Pura Vida Energy NL

ACN 150 624 169

Interim report for the half-year ended 31 December 2016

Corporate Directory

DIRECTORS
Simon Eley, *Chairman*

Damon Neaves, *Director*

Nathan Lude, *Non-Executive Director*

Richard Malcolm, *Non-Executive Director*

David Sanders, *Non-Executive Director*

COMPANY SECRETARIES
Chen Chik Ong
Dennae Lont

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AUDITOR
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Contents

DIRECTORS' REPORT

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 half-year ended 31 December 2016.

DIRECTORS

The names of the Directors in office during the financial period or since the end of the financial period are:

- Simon Eley, Chairman (appointed 21 October 2016)
- Damon Neaves, Director (ceased employment as CEO on 21 March 2017)
- Nathan Lude, Non-Executive Director
- Richard Malcolm, Non-Executive Director
- David Sanders, Non-Executive Director (appointed 21 October 2016)

COMPANY SECRETARIES

- Dennae Lont, Company Secretary
- Chen Chik Ong, Company Secretary

Mr Chen Chik (Nicholas) Ong was appoint as interim Joint Company Secretary, on 7 June 2016, due to existing Company Secretary, Mrs Dennae Lont, commencing parental leave.

PRINCIPAL ACTIVITIES

Pura Vida is an Australian-based African oil explorer. The Company has an interest in 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.

The Company has withdrawn from the Mazagan permit, offshore Morocco. Otherwise, there were no significant changes to the nature of the Company's activities during the half-year.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year (31 December 2015: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $800,129 for the financial half-year ended 31 December 2016 (31 December 2015: loss $4,000,812).

At 31 December 2016, the Group had net assets of $3,214,915 (30 June 2016: $3,930,851) and cash assets of $6,126,590 (30 June 2016: $6,083,331). Note that the Company received a cash settlement sum subsequent to period end (see 'Events After the Reporting Period' below).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations below.

REVIEW OF OPERATIONS

Near-Term Value Creation Strategy

The Company has recently progressed its objective of extracting value from its asset portfolio as outlined in the Company's announcement of 13 September 2016. These recent developments include the completion of the settlement agreement with Freeport and 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 with planned near-term high impact drilling.

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 to 1,100 metres approximately 30 km off the coast of Gabon in the prolific oil prone Gabon Basin. The block is adjacent to producing oil fields and infrastructure.

Company Activities

During the reporting period, the Company's activities were focused on reprocessing the Mandaros 3D seismic data covering the shallow water (Eastern) part of the Nkembe permit, progressing the farmout process, negotiating with a rig contractor to fund the costs of a rig for a drilling program on the Nkembe block and renegotiation of the permit term with the Government.

On 3 November 2016, the Company announced that it had been granted a 12-month extension of the current exploration phase of the Nkembe PSC to January 2018 with no additional work commitments.

Subsequent to the reporting period, 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 a three well program. The costs to be funded by the rig contractor are estimated to be approximately US$20 million (A$26.5 million) or approximately half of the estimated total cost of the three well program. The transaction is conditional on Pura Vida securing funding for the balance of the drilling costs 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 commenced discussions with the regulator concerning the approvals.

The first well in the scoped 3 well program, 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 3 well program will target approximately 100 mmbo[1] of which 12 mmbo are considered low risk appraisal testing of contingent (discovered) resources.

