62,539	-
Executives - Current									
D Neaves	316,885	-	7,959	29,312	-	-	-	354,156	-
A Morrison[5]	49,580	-	-	4,586	-	-	-	54,166	-
B Tarratt[4]	107,342	-	3,750	9,929	-	-	-	121,021	-
Executives - Former									
D Ormerod[6]	267,346	-	6,530	24,730	86,034	-	-	384,640	-
	875,422	-	19,598	80,977	86,034	-	315,519	1,377,550	-

1 *Other benefits include the provision of car parking and Working Directors' Personal Accident & Sickness insurance*
2 *Sign-on options were granted to Non-Executive Directors as part of their remuneration package, AASB 2 – Share-Based Payments requires the fair value at grant date of the options granted to be expensed over the vesting periods*
3 *J Dowling and R Malcolm were appointed as Non-Executive Directors on 13 January 2014*
4 *B Tarratt resigned as Non-Executive Chairman on 13 January 2014 and was appointed Chief Financial Officer*
5 *A Morrison appointed Exploration Manager on 7 May 2014*
6 *D Ormerod resigned as Technical Director on 7 May 2014*

The following table sets out each KMP's relevant interest in ordinary shares, options and performance rights to acquire shares in the Company, as at 30 June 2014:

Name	Fully paid ordinary shares	Partly paid ordinary shares	Options	Performance rights
J Dowling[1]	-	-	1,000,000	-
D Neaves	6,525,000	4,725,000	2,500,000	-
R Malcolm[1]	-	-	500,000	-
B Tarratt[2]	703,744	4,550,000	-	-
A Morrison[3]	-	-	1,000,000	-

1 *J Dowling and R Malcolm were appointed as Non-Executive Directors on 13 January 2014*
2 *B Tarratt resigned as Non-Executive Chairman on 13 January 2014 and was appointed Chief Financial Officer*
3 *A Morrison was appointed as Exploration Manager on 7 May 2014*

REMUNERATION REPORT (Audited) **(continued)**

Remuneration of the KMP for the 2013 financial year is set out below:

KMP	Short-term benefits			Post-employment benefits		Share-based payments		Total remuneration	Total remuneration represented by options	Performance related
	Cash, salary & fees	Cash bonus(1)	Non-cash benefit	Super-annuation	Termi-nation	Equity	Options(2)			
	$	$	$	$	$	$	$	$	%	%
B Tarratt	188,171	-	-	16,935	-	-	-	205,107	-	-
D Neaves	315,000	100,000	-	37,350	-	587,525	37,500	1,077,375	3.48	67.3
D Ormerod	315,000	100,000	-	37,350	-	587,525	37,500	1,077,375	3.48	67.3
	818,171	200,000	-	91,635	-	1,175,050	75,000	2,359,857		

1 *Cash bonus payments were made in January 2013*

2 *AASB 2 – Share-Based Payments requires the fair value at grant date of the options granted to be expensed over the vesting period*

The following table sets out each KMP's relevant interest in ordinary shares and options and performance rights to acquire shares in the Company, as at 30 June 2013:

Name	Fully paid ordinary shares	Partly paid ordinary shares	Options	Performance rights
B Tarratt	800,000	4,550,000	-	-
D Neaves	6,525,000	4,725,000	2,500,000	-
D Ormerod	5,275,000	4,725,000	2,500,000	-

8. OVERVIEW OF REMUNERATION STRUCTURE FOR 2015 AND BEYOND

Following the independent review by EY of the Company's remuneration policies and practices, the Board has implemented a new remuneration structure for 2015 for Pura Vida employees and Directors (exclusive of Non-Executive Directors). The new policies and practices recognise the need to motivate, attract and retain employees to deliver sustainable and superior business performance.

The objective of the Company's reward structure is to ensure reward for performance is competitive and appropriate for the results delivered. The structure aligns individual reward with achievement of strategic objectives and the creation of value for shareholders, and reflects current market practice for delivery of reward. The Board aims to ensure that individual reward practices are aligned with the following key criteria:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives, and the creation of shareholder value; and
- transparent.

Fixed remuneration

During the year ended 30 June 2014, benchmarking of fixed remuneration was conducted by EY. Executive remuneration was benchmarked against a custom peer group of ASX listed oil and gas companies with a market capitalisation of between $50 to $200 million to ensure remuneration levels set meet the objectives of the Company and are aligned to broader market trends for comparable roles within the industries it operates.

Short-term incentives

Pura Vida's STI plan provides an opportunity for employees to receive additional compensation if pre-established Company and individual results are achieved. The STI plan is designed to encourage continued improvement in the performance of the Company and individuals, as well as to provide a method for employees to share in the added value that they help create by contributing to the attainment of the results.

REMUNERATION REPORT (Audited) (continued)

The key features of the STI plan are:

- STI rewards will be considered on an annual basis once individual performance reviews have been completed after each year end.
- The quantum offered as a STI reward is expressed as a set percentage of base salary, which is outlined below:
  - Managing Director — Target of 15% up to a maximum of 22.5%
  - Management — Target of 10% up to a maximum of 15%
  - Professional, Technical & Support — Target of 5% up to a maximum of 7.5%
- Employee's performance will be assessed against metrics contained within a weighted scorecard over a 12-month period. Performance hurdles will be a combination of market and non-market hurdles.
- Any STI rewards will be in cash or shares, as determined by the Board. STI rewards are not guaranteed and the Board reserves the right to cancel any form of STI reward at any time to protect the performance of the Company.

Long-term incentives

The Board has implemented a more structured approach in effectuating the LTI plan of the Company.

Key features of the LTI plan are:

- Only executives of the Company are eligible to receive a LTI grant.
- LTI grants will be made to executives on an annual basis to align with typical market practice, and to align executives interests with those of shareholders and the generation of long-term sustainable value.
- The primary mechanism for an LTI grant will be made in the form of performance rights. LTI grants are not guaranteed and the Board reserves the right to cancel any form of LTI reward at any time to protect the performance of the Company.
- The LTI quantum offered is expressed as a set percentage of base salary, which is outlined below:
  - Managing Director — 25%
  - Management — 17.5%
- The award quantum for the LTI is determined by dividing the LTI quantum by the 30-day volume weighted average price (**VWAP**) of the PVD share price on the day the prior year results were announced.
- Performance will be measured based on the Company's relative total shareholder return (**TSR**) over a three-year period, measured from 1 July each year. The vesting of the performance rights will be measured using the Company's TSR compared to the S&P/ASX 300 Energy (industry group) index (**Index**), with:
  - 25% vesting if TSR is equal to 100% of the Index;
  - a further 75% vesting if TSR is 115% of the Index or greater; and
  - straight line pro-rata in between.

  The TSR for the Company against the Index over the three year performance period will be calculated as follows:

  - TSR and Index measured over a three year performance period;
  - for the purpose of this measurement, the Company's share price / Index will be measured using the average closing price over the one month period up to (but excluding) the first day of the performance period, and the average closing price over the three month period up to and including the last day of the performance period;
  - if dividends are paid, dividends will be assumed to have been reinvested on the ex-dividend date; and
  - tax and any franking credits will be ignored.

This concludes the Remuneration Report which has been audited.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2014 has been received and can be found on the following page.

NON-AUDIT SERVICES

From time to time the Consolidated Entity may decide to employ an external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important.

