

Quarterly Report

For the period ended 31 December 2016



*Pura Vida NL (**Pura Vida** or **Company**) has recently progressed its' objective of extracting value from its asset portfolio as outlined on 18 May 2016. These recent developments include the completion of the settlement agreement with a subsidiary of Freeport-McMoRan Oil & Gas PXP Morocco B.V. (**PXP**) together with the announcement of a conditional agreement for a rig contractor to provide a jackup rig, at its own cost, for a three well back-to-back drilling program in the Nkembe block with an estimated value of approximately US\$20 million (A\$26.5 million). These developments represent key milestones in the Company's near term value creation strategy and result in the Company being in a strong financial position.*

HIGHLIGHTS

- ▶ Closing cash of A\$6.1 million as at 31 December 2016 with balance of settlement sum of US\$5.5 million (A\$7.3 million) expected to be received shortly from PXP.
- ▶ Conditional term sheet signed with rig contractor to fund a three well drilling program in 2017, including a planned production test of the Loba Oil Field
- ▶ Rig contractor to fund rig costs for drilling program estimated at approximately US\$20 million (A\$26.5 million)
- ▶ PVD is progressing discussions with potential partners to secure remaining funding required for the 2017 Drilling Campaign
- ▶ Drilling equipment from PXP settlement shipped to Gabon for 2017 Drilling Campaign
- ▶ Following the AGM held on 28 November 2016, Mr Simon Eley was appointed as Chairman.

EXPLORATION

MAZAGAN PERMIT, OFFSHORE MOROCCO

On 30 January 2017, the Company announced that all conditions for completion of the settlement agreement with PXP, in relation to the second well obligation under the farm-in agreement, have been satisfied.

Under the terms of the settlement, Pura Vida receives cash of US\$7 million (approximately A\$9.3 million), inclusive of a deposit of US\$1.5 million received by Pura Vida in September 2016, with the balance of US\$5.5 million (A\$7.3 million) payable by PXP in the coming weeks.

In addition to the cash settlement, and pursuant to the terms of the settlement agreement, Pura Vida is now the owner of a substantial amount (2,376 metric tons) of drilling equipment remaining from drilling operations in Morocco. This equipment was acquired by PXP in relation to the second well as well as a relief well and includes two well heads, casings, tubulars and associated drilling equipment. This equipment is sufficient to drill two wells each to a depth of approximately 3,000m and PVD estimates that the cost to acquire equivalent casing and tubulars is over US\$3 million. The drilling equipment has been shipped to Gabon where the Company intends to use it for drilling operations in the Nkembe block (subject to securing a partner to fund those activities and receiving the necessary regulatory approvals), reducing the estimated funding required for the planned drilling campaign in the Nkembe block by over US\$3 million.

Having drilled a deep water well in the Mazagan permit which tested multiple exploration plays without success, Pura Vida and PXP have elected not to continue into the next optional phase the Mazagan permit and have withdrawn from the permit.

NKEMBE BLOCK, OFFSHORE GABON

(PURA VIDA 100%* AND OPERATOR)

* Pura Vida's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Production Sharing Contract

The Nkembe block covers an area of 1,210 km² in water depths of 50-1,100 metres approximately 30 km off the coast of Gabon.

On 19 January 2017, the Company announced that it had entered into a conditional term sheet with a rig contractor to fund the costs of a rig for a three well, back to back drilling program on the Nkembe block, which will include an appraisal of the Loba Oil Field and a planned production test (**Term Sheet**).

Under the Term Sheet, the rig contractor will provide a jack-up rig and fund the costs of the rig for the three well program anticipated to commence in the second half of 2017 with an estimated duration of 3-4 months (**2017 Drilling Campaign**), including the mobilisation costs and operating day rate of the rig, in exchange for a royalty out of production from any fields discovered during the drilling campaign that are brought into production. Pura Vida will maintain its 100% interest in the Nkembe permit, subject to the terms of the participation option described below.

The costs to be funded by the rig contractor are estimated to be approximately US\$20 million (A\$26.5 million). The transaction is conditional on Pura Vida securing funding for the balance of the drilling costs for the 2017 Drilling Campaign from a project partner and obtaining all required regulatory approvals. Pura Vida has commenced discussions with potential partners to secure the remaining funding required and meetings with the regulator concerning the approvals are being scheduled.

The first well in the 2017 Drilling Campaign will target the Loba discovery and Loba Deep prospect and includes a planned drill stem test (DST) of the Loba discovery. The location of the second and third wells will be determined by Pura Vida, based on results, including prospects such as Loba East, Lepidote Deep, Pompano and Palomite Deep (see Figure 1 and Table 1). The 2017 Drilling Campaign will target approximately 100 mmbo¹ of which 12 mmbo are considered low risk appraisal testing of contingent (discovered) resources.