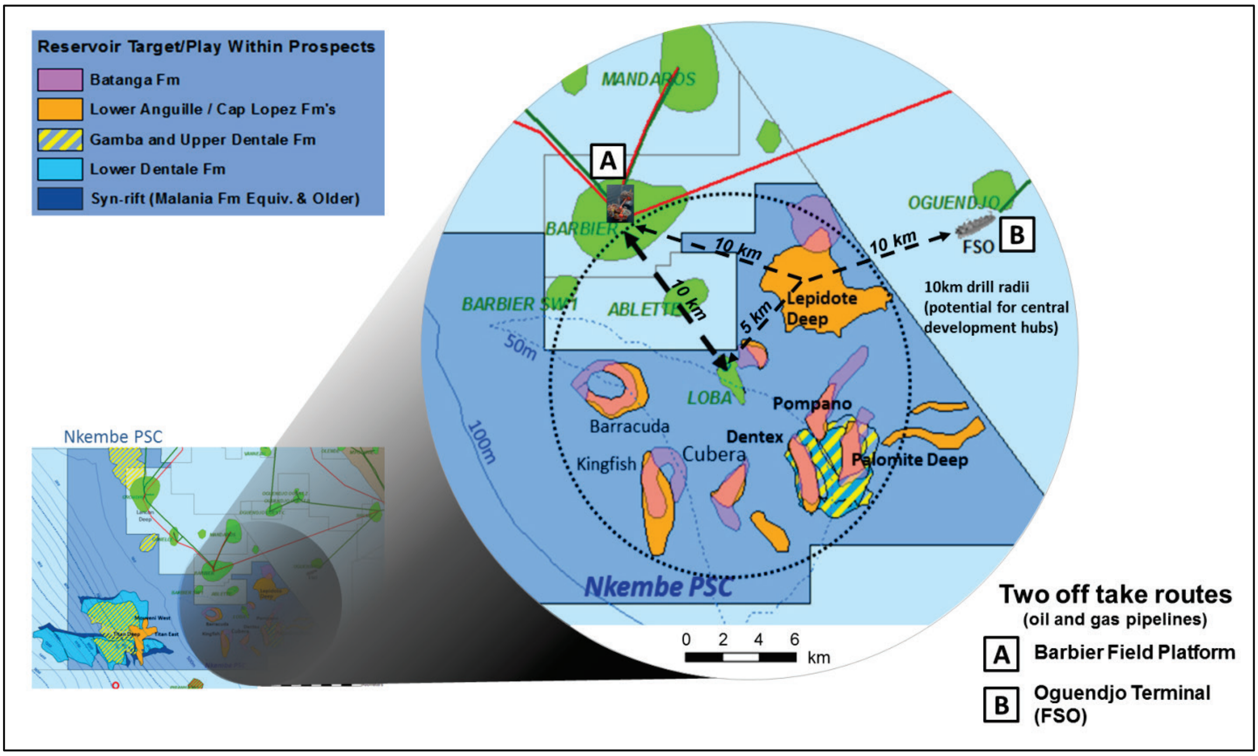

Figure 1 – Shallow water area of the Nkembe block which includes the prospects to be targeted in the 2017 Drilling Campaign

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

As part of the settlement with Freeport (refer below), Pura Vida received 2,376 metric tons of drilling equipment. This includes two well heads, casings, tubulars and associated drilling equipment. The drilling equipment has been shipped to Gabon where the Company intends to use it for the 3 well program (subject to securing a partner to fund those activities and receiving the necessary regulatory approvals), reducing the estimated funding required for the 3 well program by over US$3 million.

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 100% net un-risked contingent recoverable resources (mean)	PVD 100% net risked contingent recoverable resources (mean)
	Discovery Name	Target		C1	C2	C3	MEAN			(Pc%)	(Pc_w %)	(mmboe)	(mmboe)	(mmboe)
Loba Complex	Loba (Oil Discovery)	Batanga/ P. Clairette	Oil (Discovered)	7.7	11.5	16.5	11.9	Ξ	A	81%	81%	9.6	11.9	9.6