The Board is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

During the year ended 30 June 2014, the following amounts were paid or payable for non-audit services provided to the Group by the auditor, its related practices and non-related audit firms:

	2014 **$**	**2013** **$**
Taxation services		
BDO Tax (WA) Pty Ltd		
Tax compliance services	14,881	12,177
International tax consulting and tax advice	77,230	135,785
Audicis SARL		
Tax compliance services in Morocco	52,612	3,947
Ernst & Young		
International tax consulting and tax advice	10,200	-
FFA Juridique et Fiscal		
Tax compliance services in Gabon	13,127	-
International tax consulting and tax advice in Gabon	12,970	-
Total remuneration for taxation services	181,020	151,909
Other services		
Ernst & Young		
Remuneration advice	58,195	-
Total remuneration for other services	58,195	-
Total remuneration for non-audit services	239,215	151,909

Signed in accordance with a resolution of the Directors made pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Damon Neaves
Managing Director
Perth, Western Australia
19 September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF PURA VIDA ENERGY NL

As lead auditor of Pura Vida Energy NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pura Vida Energy NL and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 19 September 2014

	Note	2014 $	2013 $
Revenue from continuing operations			
Interest income		45,243	24,023
Other income	2	11,590,434	31,823
Total income		11,635,677	55,846
Expenses			
New venture activity costs	4	(599,926)	(951,360)
Finance costs	4	(1,162,888)	(358,328)
Depreciation expenses	11	(78,290)	(69,173)
Administrative expenses	4	(4,481,206)	(3,281,852)
Share-based payments expense	4	(804,379)	(1,870,550)
Unrealised foreign exchange gain	4	7,581	99,783
Profit/(Loss) before income tax		4,516,569	(6,375,635)
Income tax expense	5	-	-
Profit/(Loss) attributable to the owners of the Company		4,516,569	(6,375,635)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(52,657)	-
Other comprehensive loss for the period, net of tax		(52,657)	-
Total comprehensive income/(loss) for the period attributable to the period attributable to the owners of Pura Vida Energy NL		4,463,912	(6,375,635)
Basic earnings/(loss) per share (cents per share)	20	3.32	(9.84)
Diluted earnings/(loss) per share (cents per share)	20	3.11	(9.84)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	6	20,460,177	3,378,472
Other receivables	7	159,070	158,860
Non-current assets held for sale	8	-	4,823,963
Total current assets		20,619,247	8,361,295
Non-current assets			
Exploration and evaluation asset	9	22,361,237	12,004,925
Property, plant and equipment	11	73,941	114,677
Total non-current assets		22,435,178	12,119,602
Total assets		**43,054,425**	**20,480,897**
Current liabilities			
Trade and other payables	12	1,616,638	559,607
Borrowings	13	-	3,533,506
Provisions	14	128,746	80,540
Total current liabilities		1,745,384	4,173,653
Total liabilities		**1,745,384**	**4,173,653**
Net assets		**41,309,041**	**16,307,244**
Equity			
Issued capital	15(a)	42,294,014	22,523,835
Share-based payment reserve	15(c)	3,881,239	3,113,533
Foreign exchange reserve	15(c)	(52,657)	-
Accumulated losses	15(b)	(4,813,555)	(9,330,124)
Total equity		**41,309,041**	**16,307,244**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued capital $	Reserves $	Accumulated gain/(loss) $	Total equity $
Balance at 1 July 2012	**6,695,859**	**519,250**	**(2,954,489)**	**4,260,620**
Loss for the year	-	-	(6,375,635)	(6,375,635)
Other comprehensive income/(loss) for the year	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(6,375,635)	(6,375,635)
Transactions with owners in their capacity as owners				
Contributed equity	17,291,550	-	-	17,291,550
Share issue costs	(2,782,874)	-	-	(2,782,874)
Option and performance rights expense recognised during the year	-	3,913,583	-	3,913,583
Performance rights converted during the year	1,319,300	(1,319,300)	-	-
Balance at 30 June 2013	**22,523,835**	**3,113,533**	**(9,330,124)**	**16,307,244**
Gain for the year	-	-	4,516,569	4,516,569
Other comprehensive income/(loss) for the year	-	(52,657)	-	(52,657)
Total comprehensive income/(loss) for the year	-	(52,657)	4,516,569	4,463,912
Transactions with owners in their capacity as owners				
Contributed equity	21,067,251	-	-	21,067,251
Share issue costs	(1,333,745)	-	-	(1,333,745)
Option and performance rights expense recognised during the year	-	804,379	-	804,379
Performance rights converted during the year	36,673	(36,673)	-	-
Balance at 30 June 2014	**42,294,014**	**3,828,582**	**(4,813,555)**	**41,309,041**

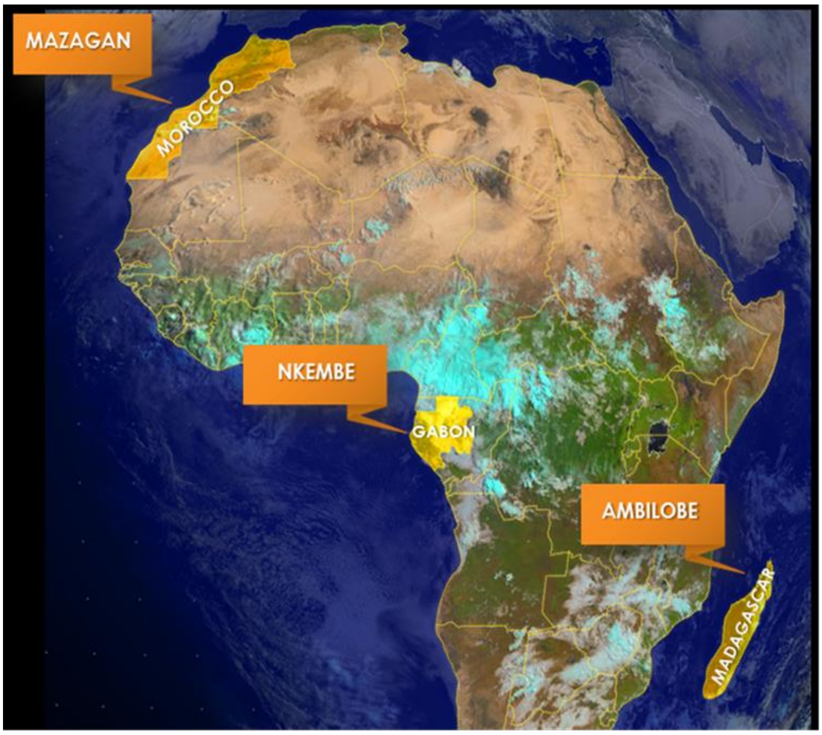
The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2014 $	2013 $
Cash flows from operating activities			
Payments to suppliers, consultants and employees		(4,916,189)	(3,237,385)
Interest received		9,643	24,023
Interest paid		(578,133)	(3,183)
Other income		32,378	31,823
Net cash outflow from operating activities	18	(5,452,301)	(3,184,722)
Cash flows from investing activities			
Proceeds from sale of investment		15,738,637	-
Payments of exploration and evaluation assets		(8,778,838)	(15,764,921)
Payments for property, plant and equipment		(48,569)	(98,452)
Net cash inflow/(outflow) from investing activities		6,911,230	(15,863,373)
Cash flows from financing activities			
Proceeds from issue of shares		21,067,251	18,941,266
Share issue costs		(1,333,745)	(2,782,874)
Proceeds from borrowings (net of transaction costs)		929,539	6,732,110
Repayment of borrowings		(5,047,850)	(4,301,403)
Net cash inflow from financing activities		15,615,195	18,589,099
Net increase/(decrease) in cash and cash equivalents		17,074,124	(458,996)
Cash and cash equivalents at the beginning of the year		3,378,472	3,737,685
Effects of exchange rate changes on cash and cash equivalents		7,581	99,783
Cash and cash equivalents at the end of the year	6	20,460,177	3,378,472

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. SEGMENT INFORMATION

Management has determined that the Group has three reportable segments, being an interest to explore for oil in acreage known as the Mazagan permit, offshore Morocco, the Nkembe block, offshore Gabon and the Ambilobe block, offshore Madagascar. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. As the Group is focused on oil exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.