The Company is now focused on formalising the Term Sheet and satisfying the conditions precedent, including regulatory approvals and securing the remaining funding required for the 2017 Drilling Campaign.

Our goal is to put the Company in a unique position with three offshore wells this year to test various targets and, subject to production test results, advance the commercialisation of Loba.

Note 1: Hydrocarbon volumes are expressed in gross unrisks mean recoverable resources and differentiated as contingent (being discovered) and prospective (being un-discovered). See Table 1 for resource estimates, classification and risks

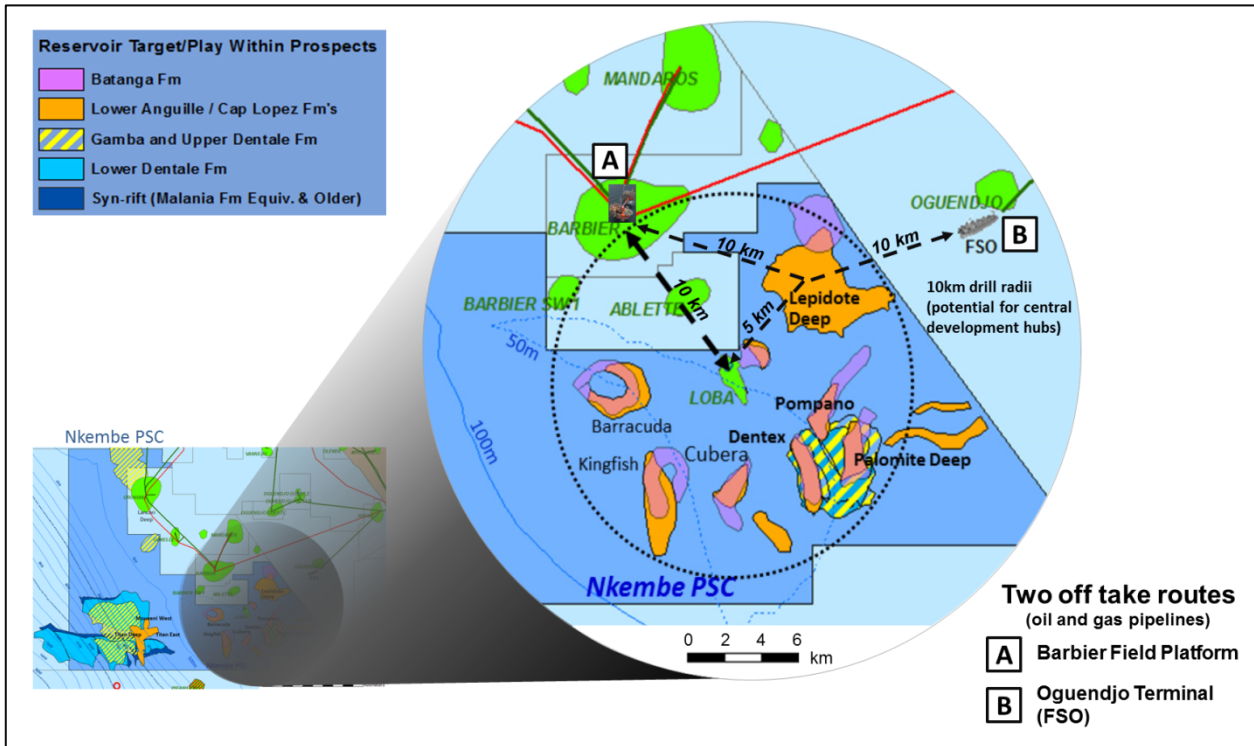


Figure 1 – Shallow water area of the Nkembe block which includes the prospects to be targeted in the 2017 Drilling Campaign

The 2017 Drilling Campaign has the potential to transform Pura Vida from an explorer to a producer in the near term. The Company's plans to commercialise Loba and test the shallow water exploration potential of the Nkembe block are at the forefront of our strategy to generate near term value.