	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			(Pg %)	(Pg_w %)	(mmboe)	(mmboe)	(mmboe)
Loba Complex	Loba Deep	L. Anguille	Oil	6.0	11.0	16.0	11.0	Ξ	A	35%		3.9	11.0	3.9
Loba Complex	Gurnard (formerly Loba East)	Batanga/ P. Clairette	Oil	4.9	10.5	18.1	11.0	Ξ	B	52%		5.7	11.0	5.7
Loba Complex	Loba Area Aggregated*						34				57%	19.2	33.9	19.2
	Lepidote Deep	L. Azile/ Cap Lopez	Oil	25.0	60.0	114.0	65.0		C	30%		19.5	65.0	19.5
Palomite Cluster	Pompano	Batanga/ P. Clairette	Oil	3.0	5.0	11.0	7.0			25%		1.8	7.0	1.8
Palomite Cluster	Pompano	L. Anguille	Oil	7.0	15.0	35.0	18.0			24%		4.3	18.0	4.3
Palomite Cluster	Pompano	Cap Lopez	Oil	12.0	43.0	95.0	54.0			17%		9.2	54.0	9.2
Palomite Cluster	Pompano Aggregated		Oil				79	Ξ	D		19%	15.3	79.0	15.3
Palomite Cluster	Palomite Deep	Gamba	Gas / Cond.	20.0	34.0	51.0	36.0			29%		10.4	36.0	10.4
Palomite Cluster	Palomite Deep	Dentale	Gas / Cond.	52.0	160.0	353.0	185.0			29%		53.7	185.0	53.7
Palomite Cluster	Palomite Deep	Synrift Carbonates	Gas / Cond.	58.0	105.0	172.0	111.0			7%		7.8	111.0	7.8
Palomite Cluster	Palomite Deep Aggregated (Pre-salt Only)		Gas / Cond.				332.0	Ξ	D'		22%	71.9	332.0	71.9
Palomite Cluster	Palomite Cluster: (single deep well to test Pompano and Palomite Deep)		Mixed				411.0	Ξ	D'		21%	87.1	411.0	87.1

Notes: Pura Vida has 100% equity in the Nkembe PSC. All recoverable resources are expressed in millions of barrels of oil (mmbo) and for gas condensate cases, millions of barrels of oil equivalent (mmboe)
Calculation for converting gas condensate into to liquids is based on a range of ratios for condensate yield (CGR), expressed in barrels per million standard cubic feet of gas or mmscfg. Low case (P90) = 10 bbls/mmscfg, Best case (P50) is 50 bbls/mmscfg, High case (P10) is 134 bbls/mmscfg with a mean case of 53 bbls/mmscfg

Ambilobe block, offshore Madagascar
(Pura Vida 100% and Operator)

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar. The Company recently entered into the third exploration phase and is required to relinquish 25% of the original permit area. The Company has submitted the proposed area to be relinquished to the regulator which would reduce the area of the permit to 11,444 km^2 and is awaiting approval. There has been limited exploration in the Ambilobe Basin, where the offshore area remains undrilled. There are several onshore heavy oil discoveries in the Morondava Basin, southern Madagascar that are currently being developed.

Company Activities

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 20km^2 to 65km^2.

Surrounding Activity

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

Mazagan permit, offshore Morocco

During the reporting period the Company entered into a conditional settlement with a subsidiary of Freeport-McMoRan Oil & Gas, PXP Morocco B.V. (PXP) in relation to the second well obligation under the farmin agreement with PXP

The Company received an unconditional and non-refundable deposit of US$ 1.5 million in cash from PXP immediately following the execution of the settlement agreement.

Subsequent to the reporting period, the Company completed the settlement with PXP and has withdrawn from the Mazagan permit with no outstanding liabilities or obligations with respect to the permit. As part of the settlement the company received a second payment of US$5.5 million (A$7.3 million) for a total settlement amount of US$7 million (approximately A$9.3 million), inclusive of the deposit referred to above.

In addition to the cash settlement under the settlement agreement, Pura Vida has received a substantial amount of drilling equipment from Freeport which is intended to be used for drilling operations in the Nkembe block (see discussion of the Company's activities in the Nkembe block above).

The decision not to enter into the next optional phase of the Mazagan permit was made having drilled a deep water well which tested multiple exploration plays without success. Withdrawal from the Mazagan permit allows Pura Vida to focus on near term, lower risk opportunities such as the commercialisation of the Loba discovery in Gabon.

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 7 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.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Pura Vida is committed to conducting its business in accordance with a high standard of corporate governance commensurate with its size, operations and the industry within which it participates. The Directors of Pura Vida are responsible for corporate governance of the Company and support the principles of the ASX Corporate Governance Council's Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement as at 30 June 2016 as approved by the Board on 16 September 2016 remains current. The Company's Corporate Governance Statement can be viewed on the Company's website www.puravidaenergy.com.au under the Governance tab.