	Morocco $	Gabon $	Madagascar $	Other corporate activities $	Total $
For the year ended 30 June 2014					
Revenue from external sources	11,558,055	-	-	77,621	11,635,676
Reportable segment profit/(loss)	11,458,741	(74,031)	(22,911)	(6,845,230)	4,516,569
Reportable segment assets[(1)]	1,605,832	16,719,928	4,173,340	20,555,325	43,054,425
Reportable segment liabilities	116,300	246,425	715,396	667,263	1,745,384
For the year ended 30 June 2013					
Revenue from external sources	-	-	-	55,846	55,846
Reportable segment profit/(loss)	-	-	-	(6,375,635)	(6,375,635)
Reportable segment assets	4,823,963	12,004,925	-	3,652,009	20,480,897
Reportable segment liabilities	91,422	3,563,304	-	518,927	4,173,653

1 Other corporate activities includes cash held of $20,334,794

2. OTHER INCOME

	Note	2014 $	2013 $
Other income			
Gain on sale of subsidiary	3	11,558,055	-
Recharge income(1)		32,379	31,823
Total other income		11,590,434	31,823

1 Recharge income was earned for services provided to Elixir Petroleum Limited which is not a related party of the Group

3. SUBSIDIARIES DISPOSED OF DURING THE PERIOD

On 1 November 2013 in accordance with the farmout agreement, the Group disposed of its wholly owned subsidiary, PXP Morocco BV, to Freeport-McMoRan Oil & Gas LLC. PXP Morocco BV held a 52% interest in the Mazagan permit.

The carrying value of the assets and liabilities as at the date of sale were as follows:

	1 November 2013 $
Current assets	6,840
Non-current assets (interest in the Mazagan permit)	3,122,734
Total assets	**3,129,574**
Total liabilities	**71,230**
Equity	
Issued share capital	3,122,734
Accumulated losses	(64,390)
Total equity	**3,058,344**

	1 November 2013 $
Consideration received (net of transaction costs)	14,683,473
Less: Carrying value of net assets disposed	3,058,344
Less: Receivable from PXP Morocco BV	67,074
Net gain on sale after income tax	**11,558,055**

4. EXPENSES

	2014 $	2013 $
Profit/(Loss) before income tax includes the following specific items:		
Finance costs		
Loan interest expense	576,650	-
Loan arrangement fee	584,755	355,145
Other interest expense	1,483	3,183
Total finance costs	1,162,888	358,328
Share-based payments expenses		
Options	546,537	695,500
Performance rights	257,842	1,175,050
Total share-based payments expenses	804,379	1,870,550
Administrative expenses		
Consulting fees	122,331	202,996
Corporate advisory fees	305,225	353,368
Director benefits expense	429,874	519,589
Employee benefits expense	772,603	273,925
Legal fees	232,068	211,506
Travel and accommodation	450,305	405,008
Advertising and marketing	119,748	23,826
Seminars and conferences(1)	176,503	90,977
Investor relations	110,724	71,725
New venture activity costs(2)	599,926	951,360
Unrealised foreign exchange loss/(gain)(3)	(7,581)	(99,783)

1 *Expenditure incurred for attendance and presentation at seminar and conferences*
2 *Exploration costs incurred in relation to new ventures which have not been capitalised*
3 *Foreign exchange gain was recognised in relation to the retranslation of United States and Euro dollar denominated balances*

5. TAXATION

	2014 $	2013 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) Reconciliation of income tax to prima facie tax payable		
Profit/(Loss) before income tax	4,516,569	(6,375,635)
Income tax expense/(benefit) at 30% (30 June 2013: 30%)	1,354,971	(1,912,691)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	241,504	561,165
Other	857,665	708,039
Gain on farm-out transaction	(3,487,539)	-
Deferred tax assets relating to tax losses not recognised	1,033,399	643,487
Timing differences previously unrecognised now recognised	-	-
Total income tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets and liabilities not recognised relate to the following:		
Tax losses	1,889,736	859,610
Deferred tax assets recognised	-	-
Other temporary differences	458,851	189,897
Net deferred tax assets unrecognised	2,348,587	1,049,507

Significant accounting judgment

Deferred tax assets

The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary difference can be utilised.

Income Taxes

The Group is subject to income taxes in Australia and overseas and at times significant judgement is required in determining the Group's provision for income taxes. The Group estimates its tax liabilities based on the Group's understanding of the tax law in the local jurisdiction in which it operates. During the period, the Group has treated the cash component with respect to the Mazagan farmout as being non-assessable based upon tax advice received from its Moroccan tax advisors. Should the final tax outcome of these matters be different from the initial assessment, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

6. CASH AND CASH EQUIVALENTS

(a) Risk exposure

Refer to Note 19 for details of the risk exposure and management of the Group's cash and cash equivalents.

(b) Deposits at call

Deposits at call are presented as cash equivalents if they have a maturity of three months or less. Refer Note 29(k) for the Group's other accounting policies on cash and cash equivalents. Deposits at call held with Australian banks and financial institutions and are bearing interest rates between 3.45% and 4.30%.

	2014 $	2013 $
Cash at bank	16,731,955	3,229,133
Deposits at call	3,630,598	149,339
Restricted cash	97,624	-
	20,460,177	3,378,472

(c) Restricted cash

The Company holds restricted cash in relation to initial deposits to secure new licences acquisitions as well as amounts held in trust for the maintenance of share capital in foreign jurisdictions.

7. OTHER RECEIVABLES

The Group has no impairments to other receivables or have receivables that are past due but not impaired. Refer to Note 19 for detail of the risk exposure and management of the Group's other receivables.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

	2014 $	2013 $
Other receivables	159,070	158,860

8. NON-CURRENT ASSETS HELD FOR SALE

	Note	2014 $	2013 $
Balance 1 July		4,823,963	-
Exploration assets reclassified – Mazagan permit	9	-	4,823,963
Disposal of part interest in Mazagan permit	3	(3,122,734)	-
Held for sale assets reclassified	9	(1,701,229)	-
Balance at 30 June		-	4,823,963

Farmout of Mazagan permit, offshore Morocco

On 3 January 2013, the Group announced that it had entered into a farmout agreement with Plains Exploration and Production Company (now known as Freeport-McMoRan Oil & Gas LLC (FM O&G)) whereby FM O&G would acquire a 52% interest in the Mazagan permit and be appointed operator. Completion of the transaction was subject to customary closing conditions, including Moroccan Government approvals.

As at 30 June 2013, the Company showed the exploration assets in relation to the Mazagan permit as non-current held for sale.

On 1 November 2013, Pura Vida and FM O&G completed the terms of the farmout agreement, the Group disposed of its wholly owned subsidiary, PXP Morocco BV, to FM O&G, refer Note 3. PXP Morocco BV held a 52% interest in the Mazagan permit and Pura Vida retained a 23% interest. As part of sale Pura Vida received a cash payment of US$15 million and FM O&G will fund 100% of the work program to a maximum of US$215 million. The carried costs include a firm commitment by FM O&G to fund and drill two deepwater exploration wells.

Upon completion of the sale the remaining portion of the assets held by Pura Vida were transferred back to exploration and evaluation assets.

9. EXPLORATION AND EVALUATION ASSET

Significant accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The carrying values of items of exploration and evaluation expenditure are reviewed for impairment indicators at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. These reviews did not give rise to any impairment charges during the year to 30 June 2014 (30 June 2013: Nil).

	Note	2014 $	2013 $
Balance at 1 July		12,004,925	992,293
Licence acquisition costs(1)		2,411,575	8,650,512
Exploration expenditure incurred(2)		5,191,119	8,137,443
Exploration expenditure written off		-	(951,360)
Prepaid exploration costs(3)		1,062,100	-
Asset reclassified as held for sale(4)	8	-	(4,823,963)
Assets reclassified from held for sale (5)	8	1,701,229	-
Foreign exchange		(9,711)	-
Balance at 30 June		22,361,237	12,004,925

1 *Licence acquisition costs of the current year were from the acquisition of the Ambilobe block, Madagascar. Prior year costs were from the acquisition of the Nkembe block, Gabon.*

2 *Included in exploration expenditure is capitalised borrowing costs totalling $1,089,687 relating to the loan facility disclosed in Note 13*

3 *Pre-payment of US$1 million was made to Sterling Energy for 3D seismic work to be carried out on the Ambilobe block*

4 *Assets held for sale at 30 June 2013 represented the carrying value of the Mazagan interest subsequently re-classified as exploration and evaluation expenditure prior to the disposal of the interest in the Mazagan permit*

5 *Assets reclassified from held for sale represent the carrying value of the exploration assets post the disposal of 52% interest in the Mazagan permit, refer Note 8*

Significant accounting judgement

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

10. JOINTLY CONTROLLED ASSETS

At the reporting date, the Group has operator and non-operating working interests in joint operating agreements for the following projects:

