Pura Vida Energy NL

ACN 150 624 169

Interim report for the half-year ended 31 December 2017

Corporate Directory

DIRECTORS
Simon Eley, *Chairman*

Nathan Lude, *Executive Director*

David Sanders, *Non-Executive Director*

COMPANY SECRETARY
Kevin Hart

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ASX Code – PVD

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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 2017.

DIRECTORS

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

- Simon Eley, Chairman
- Nathan Lude, Executive Director
- David Sanders, Non-Executive Director

COMPANY SECRETARY

- Kevin Hart, Company Secretary

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 extract value from the Company's assets and to build a diversified portfolio of assets over time.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year (31 December 2016: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $2,251,006 for the financial half-year ended 31 December 2017 (31 December 2016: loss $800,129).

At 31 December 2017, the Group had net assets of $5,627,504 (30 June 2017: $7,504,208) and cash assets of $9,238,064 (30 June 2017: $10,510,690).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Consolidated Entity during the financial period.

REVIEW OF OPERATIONS

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.

As announced on 18 October 2017, Pura Vida simultaneously entered into two agreements aimed at progressing the Nkembe block, with experienced industry groups Add Energy Group (**Add**) and Havoc Partners LLP (**Havoc**). Other than some minor reimbursable expenses, both Havoc and Add will provide their services at no cost to Pura Vida. An overview of the terms of the agreements was provided in the 18 October 2017 announcement.

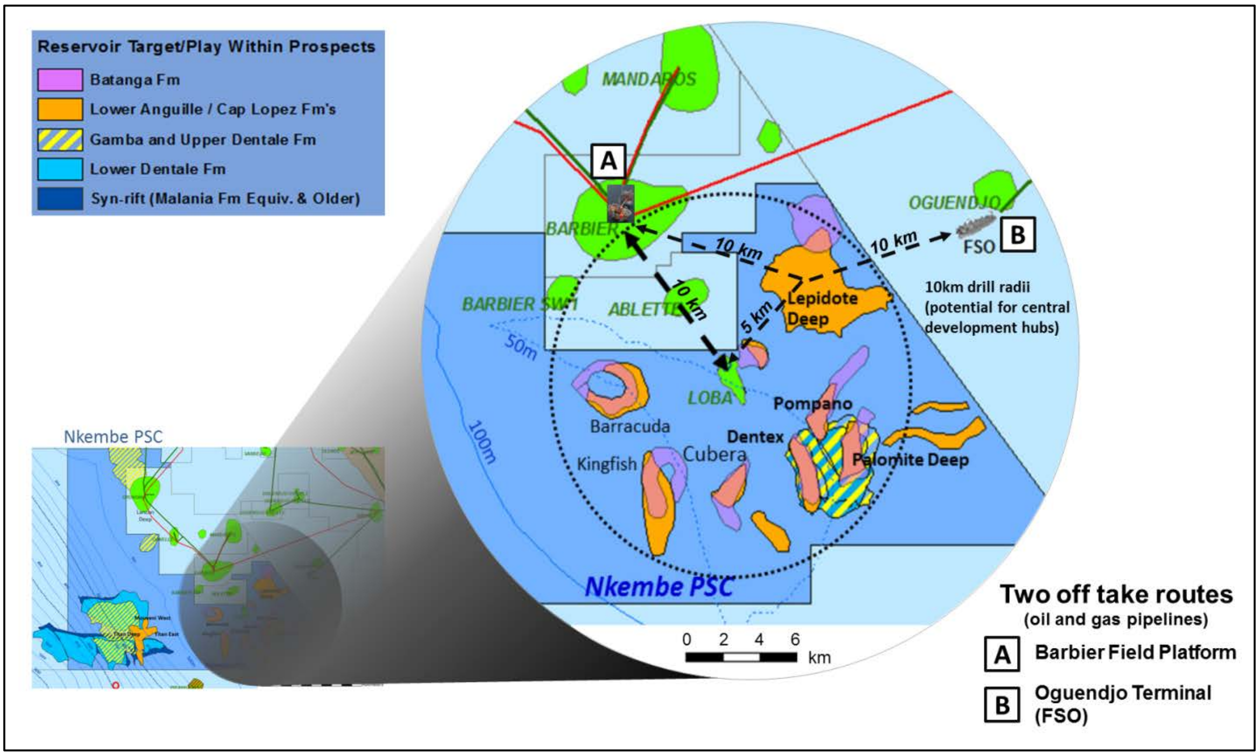
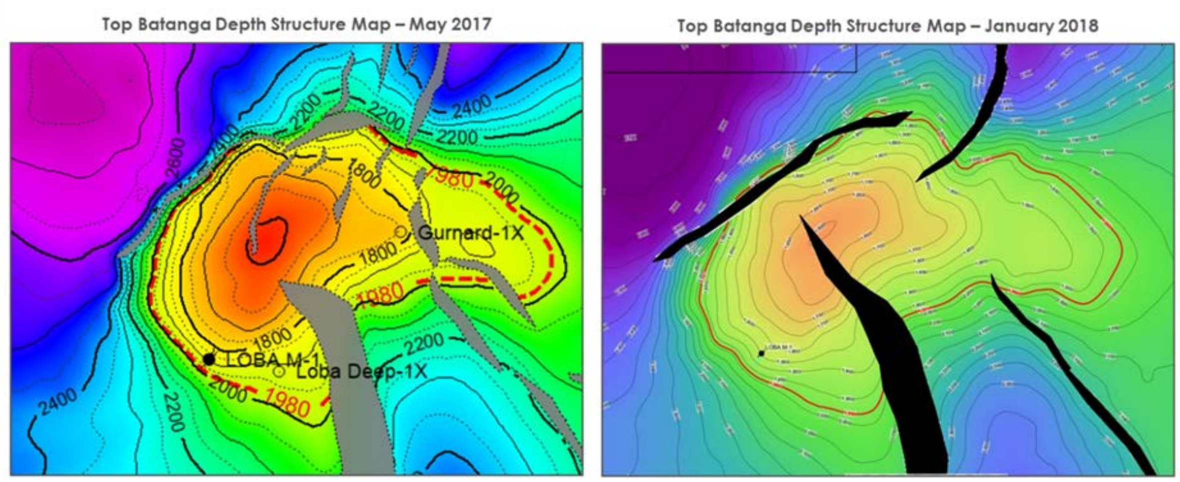