EVENTS AFTER THE REPORTING PERIOD

- On 22 March 2017, the Company announced that the employment of the Company's Chief Executive Officer, Damon Neaves ceased. Pursuant to the terms of the employment contract, Mr Neaves is expected to resign his directorship on the board. Simon Eley, Non-executive Chairman, has assumed an interim role in the day to day management of the company with the assistance of the remaining directors and management team. Mr Eley will be entitled to receive $1,500 per day or part thereof, for work performed outside the scope of his role as Chairman.
- On 2 February 2017, the Company announced completion of the settlement with PXP in relation to the second well obligation under the farmin agreement, receiving US$5.5 million (A$7.3 million) as well as a substantial amount of drilling equipment. Pura Vida has withdrawn from the Mazagan permit with no outstanding liabilities or obligations.
- 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 commencing later this year (Term Sheet). Under the Term Sheet, the rig contractor will provide a jack-up rig and fund the costs of the rig for the drilling program (estimated to be approximately US$20 million) in exchange for a royalty out of production from any fields discovered during the drilling campaign that are brought into production. Notwithstanding that the date by which formal documentation was to be executed has lapsed, the parties are looking to extend this date by agreement and continue negotiations. The transaction is conditional on Pura Vida securing funding for the balance of the drilling costs (estimated to be an additional $26.2 million (US$ 20 million)) for the 2017 Drilling Campaign from a project partner and obtaining all required regulatory approvals by the DGH.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on the following page of the half-year report.

On behalf of the Directors

Simon Eley

Chairman

28 March 2017

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF PURA VIDA ENERGY NL

As lead auditor for the review of Pura Vida Energy NL for the half-year ended 31 December 2016, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

JPrue

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 $	31 December 2015 $
Revenue from continuing operations			
Interest income		4,154	10,061
Other income	4	2,088,326	41,550
Total income		2,092,480	51,611
Expenses			
Exploration and evaluation expenditure	2	(2,203,924)	(2,899,914)
Finance costs		-	(26)
Depreciation expenses		(5,277)	(10,603)
Administrative expenses	2	(829,735)	(1,446,846)
Share-based payments expense	2	(31,622)	18,503
Unrealised foreign exchange gain	2	177,949	286,463
Loss before income tax		(800,129)	(4,000,812)
Income tax expense		-	-
Loss after income tax attributable to the owners of the Company		(800,129)	(4,000,812)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,846	(69,632)
Other comprehensive income for the half-year, net of tax		1,846	(69,632)
Total comprehensive income/(loss) for the half-year attributable to the owners of the Company		(798,283)	(4,070,444)
		Cents	**cents**
Earnings per share for the half-year attributable the owners of the Company			
Basic and Diluted loss per share		(0.30)	(2.47)

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

	Note	31 December 2016 $	30 June 2016 $
Current assets			
Cash and cash equivalents		6,126,590	6,083,331
Other receivables		137,585	248,058
Total current assets		6,264,175	6,331,389
Non-current assets			
Property, plant and equipment		3,396	6,705
Total non-current assets		3,396	6,705
Total assets		**6,267,571**	**6,338,094**
Current liabilities			
Trade and other payables	6	3,002,517	2,331,518
Provisions		50,139	75,725
Total current liabilities		3,052,656	2,407,243
Total liabilities		**3,052,656**	**2,407,243**
Net assets		**3,214,915**	**3,930,851**
Equity			
Issued capital	7	51,086,638	51,035,913
Share-based payment reserve		4,346,660	4,315,038
Foreign exchange reserve		(62,106)	(63,952)
Accumulated losses		(52,156,277)	(51,356,148)
Total equity		**3,214,915**	**3,930,851**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued capital $	Reserves $	Accumulated gain/(loss) $	Total equity $
Balance at 1 July 2015	**48,258,153**	**4,192,270**	**(43,789,855)**	**8,660,568**
Loss for the half-year	-	-	(4,000,812)	(4,000,812)
Other comprehensive income/(loss) for the half-year	-	(69,632)	-	(69,632)
Total comprehensive income/(loss) for the half-year	-	(69,632)	(4,000,812)	(4,070,444)
Transactions with owners in their capacity as owners				
Contributed equity	95,000	-	-	95,000
Share issue costs	-	-	-	-
Option and performance rights expense recognised during the half-year	-	(18,503)	-	(18,503)
Balance at 31 December 2015	**48,353,153**	**4,104,135**	**(47,790,666)**	**4,666,622**
Balance at 1 July 2016	**51,035,913**	**4,251,086**	**(51,356,148)**	**3,930,851**
Loss for the half-year	-	-	(800,129)	(800,129)
Other comprehensive income/(loss) for the half-year	-	1,846	-	1,846
Total comprehensive income/(loss) for the half-year	-	1,846	(800,129)	(798,283)
Transactions with owners in their capacity as owners				
Contributed equity	50,725	-	-	50,725
Share issue costs	-	-	-	-
Option and performance rights expense recognised during the half-year	-	31,622	-	31,622
Balance at 31 December 2016	**51,086,638**	**4,284,554**	**(52,156,277)**	**3,214,915**