		Working interest(1)				Carrying Value	
		Exploration phase		Exploitation phase			
Project	Activity	2014 %	2013 %	2014 %	2013 %	2014 $	2013 $
Mazagan permit (Morocco)(4)	Exploration	31%(2)	100%	23%	75%	1,605,741	-
Ambilobe block (Madagascar)	Exploration	50%(3)	-	50%	-	4,173,340	-
Nkembe block (Gabon)	Exploration	100%	100%	80%	80%	16,582,156	12,004,925
						22,361,237	12,004,925

1 *Working interest denotes the percentage share of costs to be borne by the Group in relation to its interests in the projects*

2 *The Company is fully funded for 100% of the costs of the work program up to a maximum of US$215 million. The carried costs include a firm commitment to fund and drill two deepwater exploration wells*

3 *The Company will fund the acquisition and processing of 1,250 km^2 of 3D seismic data up to a maximum cost of US$15 million*

4 *As at 30 June 2013 the carrying of the project was classified as a non-current asset held for sale, see Note 8*

11. PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment $	Computer software and equipment $	Total $
At 1 July 2012			
Cost or fair value	726	109,461	110,187
Accumulated depreciation	(200)	(20,589)	(20,789)
Net book amount	526	88,872	89,398
Year ended 30 June 2013			
Opening net book amount	526	88,872	89,398
Additions	473	93,979	94,452
Disposals	-	-	-
Depreciation charge	(299)	(68,874)	(69,173)
Closing net book amount	700	113,977	114,677
At 30 June 2013			
Cost or fair value	1,199	203,440	204,639
Accumulated depreciation	(499)	(89,463)	(89,962)
Net book amount	700	113,977	114,677
Year ended 30 June 2014			
Opening net book amount	700	113,977	114,677
Additions	22,509	26,060	48,569
Equipment written off	(716)	(10,299)	(11,015)
Disposals	-	-	-
Depreciation charge	(6,480)	(71,810)	(78,290)
Closing net book amount	16,013	57,928	73,941
At 30 June 2014			
Cost or fair value	22,098	181,927	204,025
Accumulated depreciation	(6,085)	(123,999)	(130,084)
Net book amount	16,013	57,928	73,941

(a) Revaluation, depreciation methods and useful lives

Plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the diminishing value or straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Office furniture and equipment 4 - 15 years
- Computer software and equipment 2 - 4 years

Refer Note 29(g) for the other accounting policies relevant to property, plant and equipment.

12. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	1,140,397	312,855
Other payables	476,241	246,752
	1,616,638	559,607

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

13. BORROWINGS

Unsecured loan

On 6 January 2013, the Group executed a short-term funding facility for $5,000,000. The facility was arranged by Hartleys Limited, was unsecured and incurred an interest charge of 20%. The loan facility was repaid on 8 May 2013.

On 8 May 2013, the Group agreed a new loan facility ("New Facility") for $4,000,384. The facility was arranged by Hartleys Limited has a term of up to 12 months and bears interest at the rate of 20% per annum. In accordance with the terms of the New Facility, the Group issued 2,000,193 options to lenders exercisable at $0.60 and expiring on 20 June 2016.

The outstanding loan was fully repaid in May 2014.

The loan was carried at amortised cost in accordance with AASB 139 Financial Instruments.

Fair value

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

	2014 $	2013 $
Unsecured loan	-	3,533,506

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 19.

14. PROVISIONS

The provision for employee benefits relate to annual leave which is provided for all employees of the Group in line with their employment contracts and the balance for the year ended 30 June 2014 is expected to be settled within 12 months. The measurement and recognition criteria relating to employee benefits have been included in Note 29(n) to this report.

	2014 $	2013 $
Employee benefits	128,746	80,540

15. ISSUED CAPITAL

(a) Contributed equity

	2014 Securities	2013 Securities	2014 $	2013 $
Fully paid ordinary shares	128,768,198	92,528,514	42,099,491	22,304,300
Partly paid ordinary shares	19,452,235	21,953,550	194,523	219,535
			42,294,014	22,523,835

15. ISSUED CAPITAL (continued)

(i) Fully paid ordinary shares

Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 30 June 2014 there are no ordinary shares subject to escrow (30 June 2013: 12,020,000).

Movement in fully paid ordinary shares

	Date	Number of Securities	Issue price $	$
Balance at 1 July 2012		**40,250,001**		**6,466,678**
Placement	16-Jul-12	5,937,500	0.25	1,484,375
Placement	20-Aug-12	6,062,500	0.25	1,515,625
Conversion of performance rights	19-Oct-12	5,000,000	-	519,300
Conversion of partly paid shares	31-Oct-12	31,250	0.20	6,250
Conversion of partly paid shares	21-Nov-12	166,666	0.20	33,333
Conversion of partly paid shares	03-Dec-12	166,667	0.20	33,333
Placement	04-Dec-12	8,625,000	0.70	6,037,500
Performance share vested	15-Jan-13	5,000,000	-	800,000
Conversion of partly paid shares	15-Jan-13	150,000	0.20	30,000
Conversion of partly paid shares	05-Feb-13	550,000	0.20	110,000
Shares issued (consultant)	05-Feb-13	63,930	0.72	46,030
Placement of shares	08-May-13	16,320,000	0.39	6,364,800
Placement	21-Jun-13	4,205,000	0.39	1,639,950
Share issue costs				(2,782,874)
Balance at 30 June 2013		**92,528,514**		**22,304,300**
Conversion of partly paid shares	01-Aug-13	75,000	0.20	15,000
Placement	16-Sep-13	12,150,000	0.58	7,047,000
Conversion of performance rights	26-Nov-13	88,369	-	36,673
Placement	12-Dec-13	21,500,000	0.63	13,545,000
Conversion of partly paid shares	16-Jan-14	300,000	0.20	60,000
Conversion of partly paid shares	31-Mar-14	526,315	0.20	105,263
Conversion of partly paid shares	18-Jun-14	1,052,631	0.20	210,526
Conversion of partly paid shares	27-Jun-14	547,369	0.20	109,474
Share issue costs				(1,333,745)
Balance at 30 June 2014		**128,768,198**		**42,099,491**

15. ISSUED CAPITAL (continued)

(ii) Partly paid ordinary shares

Partly paid ordinary shares have an issue price of $0.20 of which $0.01 is paid. The balance of the issue price is payable at the election of the holder at any time by the issue of a payment notice in writing and delivered to the registered office of the Group; or the Directors can make a call on the partly paid shares up to one day before five years from the date of issue of the partly paid shares. If a call is not paid when made, the partly paid shares shall be subject to forfeiture. Partly paid shares participate in any dividends on the same basis as if the partly paid share were fully paid and are not listed.

Movement in partly paid shares

	Date	Number of securities	Issue price	$
Balance at 1 July 2012		**22,918,133**		**229,181**
Unquoted $0.20 shares paid to $0.01	16-Jul-12	100,000	0.01	1,000
Conversion of partly paid shares	31-Oct-12	(31,250)	0.01	(312)
Conversion of partly paid shares	21-Nov-12	(166,666)	0.01	(1,667)
Conversion of partly paid shares	03-Dec-12	(166,667)	0.01	(1,667)
Conversion of partly paid shares	15-Jan-13	(150,000)	0.01	(1,500)
Conversion of partly paid shares	05-Feb-13	(550,000)	0.01	(5,500)
Balance at 30 June 2013		**21,953,550**		**219,536**
Conversion of partly paid shares	01-Aug-13	(75,000)	0.01	(750)
Conversion of partly paid shares	16-Jan-14	(300,000)	0.01	(3,000)
Conversion of partly paid shares	31-Mar-14	(526,315)	0.01	(5,263)
Conversion of partly paid shares	18-Jun-14	(1,052,631)	0.01	(10,526)
Conversion of partly paid shares	27-Jun-14	(547,369)	0.01	(5,474)
Balance at 30 June 2014		**19,452,235**		**194,523**

(iii) Employee share scheme

Information relating to the Employee Share Scheme, including details of shares issued under the scheme, is set out in Note 16.