Table 1: Resource potential of potential well candidates for 2017 Drilling Campaign

Nkembe Permit (Contingent Resources)		Most Likely Hydrocarbon phase	Gross un-risked contingent recoverable resources (mmboe)				Prospect with stacked targets	Single Well Options	Individual prospect commercial risk (Pc)	Risk based on volume weighted mean (aggregated)	Gross risked prospective resources	PVD 80% net un-risked contingent recoverable resources (mean)	PVD 80% net risked contingent recoverable resources (mean)
Discovery Name	Target		C1	C2	C3	MEAN							
Loba (Oil Discovery)	Batanga/P. Clairette	Oil (Discovered)	7.7	11.5	16.5	11.9	≡	A	81%	81%	9.6	9.5	7.7
Loba Complex													
Nkembe Permit (Prospective Resources)		Most Likely Hydrocarbon phase	Gross un-risked prospective recoverable resources (mmboe)				Prospect with stacked targets	Single Well Options	Individual prospect risk (Pg)	Risk based on volume weighted mean (aggregated)	Gross risked prospective resources	PVD net un-risked prospective recoverable resources (mean)	PVD net risked prospective recoverable resources (mean)
Prospect Name	Target		LOW	BEST	HIGH	MEAN							
Loba Deep	L. Anguille	Oil	6.0	11.0	16.0	11.0	≡	A	35%		3.9	8.8	3.1
Loba East	Batanga/P. Clairette	Oil	4.9	10.5	18.1	11.0	≡	B	52%		5.7	8.8	4.6
Loba Area Aggregated*						34			57%	19.2	27.1	15.4	
Lepidote Deep	L. Azile/Cap Lopez	Oil	25.0	60.0	114.0	65.0		C	30%		19.5	52.0	15.6
Palomite Cluster													
Pompano	Batanga/P. Clairette	Oil	3.0	5.0	11.0	7.0			25%		1.8	5.6	1.4
Pompano	L. Anguille	Oil	7.0	15.0	35.0	18.0			24%		4.3	14.4	3.5
Pompano	Cap Lopez	Oil	12.0	43.0	95.0	54.0			17%		9.2	43.2	7.3
Pompano Aggregated		Oil				79	≡	D	19%	15.3	63.2	12.2	
Palomite Deep	Gamba	Gas / Cond.	20.0	34.0	51.0	36.0			29%		10.4	28.8	8.4
Palomite Deep	Dentale	Gas / Cond.	52.0	160.0	353.0	185.0			29%		53.7	148.0	42.9
Palomite Deep	Synrift Carbonates	Gas / Cond.	58.0	105.0	172.0	111.0			7%		7.8	88.8	6.2
Palomite Deep Aggregated (Pre-salt Only)		Gas / Cond.				332.0	≡	D'	22%	71.9	265.6	57.5	
Palomite Cluster: (single deep well to test Pompano and Palomite Deep)		Mixed				411.0	≡	D'	21%	87.1	328.8	69.7	

Notes: All recoverable resources are expressed in millions of barrels of oil (mmbbl) and for gas condensate cases, millions of barrels of oil equivalent (mmboe)

Calculation for converting gas condensate into liquids is based on a range of ratios for condensate yield (CGR), expressed in barrels per million standard cubic feet of gas or mmscf. Low case (P90) = 10 bbls/mmscf, Best case (P50) is 50 bbls/mmscf, High case (P10) is 134 bbls/mmscf with a mean case of 53 bbls/mmscf

AMBILOBE BLOCK, OFFSHORE MADAGASCAR

(PURA VIDA 100% AND OPERATOR)

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar covering an area of 17,650 km² (Figure 2).