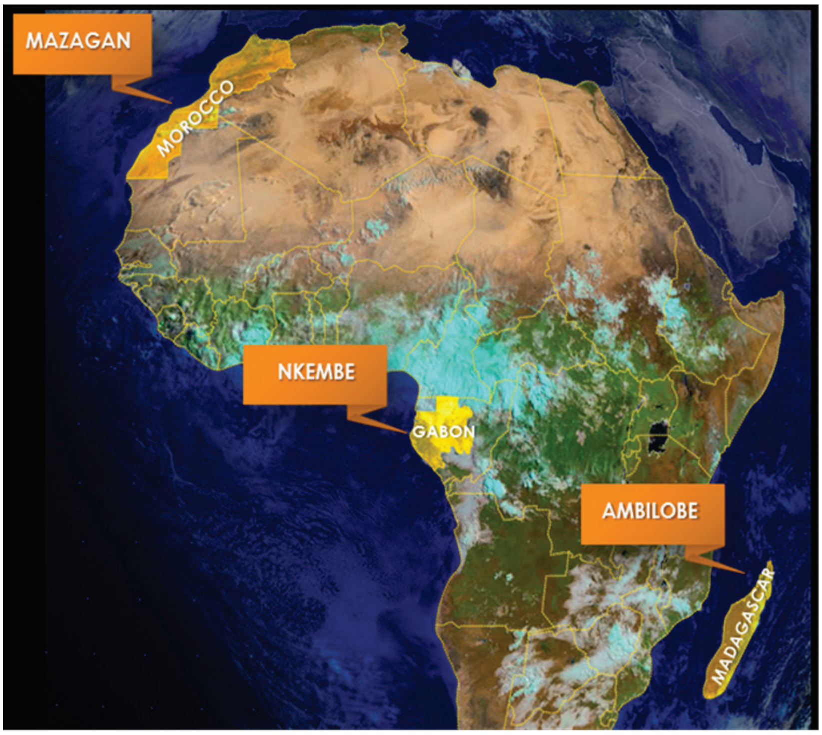
The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	31 December 2016 $	31 December 2015 $
Cash flows from operating activities			
Payments to suppliers, consultants and employees		(861,961)	(1,671,882)
Payments for exploration and evaluation expenditure		(1,367,751)	(1,056,052)
Interest received		8,664	12,396
Finance costs		-	(26)
Other income	4	104,517	41,550
Freeport settlement	4	1,983,809	-
Net cash outflow from operating activities		(132,722)	(2,674,014)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,968)	(2,256)
Net cash outflow from investing activities		(1,968)	(2,256)
Cash flows from financing activities			
Proceeds from issue of shares		-	47,500
Net cash inflow from financing activities		-	47,500
Net decrease in cash and cash equivalents		(134,690)	(2,628,770)
Cash and cash equivalents at the beginning of the half-year		6,083,331	7,329,004
Effects of exchange rate changes on cash and cash equivalents		177,949	286,463
Cash and cash equivalents at the end of the half-year		6,126,590	4,986,697

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 half-year ended 31 December 2016					
Income from external sources	1,983,809	-	-	108,671	2,092,480
Reportable segment profit/(loss)	1,704,650	(1,616,017)	(353,573)	(535,188)	(800,129)
Reportable segment assets (1)	398	56,025	9,295	6,201,853	6,267,571
Reportable segment liabilities	132,830	2,379,607	264,450	275,769	3,052,656
For the half-year ended 31 December 2015					
Income from external sources	-	-	-	51,611	51,611
Reportable segment profit/(loss)	(280,114)	(1,212,100)	(1,515,550)	(933,047)	(4,000,812)
For the year ended 30 June 2016					
Reportable segment assets (2)	2,586	81,951	162,928	6,090,629	6,338,094
Reportable segment liabilities	145,526	1,838,638	106,638	316,441	2,407,243