(iv) Options

Information relating to the Pura Vida Incentive Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 16.

(v) Performance rights

Information relating to the Pura Vida Performance Rights Plan, including details of performance rights issued, vested and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 16.

(b) Accumulated losses

	2014 $	2013 $
Balance at 1 July	(9,330,124)	(2,954,489)
Net profit/(loss) attributable to owners of the Company	4,516,569	(6,375,635)
Balance at 30 June	(4,813,555)	(9,330,124)

15. ISSUED CAPITAL (continued)

(c) Reserves

The following table shows a breakdown of the reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided.

	2014 $	2013 $
Share-based payments reserve		
Balance at 1 July	3,113,533	519,250
Performance shares expense	257,842	1,175,050
Performance shares settlement	(36,673)	(1,319,300)
Options expense	546,537	2,738,533
Balance at 30 June	3,881,239	3,113,533
Foreign currency translation reserve		
Balance at 1 July	-	-
Currency translation differences arising during the year	(52,657)	-
Balance at 30 June	(52,657)	-

Share-based payments reserve

The share-based payments reserve is used to recognise: (a) the grant date fair value of options issued to employees and directors but not exercised; (b) the grant date fair value of market based performance rights granted to employees but not yet vested; and (c) the fair value non-market based performance rights granted to employees but not yet vested.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 29(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

16. SHARE-BASED PAYMENT TRANSACTIONS

Share-based payment transactions are recognised at fair value in accordance with AASB 2.

Significant accounting estimates and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within this note.

At 30 June 2014 the Group had the following share-based payments arrangements:

(a) Pura Vida incentive option plan

The Pura Vida incentive option plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. The plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share-based payments listed below have been issued to the Company's Directors under the terms of the plan.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

16. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Set out below are summaries of options granted under the plan:

	2014		2013	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
As at 1 July	$0.41	13,050,193	$0.40	5,000,000
Granted during the year	$0.94	2,557,500	$0.41	8,050,193
Exercised during the year	-	-	-	-
Forfeited during the year	($0.40)	(2,500,000)	-	-
As at 30 June	$0.51	13,107,693	$0.41	13,050,193
Vested and exercisable	$0.47	12,050,193	$0.41	13,050,193

Series	Grant date	Expiry date	Exercise price	2014 Number of options	2013 Number of options
(i)	06-Sep-11	06-Sep-16	$0.40	2,500,000	5,000,000
(ii)	20-Aug-12	20-Aug-17	$0.35	3,000,000	3,000,000
(iii)	19-Oct-12	06-Sep-16	$0.40	250,000	250,000
(iv)	26-Nov-12	03-Dec-14	$0.25	1,500,000	1,500,000
(v)	05-Feb-13	06-Sep-16	$0.40	1,000,000	1,000,000
(vi)	21-Jun-13	20-Jun-16	$0.60	2,000,193	2,000,193
(vii)	21-Jun-13	03-Jun-16	$0.70	300,000	300,000
(viii)	30-Oct-13	02-Oct-16	$1.03	775,000	-
(ix)	07-Nov-13	04-Nov-16	$1.08	32,500	-
(x)	16-Dec-13	16-Dec-16	$0.82	250,000	-
(xi)	13-Jan-14	13-Jan-17	$0.91	1,500,000	-
				13,107,693	13,050,193
Weighted average remaining contractual life of options outstanding at the end of the year:				2.22 years	3.17 years

The fair value of services received in return for share options granted to employees and consultants is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The life of the options and early exercise are built into the option model.

The model inputs for options granted during the year included:

Series	Exercise price	Expected life (years)	Share price at time of issue	Expected volatility[1]	Dividend yield	Risk free interest rate[2]	Option value
(viii)	$1.03	2.92	$0.700	75%	0%	2.87%	$0.280
(ix)	$1.08	3.00	$0.790	75%	0%	3.03%	$0.287
(x)	$0.82	3.00	$0.570	75%	0%	2.87%	$0.217
(xi)	$0.91	3.00	$0.585	70%	0%	2.88%	$0.210

1 *The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information*
2 *Risk free rate of securities with comparable terms to maturity*

16. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Performance rights plan

Prior to the introduction of the new long-term incentive plan, performance rights were issued at the discretion of the Board to any full-time or part-time employee of the Group. Each performance right will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each performance right is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Movement in the performance rights is shown below:

Grant date	Series	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at year end	Vested and exercisable at year end
Year ended 30 June 2014									
21-Jun-13	2	03-Jun-16	n/a	353,474	-	(88,369)	-	265,105	-
30-Oct-13	3	30-Oct-16	n/a	-	775,000	-	-	775,000	-
07-Nov-13	4	07-Nov-16	n/a	-	32,500	-	-	32,500	-
16-Dec-13	5	16-Dec-16	n/a	-	250,000	-	-	250,000	-
Total				353,474	1,057,500	(88,369)	-	1,322,605	-
Year ended 30 June 2013									
06-Sep-11	1	06-Sep-14	n/a	10,000,000	-	(10,000,000)	-	-	-
21-Jun-13	2	03-Jun-16	n/a	-	353,474	-	-	353,474	-
Total				10,000,000	353,474	(10,000,000)	-	353,474	-

The weighted average remaining contractual life of performance rights outstanding at 30 June 2014 was 1.85 years (30 June 2013: 2.04 years).

Key inputs to the Monte-Carlo simulation valuation models used in the calculation of each grant of long-term incentive performance rights during the year ended 30 June 2014 were as follows:

Series	Expected price volatility[(1)]	Exercise price	Vest date	Expiry date	Share price at grant date	Risk free interest rate[(2)]	Fair Value per performance right
Grant date: 21 June 2013[(3)]							
2	75%	n/a	03-Jun-16	03-Jun-16	$0.70	3.00%	$0.32
Grant date: 30 October 2013[(4)]							
3	75%	n/a	30-Oct-16	30-Oct-16	$0.70	2.87%	$0.61
Grant date: 7 November 2013[(5)]							
4	75%	n/a	07-Nov-16	07-Nov-16	$0.72	3.03%	$0.62
Grant date: 16 December 2013[(6)]							
5	75%	n/a	16-Dec-16	16-Dec-16	$0.57	2.87%	$0.48

1 *Expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publically available information*
2 *Risk free rate of securities with comparable terms to maturity*
3 *The performance rights in the series are split into the following tranches, 2a 25%, 2b 10%, 2c 20%, 2d 20% and 2e 25%. The volatility and risk free rate did not apply to tranche 2b, 2c and 2e as the hurdles for these rights were non-market based. The vesting date for tranche 2b was 1 November 2013 and tranche 2e was 31 January 2015*
4 *Performance rights are split equally between four tranches: 3a, 3b, 3c and 3d. The volatility and risk free rate did not apply to tranche 3c and 3d as the hurdles for these rights were non-market based. The vesting date for tranche 3d was 31 January 2015*
5 *Performance rights are split equally between four tranches: 4a, 4b, 4c and 4d. The volatility and risk free rate did not apply to tranche 4c and 4d as the hurdles for these rights were non-market based. The vesting date for tranche 4d was 31 January 2015*
6 *Performance rights are split equally between four tranches: 5a, 5b, 5c and 5d. The volatility and risk free rate did not apply to tranche 5c and 5d as the hurdles for these rights were non-market based. The vesting date for tranche 5d was 31 January 2015*

16. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(c) Expense arising from share-based payment transaction

The total expense arising from share-based payment transactions recognised during the reporting period were as follows:

	2014 $	2013(1) $
Options issued under incentive option plan	546,537	2,738,533
Performance rights issues under the performance rights plan	257,842	1,175,050
	804,379	3,913,583

1 Part of the option expense for the year was capitalised against borrowings

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity and items which are more likely to be materially adjusted. Detailed information about each of these estimates and judgements is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

Significant accounting estimates and judgements

The areas involving significant estimates or judgements are:

- recognition of deferred tax asset for carried forward tax losses — Note 5;
- income taxes — Note 5;
- estimation of fair value of share-based payments – Note 16(a);
- impairment of capitalised exploration and evaluation assets – Note 9; and
- capitalisation of exploration and evaluation expenditure – Note 9.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

There have been no actual adjustments this year as a result of an error and of changes to previous estimates.