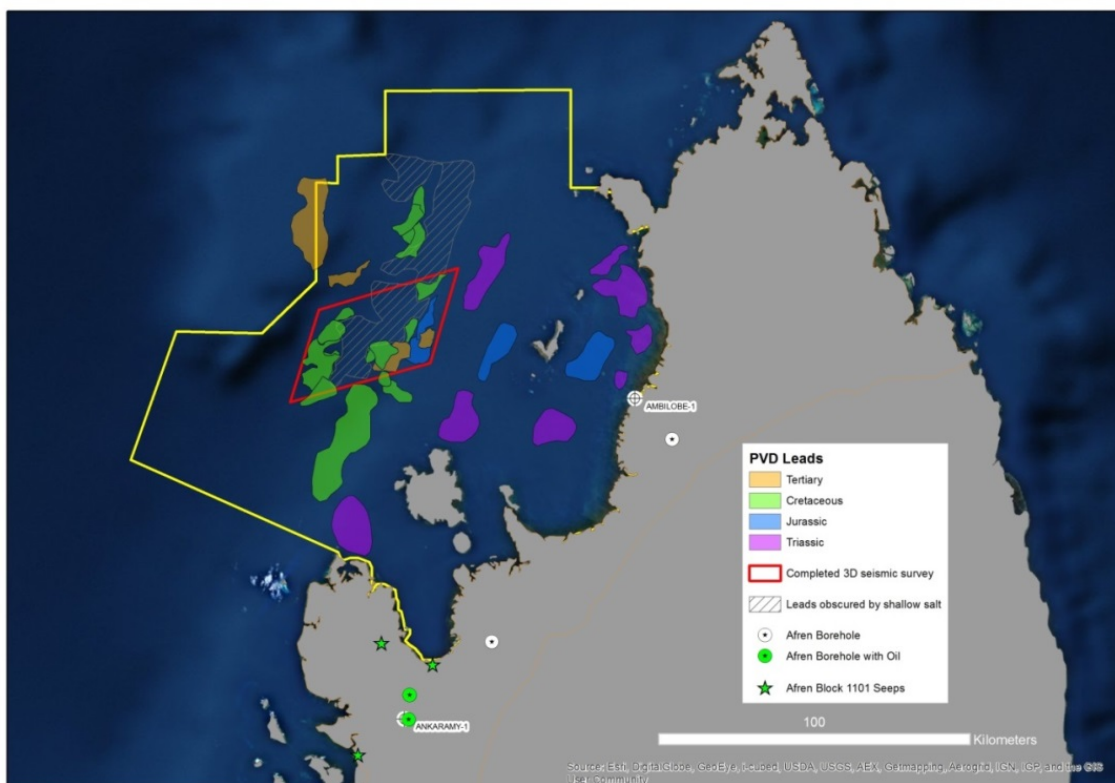


Figure 2 – The Ambilobe block (yellow boundary) showing area of 3D seismic survey (red boundary)

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

Initial interpretation of the newly acquired 3D seismic data has generated encouraging leads which include structural traps with four way dip closure. Trap definition is considered robust with good vertical relief at this level ranging from 400 metres to over 600 metres with independent closure over significant areal extents ranging from 20km² to 65km².

CORPORATE & FINANCIAL

Closing cash at the end of the quarter was \$6.1 million. The Company has no debt.

Following the AGM held on 28 November 2016, interim Chairman, Mr Ric Malcolm stepped down and Mr Simon Eley was appointed as Chairman. Mr Malcolm will remain on the board as a non-executive director to support the expansion of the Company's technical and operating capabilities.

ISSUED CAPITAL AS AT 31 DECEMBER 2016

Security	Number
Ordinary Shares	259,633,604
Unlisted Partly Paid Shares	10,428,550
Unlisted Performance Rights	4,327,857
Unlisted Retention Rights	1,900,000
Unlisted Options	3,900,000

PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2016

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

* Pura Vida's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Production Sharing Contract

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 31 DECEMBER 2016

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

CORPORATE DIRECTORY

Directors

Simon Eley	Non-Executive Chairman
Damon Neaves	Managing Director
Ric Malcolm	Non-Executive Director
Nathan Lude	Non-Executive Director
David Sanders	Non-Executive Director

Company Secretary

Nicholas Ong

Share Registry

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Resource estimates cautionary statement

The estimated quantities of prospective resources relate to undiscovered accumulations and contingent resources relate to discovered accumulations. These estimates have an associated risk of discovery or appraisal (as the case may be) as well as a risk of development. Further exploration, appraisal and/or evaluation is required to determine the existence of a commercial quantity of moveable hydrocarbons.

Prospective and contingent resource estimates in this report are prepared as at 7th September 2016. The resource estimates have been prepared using the Society of Petroleum Engineers' Petroleum Resources Management System (SPE-PRMS) to define resource classification and volumes see www.spe.org. For calculations of gas to liquids a conversion factor of 6 has been used to report barrels of oil equivalent.

Pura Vida is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of the contingent and prospective resources.

Persons compiling information about hydrocarbons

The resource estimates contained in this report have been prepared by Mr Andrew Morrison BSc. Geology (Hons) a Geologist who has over 30 years of experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimations and is a member of the Society of Petroleum Engineers. Mr Morrison is a full time employee of the Company and has consented to inclusion of the resource estimates in the form and context in which they are included. Mr Morrison meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this document.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PURA VIDA ENERGY NL

ABN

11 150 624 169

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	53	105
1.2 Payments for		
(a) exploration & evaluation	(1,070)	(1,368)
(b) development	-	-
(c) production	-	-
(d) staff costs	(171)	(374)
(e) administration and corporate costs	(205)	(488)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Freeport settlement (deposit)	-	1,984
1.9 Net cash from / (used in) operating activities	(1,391)	(321)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,213	6,083
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,391)	(132)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	305	178
4.6	Cash and cash equivalents at end of period	6,127	6,127

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	6,041	7,127
5.2 Call deposits	86	86
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,127	7,213

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 106 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Payments of Directors fees and salaries \$106,031.

7. Payments to related entities of the entity and their associates

- | | Current quarter
\$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,227
9.2 Development	-
9.3 Production	-
9.4 Staff costs	172
9.5 Administration and corporate costs	251
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,650

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 31 January 2017

Print name: Nicholas Ong

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.