1 Other corporate activities includes cash held of $6,060,922
2 Other corporate activities includes cash held of $5,995,234

2. EXPENSES

	31 December 2016 $	31 December 2015 $
Profit/(Loss) before income tax includes the following specific items:		
Exploration and evaluation expenditure		
Mazagan permit, offshore Morocco	262,841	271,349
Nkembe block, offshore Gabon	1,577,478	1,092,509
Ambilobe block, offshore Madagascar	363,605	1,514,547
New venture activity costs	-	21,509
Total exploration and evaluation expenditure	2,203,924	2,899,914
Share-based payments expense		
Performance rights	35,474	153,228
Performance rights forfeited (1)	(27,155)	(171,731)
Retention rights	23,303	-
Total share-based payments expenses	31,622	(18,503)
Administrative expense includes		
Employee benefits expense (2)	399,454	594,344
Advisory and audit fees	29,748	175,795
Travel and accommodation (3)	-	72,706
Other expenses	400,533	604,001
Total administrative expense	829,735	1,446,846
Unrealised foreign exchange gain (4)	(177,949)	(286,463)

1 *Performance rights were forfeited as a result of performance right not meeting the performance hurdles*
2 *Reduction in the number of employees and salary reductions*
3 *Travel costs directly related to operational activities have been classified as exploration and evaluation expenditure*
4 *Foreign exchange gain was recognised in relation to the retranslation of United States and Euro dollar denominated balances*

3. DIVIDENDS

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2016 (31 December 2015: Nil).

4. OTHER INCOME

	31 December 2016 $	31 December 2015 $
Other income		
Freeport settlement	1,983,809	-
Recharge income	104,517	41,550
Total other income	2,088,326	41,550

On 12 September 2016, the Company entered into a conditional settlement with a subsidiary of Freeport-McMoRan Oil & Gas, PXP Morocco B.V. (PXP) in relation to the second well obligation under the farmin agreement with PXP. The agreement was conditional upon PXP and PVD reaching a further agreement (and obtaining any required approvals thereto) with the Office National des Hydrocarbures et des Mines (ONHYM), the regulator acting on behalf of the Government of the Kingdom of Morocco, in relation to the second well commitment under the Petroleum Agreement between ONHYM, PXP and PVD.

Under the terms of the settlement, PXP paid to the Company an unconditional and non-refundable deposit of US$ 1.5 million (A$2 million).

Subsequent to period end the Company completed the settlement with PXP.

5. OTHER RECEIVABLES

The Group has no impairments to other receivables or have receivables that are past due but not impaired.

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

	31 December 2016 $	30 June 2016 $
Other receivables	13,153	14,834
Prepayments	124,432	83,136
Joint Operation contribution	-	150,088
	137,585	248,058

6. TRADE AND OTHER PAYABLES

	31 December 2016 $	30 June 2016 $
Trade payables	594,964	396,992
Other payables	2,407,553	1,934,526
	3,002,517	2,331,518

Other payables include contributions payable under exploration licence terms.

All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

Other payables

Included within the other payables is an amount payable to the Direction Generale des Hydrocarbures (DGH) in Gabon in relation to the fund contributions in accordance with the Nkembe PSC for approximately US$1.726 million. Fund contributions have been accrued but not paid pending directions from the DGH and resolution of other matters.