18. RECONCILATION OF GAIN/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Note	2014 $	2013 $
Gain/(Loss) for the period		4,516,569	(6,375,635)
Add/(Less) non-cash items:			
Depreciation	11	78,290	69,173
Write off of plant and equipment	11	11,015	-
Non-cash employee/consultants benefits expense		-	46,030
Impairment of exploration and evaluation expenditure	9	-	947,410
Share-based payments	4	804,379	1,870,550
Unrealised foreign exchange loss		(7,581)	(99,783)
Loan arrangement fees	4	584,755	-
Add/(Less) items classified as invested/financing activities:			
Gain on sale of subsidiary	3	(11,558,055)	-
Changes in assets and liabilities during the financial year:			
Decrease/(Increase) in receivables		(210)	(73,911)
Increase/(Decrease) in payables		70,332	373,399
Increase/(Decrease) in employee provision		48,206	58,045
Net cash outflow from operating activities		(5,452,301)	(3,184,722)

19. FINANCIAL AND CAPITAL RISK MANAGEMENT

Overview

The financial risks that arise during the normal course of the Group's operations comprise market risk, credit risk and liquidity risk. In managing financial risk, it is policy to seek a balance between the potential adverse effects of financial risks on financial performance and position, and the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various risk management methods available to manage them.

General objectives, policies and processes

The Board is responsible for approving policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal control. The Board receives reports as required from the Chief Financial Officer and Managing Director in which they review the effectiveness of the processes implemented and the appropriateness of the objectives and policies it sets. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

These disclosures are not, nor are they intended to be an exhaustive list of risks to which the Group is exposed.

19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Financial Instruments

The Group has the following financial instruments:

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	20,460,177	3,378,472
Trade receivables	159,070	158,860
	20,619,247	3,537,332
Financial liabilities		
Trade and other payables	1,616,638	559,607
Borrowings	-	3,533,506
	1,616,638	4,093,113

(a) Market Risk

Market risk can arise from the Group's use of interest bearing financial instruments, foreign currency financial instruments and exposure to commodity prices. It is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk) and fluctuations in commodity prices (commodity price risk).

(i) Interest rate risk

As at the year ended 30 June 2014, the Group has interest-bearing assets and liabilities being liquid funds on deposit and unsecure funds. As such, the Group's income and operating cash flows (other than interest income from funds on deposit and interest expense from the senior secured revolving credit facility) are somewhat dependent on changes in market interest rates. The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure.

Sensitivity analysis

Based on the financial instruments held at the reporting date, with all other variables assumed to be held constant, the table sets out the notional effect on consolidated profit after tax for the year and on equity at the reporting date under varying hypothetical changes in prevailing interest rates.

	2014 $	2013 $
Impact on post-tax profits and equity		
Hypothetical 90 basis points increase in interest	184,142	30,406
Hypothetical 90 basis points decrease in interest	(184,142)	(30,406)

A hypothetical change of 90 basis points was used to calculate the Group's sensitivity to future interest rate movements as this figure approximates the movement in bond yields published by the Reserve Bank of Australia for bonds with a 12 month maturity (30 June 2013: 0.90%).

The weighted average effective interest rate of funds on deposit is 0.68% (30 June 2013: 0.40%). The weighted average interest rate of borrowings is Nil (30 June 2013: 20%).

19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(ii) Currency risk

The Group operates in Morocco, Madagascar and Gabon however, maintains a corporate listing in Australia. As a result of various operating locations the Group is exposed to foreign exchange risk arising from fluctuations in primarily the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Group manages risk by matching receipts and payments in the same currency and monitoring movements in exchange rates. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	US$ $	Euro$ $	Other $	Total $
Financial assets				
Cash	15,824,856	106,507	4,107	15,935,470
Financial liabilities				
Trade and other payables	590,195	34,417	-	624,612

Sensitivity analysis

The following table demonstrates the estimated sensitivity to a 5% increase/decrease in the US/Australian dollar exchange rate and a 5% increase/decrease in the Euro/Australian dollar exchange rate, with all variables held consistent, on post tax profit and equity. These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows. The risk exposure to currency risk was not considered significant for the year ended 30 June 2013.

	2014 $
Impact on post-tax profits and equity	
US$/AU$ +5%	761,733
US$/AU$ - 5%	(761,733)
Euro$/AU$ + 5%	3,605
Euro$/AU$ - 5%	(3,605)

A hypothetical change of 5% in the US dollar and Euro dollar exchange rates was used to calculate the Group's sensitivity to foreign exchange rate movements as this the Company's estimate of possible rate movements over the coming year taking into account current market conditions and past volatility.

(iii) Commodity price risk

As the Group has not yet entered into production, the risk exposure to changes in commodity price is not considered significant.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, as well as trade receivables. Credit risk is managed on a Group basis. For cash balances held with bank or financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's assets is more than offset by the potential benefits gained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised, none of which are impaired or past due.

19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2014 $	2013 $
Cash and cash equivalents	20,460,177	3,378,472
Trade receivables	159,070	158,860
	20,619,247	3,537,332

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2014 $	2013 $
Cash at bank and short term deposits		
Held with Australian banks and financial institutions		
AA S&P rating	20,330,131	3,329,329
A S&P rating	80,623	48,724
Unrated	49,424	419
Total	20,460,177	3,378,472
Trade receivables		
Counterparties with external credit ratings	-	-
Counterparties without external credit ratings(1)		
Group 1	-	-
Group 2	159,070	158,860
Group 3	-	-
Total	159,070	158,860

1 *Group 1 — new customers (less than 6 months)*
Group 2 — existing customers (more than 6 months) with no defaults in the past
Group 3 — existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months $	6 - 12 months $	1 - 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount liabilities $
At 30 June 2014						
Trade and other payables	1,616,638	-	-	-	1,616,638	1,616,638
Borrowings	-	-	-	-	-	-
At 30 June 2013						
Trade and other payables	559,607	-	-	-	559,607	559,607
Borrowings	-	4,000,384	-	-	4,000,384	3,533,506

(d) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern. This is to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from exploration.

(e) Fair value measurements

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

Fair value hierarchy

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. EARNINGS PER SHARE

	2014	2013
Basic earnings/(loss) per share		
Net profit/(loss) after tax attributable to the members of the Company	$ 4,516,569	$ (6,375,635)
Weighted average number of ordinary shares	135,868,744	64,813,745
Basic earnings/(loss) per share	$ 0.0332	$ (0.0984)
Diluted earnings/(loss) per share		
Net profit/(loss) after tax attributable to the members of the Company	$ 4,516,569	$ (6,375,635)
Weighted average number of ordinary shares	135,868,744	64,813,745
Adjustments for calculation of diluted earnings per share:		
Options	8,250,000	-
Deferred shares	1,322,605	-
Weighted average number of ordinary shares and potential ordinary shares	145,441,349	-
Diluted earnings/(loss) per share	$ 0.0311	$ (0.0984)

Information concerning the classification of securities

(i) Partly paid ordinary shares

Partly paid ordinary shares carry the right to participate in dividends and have been recognised as ordinary share equivalents in the determination of earnings per share.

(ii) Options

Options granted to employees and Directors under the incentive option plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 16.

(iii) Deferred shares

Rights to deferred shares granted to employees under the performance rights plan are included in the calculation of diluted earnings per share assuming all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. Further information about the rights is provided in Note 16.

21. DIVIDENDS

No dividend has been paid or is proposed in respect of the year ended 30 June 2014 (30 June 2013: Nil).

22. COMMITMENTS

(a) Capital commitments

Gabon, Nkembe block

The Group is currently in the first exploration phase of the block, which covers a period of 4 years (January 2013 – January 2017). The commitment under the first exploration phase is US$17 million. The remaining portion of the commitment as at the reporting date has been included in the above commitments. It is anticipated by the Group that upon a successful farmout of the Nkembe block some or all of these costs will be funded by the potential farmout partner.

The other acreage of the Group, being the Mazagan permit (Morocco) and Ambilobe block (Madagascar) do not have and capital commitments at year end (30 June 2013: Nil).