7. ISSUED CAPITAL

	31 December 2016 Securities	31 December 2015 Securities	31 December 2016 $	31 December 2015 $
Fully paid ordinary shares	259,633,604	152,690,185	50,982,352	48,248,867
Partly paid ordinary shares	10,428,550	10,428,550	104,286	104,286
			51,086,638	48,353,153

Movement in fully paid ordinary shares

	Date	Number of securities	Issue price $	$
Balance at 1 July 2015		**150,684,051**		**48,148,867**
Conversion of partly paid shares	1-Jul-15	250,000	0.20	50,000
Conversion of partly paid shares	14-Jul-15	250,000	0.20	50,000
Conversion of performance rights	21-Aug-15	201,875	-	-
Share issued under STI plan	18-Sep-15	1,304,259	-	-
Share issue costs		-		-
Balance at 31 December 2015		**152,690,185**		**48,248,867**
Balance at 1 July 2016		**255,978,414**		**50,931,621**
Redundancy settled in shares (1)	4-Nov-16	1,755,190	0.03	50,725
Conversion of retention rights	4-Nov-16	1,900,000	-	-
Share issue costs		-		-
Balance at 31 December 2016		**259,633,604**		**50,982,352**

1 *Share based payment on the settlement of redundancy payment to B. Tarratt, made at the value of the benefit*

Movement in partly paid shares

	Date	Number of securities	Issue price $	$
Balance at 1 July 2015		**10,928,550**		**109,286**
Conversion of partly paid shares	1-Jul-15	(250,000)	0.01	(2,500)
Conversion of partly paid shares	14-Jul-15	(250,000)	0.01	(2,500)
Balance at 31 December 2015		**10,428,550**		**104,286**
Balance at 1 July 2016		**10,428,550**		**104,286**
Balance at 31 December 2016		**10,428,550**		**104,286**

8. 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.

Performance Rights Plan

During the prior period the Company granted performance rights as a long term incentive and retention rights to employees which have been issued under the Company's Performance Rights Plan approved by Shareholders on 2 September 2011 and 31 October 2014. On vesting, each performance right and retention right has 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.

Movement in the performance rights and retention rights is shown below:

Grant date	Series	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at period end	Vested and exercisable at period end
30-Oct-13	3	30-Oct-16	n/a	135,954	-	-	(135,954)	-	-
07-Nov-13	4	07-Nov-16	n/a	24,375	-	-	(24,375)	-	-
01-Jul-14	6	30-Jun-17	n/a	265,071	-	-	-	265,071	-
31-Oct-14	7	30-Jun-17	n/a	275,000	-	-	-	275,000	-
01-Jul-15	9	30-Jun-17	n/a	2,550,000	-	1,275,000	-	1,275,000	-
01-Jul-15	8	30-Jun-18	n/a	2,156,430	-	-	-	2,156,430	-
11-Nov-15	11	30-Jun-17	n/a	1,250,000	-	625,000	-	625,000	-
11-Nov-15	10	30-Jun-18	n/a	1,631,356	-	-	-	1,631,356	-
Total				8,288,186	-	1,900,000	(160,329)	6,277,857	-

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

No performance rights have been granted during the half year.

9. COMMITMENTS

On the 3 November 2016, Pura Vida was granted a 12-month extension of the current exploration phase of the Nkembe PSC to January 2018 with no additional work commitments.

There are no other material changes to the commitments as disclosed at 30 June 2016.

10. RELATED PARTY TRANSACTIONS

During the period the following related party transaction have occurred:

- On 1 June 2016, Mr Bevan Tarratt, was made redundant from the Company. An agreement was reached with Mr Tarratt to settle the redundancy portion of his termination benefit, of $50,725, in the form of shares. The shares were issued to Mr Tarratt on 4 November 2016. The Company has recognised the settlement in the statement of profit or loss.
- On 12 September 2016, the Company entered into a conditional settlement with PXP Morocco B.V. (PXP) in relation to the second well obligation under the farmin agreement with PXP. Under the terms of the settlement, PXP paid to the Company an unconditional and non-refundable deposit of US$ 1.5 million (A$2 million). The Managing Director received a bonus of 2% of the cash received.
- On 21 October 2016, Mr Simon Eley and Mr David Sanders were appointed as Non-Executive Chairman and Non-Executive Director respectively. The remuneration structure for Non-Executive Directors remains the consistent with the remuneration structure at 30 June 2016.
- Other related parties have continued to receive remuneration on the terms described in the Remuneration Report in the Company's last Annual Financial Report.