22. COMMITMENTS (continued)

Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

	2014[1] $	2013[2] $
Within one year	1,009,135	1,040,207
Later than one year but no later than five years	18,487,499	21,734,846
Later than five years	-	-
	19,496,634	22,775,053

1 The US$ commitments have been translated at a rate of 0.9415 to AUD
2 The US$ commitments have been translated at a rate of 0.9133 to AUD

(b) Non-cancellable operating leases

The Group leases offices in Perth and Melbourne under non-cancellable operating leases expiring within one to three years. The leases have varying terms and on renewal, the terms are renegotiated.

	2014 $	2013 $
Rent		
Within one year	159,240	125,286
Later than one year but no later than five years	269,240	30,000
Later than five years	-	-
	428,480	155,286

23. CONTINGENCIES

(a) Contingent liabilities

Madagascar, Ambilobe block

On 1 November 2013, Pura Vida announced it acquired a 50% interest in the Ambilobe block, offshore Madagascar held by Sterling Energy (UK) Limited. Sterling retained a 50% interest and operatorship. All required Government approvals have been received for the transaction.

The Ambilobe Production Sharing Contract is currently in Phase 2 of the exploration period (expiring in September 2015) with no outstanding work commitments in the current phase. If the joint operating committee elects to enter Phase 3 of the exploration period, an exploration well will be required to be drilled by September 2016.

Under the farmin agreement, Pura Vida will fund the acquisition and processing of 1,250 km^2 of 3D seismic data up to a maximum cost of US$15 million. Planning of the 3D seismic survey covering approximately 1,250 km^2 progressed during the year with acquisition planned for late 2014. As at year end the 3D seismic survey cost has not yet been finalised.

The Group currently has no other contingent liabilities as at 30 June 2014 (30 June 2013: Nil).

(b) Contingent assets

The Group has no contingent assets as at 30 June 2014.

As at 30 June 2013, the Group announced Plains Exploration and Production Company (now known as Freeport-McMoRan Oil & Gas LLC (FM O&G)) whereby FM O&G would acquire a 52% interest in the Mazagan permit and be appointed operator. Completion of the transaction was subject to customary closing conditions, including Moroccan Government approvals. Pura Vida retains a 23% interest in the permit. As part of sale Pura Vida received a cash payment of US$15 million and FM O&G will fund 100% of the work program to a maximum of US$215 million. The carried costs include a firm commitment by FM O&G to fund and drill two deepwater exploration wells.

24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related parties and non-related audit firms:

		2014 $	2013 $
(a)	BDO Audit (WA) Pty Ltd		
	Audit and assurance services		
	Audit and review of financial statements	52,269	48,331
	Total remuneration for BDO Audit (WA) Pty Ltd	52,269	48,331
(b)	BDO Tax (WA) Pty Ltd		
	Taxation services		
	Tax compliance services	14,881	12,177
	International tax consulting and tax advice	77,230	135,785
	Total remuneration for BDO Tax (WA) Pty Ltd	92,111	147,962
(c)	Audicis SARL		
	Audit and assurance services in Morocco		
	Taxation and compliance services	52,612	3,947
	Total remuneration for Audicis SARL	52,612	3,947
(d)	Ernst & Young		
	Taxation services		
	International tax consulting and tax advice	10,200	-
	Other Services		
	Remuneration advice	58,195	-
	Total remuneration for Ernst & Young	68,395	-
(e)	FFA Juridique et Fiscal		
	Taxation services in Gabon		
	Tax compliance services	13,127	-
	International tax consulting and tax advice	12,970	-
	Total remuneration for FFA Juridique et Fiscal	26,097	-
Total remuneration		291,484	200,240

From time to time the Consolidated Entity may decide to employ an external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important. These assignments are principally tax advice and due diligence on acquisitions, which are awarded on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects. The Board is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

25. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entities

The ultimate parent entity and ultimate controlling party is Pura Vida Energy NL (incorporated in Australia) which at 30 June 2014 owns 100% of the issued ordinary shares of the subsidiaries set out in Note 26.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 26.

(c) Key management personnel compensation

	2014 $	2013 $
Short-term employee benefits	895,020	1,018,171
Post-employment benefits	80,977	91,635
Long-term benefits	-	-
Termination benefits	86,034	-
Share-based payments	315,519	1,250,050
	1,377,550	2,359,856

Detailed remuneration disclosures are provided with in the Remuneration Report.

(d) Transaction with other related parties

During the period whilst Non-Executive Chairman, B Tarratt, provided additional financial consulting services to the Company for $95,409. No formal contract was in place in regard to these transactions. All transactions were conducted on normal commercial terms.

During the 2013 year, Non-Executive Chairman, B Tarratt, was a shareholder and a director of Hemisphere Corporate Services Pty Ltd ("Hemisphere"). Hemisphere provided accounting services to the Group. No formal contract was in place in regard to these transactions. All transactions were conducted on normal commercial terms.

Aggregate amounts of each type of other transactions with key management personnel of the Group are shown in the table.

	2014 $	2013 $
Office management	-	57,872
Consultancy fees	95,409	39,133
Accounting & bookkeeping expenses	-	22,618
	-	119,623

(e) Outstanding balances arising from sales/purchases of goods and services

There are no outstanding balances arising from sales/purchases of goods and services (30 June 2013: Nil).

(f) Loan to/from related parties

There are no outstanding loans arising to or from related parties (30 June 2013: Nil).

26. CONSOLIDATED ENTITIES

(a) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 29(a):

Name of entity	Country of incorporation	2014 Equity holding	2013 Equity holding
Pura Vida Mazagan Pty Ltd	Australia	100%	100%
Pura Vida Nkembe Pty Ltd	Australia	100%	100%
Pura Vida Energy Sdn Bhd	Malaysia	100%	100%
PVD Exploration Morocco SARL AU	Morocco	100%	100%
PXP Morocco B.V.[(1)]	Netherlands	-	100%
PVD Belgium SA	Belgium	100%	100%
PVD Gabon SARL	Gabon	100%	100%
Pura Vida Africa Pty Ltd	Australia	100%	100%
Pura Vida Mauritius	Mauritius	100%	-
Pura Vida Belgium SA	Belgium	100%	-
Pura Vida Gabon SARL	Gabon	100%	-
Pura Vida 1 Pty Ltd	Australia	100%	-
Pura Vida Holdings Limited	Mauritius	100%	-
Pura Vida 2 Pty Ltd	Australia	100%	-
Pura Vida International Limited	Mauritius	100%	-
Pura Vida 3 Pty Ltd	Australia	100%	-
Pura Vida Investments Limited	Mauritius	100%	-
Buda Veda Energy Pty Ltd	Australia	100%	-

1 *On 1 November 2013 in accordance with the farmout agreement, the Group disposed of its wholly owned subsidiary, PXP Morocco BV, to Freeport-McMoRan Oil & Gas LLC, refer Note 3*

(b) Transactions with controlled entities

The Company provides working capital to its controlled entities. Transactions between the Company and other controlled entities in the wholly owned Group during the year ended 30 June 2014 consisted of:

- working capital advanced;
- provision of services; and
- expenses paid on behalf of its controlled entities.

The above transactions were made interest free with no fixed terms for the repayment of principal on amounts advanced by the Company.

Details of transactions with controlled entities during the year are shown in the table.

	Company	
	2014 $	2013 $
Sale of goods and services		
Management fees and expenses recharged to subsidiaries	-	-
Loans to subsidiaries		
Balance at the beginning of the year	169,121	-
Loans advanced	1,441,226	169,121
Loans repaid	-	-
Balance at year end	1,610,347	169,121

27. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Pura Vida Energy NL as at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 29.

(a) Summary of financial information

The individual aggregate financial information for the parent entity is shown in the table.

(b) Guarantees entered into by the parent entity

The parent entity did not have any guarantees as at 30 June 2014 or 30 June 2013.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

(d) Contractual commitments for the acquisition of property, plant and equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2014 or 30 June 2013.