11. CONTINGENCIES

As at 31 December 2016 the Pura Vida was in the process of completing all conditions of the settlement agreement with a subsidiary of Freeport-McMoRan Oil & Gas, PXP Morocco B.V. (PXP), in relation to the second well obligation under the farmin agreement. If all of the condition were satisfied, including the signing of a settlement agreement with the regulator (ONHYM), Pura Vida was entitled to receive:

(a) a cash settlement sum of US$7 million, inclusive of a deposit of US$1.5 million received by Pura Vida in September 2016, with the balance payable by PXP; and

(b) a substantial amount (2,376 metric tons) of drilling equipment left over from drilling operations. This equipment was acquired by PXP in relation to the second well and 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.

Subsequent to year end Pura Vida received the outstanding payment (US$5.5 million) and the drilling equipment. The Company is awaiting advice as to whether tax is payable in relation to the payment. The Managing Director is entitled to receive an incentive payment of a maximum of 2% of the cash received subject to legal advice confirming the entitlement to the payment.

There are no other contingent assets or liabilities as at 31 December 2016 (31 December 2015: Nil).

12. 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 payable 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).

13. EVENTS OCCURRING AFTER REPORTING DATE

- 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 commencing later this year (Term Sheet). Under the Term Sheet, the rig contractor will provide a jack-up rig and fund the costs of the rig for the drilling program (estimated to be approximately US$20 million) in exchange for a royalty out of production from any fields discovered during the drilling campaign that are brought into production. Notwithstanding that the date by which formal documentation was to be executed has lapsed, the parties are looking to extend this date by agreement and continue negotiations. The transaction is conditional on Pura Vida securing funding for the balance of the drilling costs (estimated to be an additional $26.2 million (US$ 20 million)) for the 2017 Drilling Campaign from a project partner and obtaining all required regulatory approvals by the DGH.
- On 2 February 2017, the Company announced completion of the settlement with PXP in relation to the second well obligation under the farmin agreement, receiving US$5.5 million (A$7.3 million) as well as a substantial amount of drilling equipment. Pura Vida has withdrawn from the Mazagan permit with no outstanding liabilities or obligations.
- On 22 March 2017, the Company announced that the employment of the Company's Chief Executive Officer, Damon Neaves ceased. Pursuant to the terms of the employment contract, Mr Neaves is expected to resign his directorship on the board. Simon Eley, Non-executive Chairman, has assumed an interim role in the day to day management of the company with the assistance of the remaining directors and management team. Mr Eley will be entitled to receive $1,500 per day or part thereof, for work performed outside the scope of his role as Chairman.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

14. BASIS OF PREPARATION

This consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Pura Vida during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and interpretations not yet adopted

Adoption of AASB 9 is only mandatory for the year commencing 1 January 2017 and is not expected to impact upon the Group.

There are no 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.

Changes to accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which may have an effect on the amounts recognised in the financial statements. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Key estimates and assumptions may have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities. Key estimates and judgements are consistent with 30 June 2016.

14. BASIS OF PREPARATION (continued)

Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

During the half-year period the consolidated entity incurred a net loss of $800,129 and incurred cash outflows from operating activities of $132,722. As at 31 December 2016 the Group had commitments of $23.6 million (US$17 million) pertaining to the current exploration phase of the Nkembe PSC to January 2018. At the date of this report the consolidated entity has cash and cash equivalents of $11.7 million.

Management believe there will be sufficient funds to meet the consolidated entity's working capital requirements for the following reasons:

- At 31 December 2016 the consolidated entity had $6.1 million of cash and a current working capital position of $3.2 million. Subsequent to the reporting period the consolidated entity received an additional $7.3 million (US$5.5 million) via the settlement with PXP as disclosed within Note 13 of the financial report;
- Realisation of the value of the consolidated entity's Nkembe PSC assets in Gabon through continuing work with the rig contractor and ongoing discussions with potential farm-in partners to secure the remaining funding required to complete the proposed exploration program; and
- The entity has the ability, subject to obtaining all required regulatory approvals, to further extend the current exploration phase of the Nkembe PSC for up to an additional 12 months from January 2018 deferring the committed expenditure requirements.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

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 31 December 2016 and its performance for the half-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.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Nathan Lude
Director

Perth, Western Australia

28 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pura Vida Energy NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pura Vida Energy NL, which comprises the consolidated statement of financial position as at 31 December 2016, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pura Vida Energy NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pura Vida Energy NL is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 28 March 2017