	Company	
	2014 $	2013 $
Financial position		
Current assets	20,493,864	3,637,290
Total assets	**43,042,919**	**20,580,854**
Current liabilities	1,733,878	4,175,725
Total liabilities	**1,733,878**	**4,175,725**
Equity		
Contributed equity	42,294,014	22,523,835
Share-based payment reserve	3,723,479	3,113,533
Accumulated losses	(4,708,452)	(9,232,240)
Total equity	**41,309,041**	**16,405,129**
Financial performance		
Profit/(loss) for the year	4,523,787	(6,277,749)
Total comprehensive income/(loss)	**4,523,787**	**(6,277,749)**

28. EVENTS OCCURRING AFTER REPORTING DATE

In the opinion of the Directors, no event of a material nature or transaction, has arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or its state of affairs in subsequent financial years.

29. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pura Vida Energy NL (**Company** or **Pura Vida**) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Pura Vida is the ultimate parent entity of the Group.

The consolidated financial statements of Pura Vida Energy NL for the year ended 30 June 2014 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

Statement of compliance

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Company Interpretations and the *Corporations Act 2001*. Pura Vida is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Company also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis of preparation

The financial statements of the Group are presented in Australian dollars, which is the Company's functional currency.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 17.

New and amended standards adopted by the Group

The Group has applied the following new and revised standards and amendments are applied for the first time in the annual reporting period commencing 1 July 2013. These standards and amendments did not have a material effect on the financial performance or position of the consolidated entity.

The nature and effect of the most relevant Accounting Standards and Interpretations to the consolidated entity are described below:

AASB 10: Consolidated Financial Statements

AASB 10 *Consolidated Financial Statements* (AASB 10) was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* (AASB 127). AASB 10 introduces a new control model, which broadens the situations in which an entity is considered to be controlled by another entity, and is applicable to all subsidiaries. The Group has reviewed its investments in other entities and concluded that the assessment to consolidate is consistent under AASB 10 with the assessments made under AASB 127.

AASB 11: Joint Arrangements

Under AASB 11 *Joint Arrangements* (AASB 11), investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has reviewed its joint operating agreements concluding that these joint arrangements meet the classification criteria of a joint operation under AASB 11. The Group's existing accounting policy, as described at Note 29(b), and treatment is consistent with the requirements of AASB 11.

AASB 12: Disclosure of Interests in Other Entities

AASB 12 *Disclosure of Interests in Other Entities* (AASB 12) sets out the requirements for disclosure relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Application of this standard by the Group does not affect any of the amounts recognised in the financial statements, but impacts the type of information disclosed in relation to the Group's investments. AASB 12 disclosures are provided in Notes 10 and 26.

AABS 13: Fair Value Measurement

AASB 13 *Fair Value Measurement* (AASB 13) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single framework for fair value measurement and disclosure requirements for use across Australian Accounting Standards. Application of AASB 13 has not materially impacted the fair value measurement of the Group. Additional disclosures, where required, are provided in the individual notes relating to fair valued assets and liabilities.

AASB 119: Employee Benefits

Under revised AASB 119 *Employee Benefits* (AASB 119), employee benefits expected to be settled (as opposed to due to be settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within twelve months of the end of the reporting period will in future be discounted when calculating leave liability. The requirements of the revised AASB 119 are consistent with the Group's existing accounting policy and treatment of annual leave obligations, as disclosed at Note 29(n).

Several other amendments apply for the first time in the 2014 financial year, however, they do not have a material impact on the Group.

New standards and interpretations not yet adopted

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (AASB 9) addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013 it also sets out new rules for hedge accounting.

When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The Group does not have any such assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Adoption of AASB 9 is only mandatory for the year commencing 1 January 2017. There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

Accounting policies

In order to assist in the understanding of the accounts, the following summary explains the principle accounting policies that have been adopted in the preparation of the financial report. These policies have been applied consistently to all of the periods presented, unless otherwise stated.

(a) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company at the end of the reporting period. Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 26 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint operations.

Joint operations

The Group recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated into the financial statements under the appropriate headings. Details of joint operations are set out in Note 10.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the period.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision marker, which has been identified by the Group as the Managing Director and other members of the Board.

(e) Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured it is probable that future economic benefits will flow to the entity.

Revenue for other business activities is recognised on the following basis:

Recharge income

Revenue from consulting services is recognised in the accounting period in which the services are rendered.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(g) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss comprehensive income during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in Note 11.

Assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount (Note 29(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss.

(h) Income tax and other taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Exploration and evaluation expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method.

This method allows the costs associated with the acquisition, exploration and evaluation of a prospect to be aggregated on the consolidated statement of financial position and matched against the benefits derived from commercial production once this commences.

Costs

Exploration lease acquisition costs relating to oil and gas exploration provinces are initially capitalised and then amortised over the shorter term of the lease or the expected life of the project.

All other exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are charged as expenses as incurred except where:

- such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Areas of interest are recognised at permit level. Subsequent to the recognition of an area of interest, all further costs relating to the Area of Interest are initially capitalised. Each area of interest is reviewed at least bi-annually to determine whether economic quantities of reserves exist or whether further exploration and evaluation work is required to support the continued carry forward of capitalised costs. To the extent it is considered that the relevant expenditure will not be recovered, it is written off.

The costs of drilling exploration and evaluation wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the discovery of economically recoverable hydrocarbons. To the extent that it is considered that the relevant expenditure will not be recovered, it is immediately expensed.

In the statement of cash flows, those cash flows associated with the capitalised exploration and evaluation expenditure are classified as cash flows used in investing activities exploration and evaluation expenditure expensed is classified as cash flows used in operating activities.

Prepaid exploration costs

Where the Company has a non-operator interest in an oil or gas project, it may periodically be required to make a cash contribution for Its share of the operator's estimated drilling and/or completion costs, in advance of these operations taking place.

Where these contributions relate to a prepayment for exploratory or early stage drilling activity, prior to a decision on the commerciality of a well having been made, the costs are capitalised as prepaid drilling costs within exploration and evaluation projects.

As the operator notifies the Company as to how funds have been expended, the costs are reclassified from prepaid costs to the appropriate expenditure category.

Future restoration costs

The Group's aim is to avoid or minimise environmental impacts resulting from its operations and reviews work scope and cost estimates for restoration annually.

Provision is made in the consolidated statement of financial position for the estimated costs of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The estimated costs are capitalised as part of the cost of the related project where recognition occurs in the operating locations. The costs are then recognised as an expense on a units of production basis during the production phase of the project.

(k) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(l) Investments and other financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired, management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Recognition and de-recognition

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method and available for sale assets are carried at fair value.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outfow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

(n) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including short-term incentive payments, non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Other long-term employee benefits

Provision is made for long service leave and annual leave estimated to be payable to employees on the basis of statutory and contractual requirements. The liability for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees render the related service is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Group has provided benefits to its employees (including key management personnel) in the form of share-based payments, whereby services were rendered partly or wholly in exchange for shares or rights over shares. The Remuneration Committee has also approved the grant of options or performance rights as incentives to attract executives and to maintain their long-term commitment to the Company. These benefits were awarded at the discretion of the Board, or following approval by shareholders.

The costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted under the Pura Vida performance rights plan is determined using the Monte-Carlo simulation valuation model. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 16.

The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of: (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded are contingent and will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is valued as if it will vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

The dilutive effect, if any, of outstanding performance rights and options is reflected as additional share dilution in the computation of diluted earnings per share (refer Note 20).

(o) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holders of the Company after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months.

(q) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(r) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Transaction costs are included in borrowings and measured at amortised cost using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, and, therefore are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(s) Parent entity financial information

The financial information for the parent entity, Pura Vida Energy NL, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements, and accompanying notes set out above, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and its performance for the financial year ended on that date.

2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

3. the financial statements and accompanying notes are presented in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

4. the remuneration disclosures set out in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2014 comply with section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Damon Neaves
Managing Director
Perth, Western Australia
19 September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Pura Vida Energy NL

Report on the Financial Report

We have audited the accompanying financial report of Pura Vida Energy NL, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 29, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pura Vida Energy NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Pura Vida Energy NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 29.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Pura Vida Energy NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 19 September 2014