Figure 1 – Shallow water area of the Nkembe block and prospects

Havoc confirms targets

Subsequent to the end of the period, Havoc have completed confirmatory work on Loba (Batanga) and Loba Deep (Anguille).

Havoc completed the re-evaluation of the Loba prospect and provided updated unrisked, contingent and prospective resource numbers provided in Figure 2 below. The mean contingent resource has reduced from 17.5mmbo to 15.7mmbo (refer ASX release dated 30 January 2018) and is mainly due to a decrease in the interpreted Gross Rock Volume (GRV) however the enhanced seismic data quality has improved the definition of the Batanga reservoir, allowing for more precise mapping.



Loba Discovery Contingent Resource – May 2017

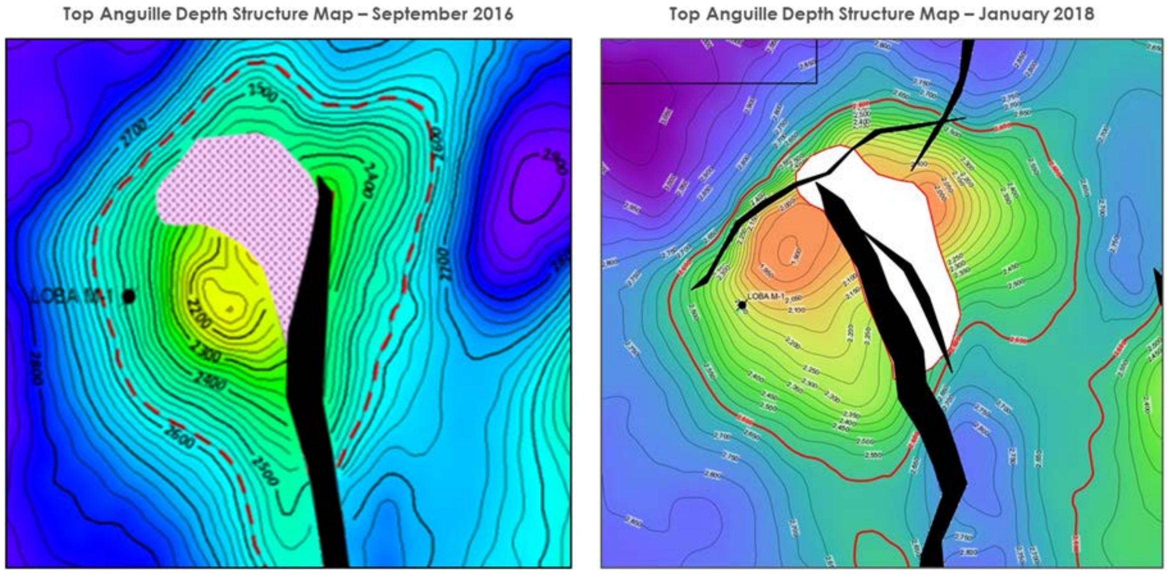
Loba Anguille	C1	C2	C3	Mean
Mmbbo	10.8	16.8	25.3	17.5

Loba Discovery Contingent Resource – January 2018

Loba Anguille	C1	C2	C3	Mean
Mmbbo	8.8	14.8	24.2	15.7

Figure 2 – Comparison of the 31 May 2017 and 29 January 2018 Contingent Resource estimates derived from the interpretation of iterative seismic volumes produced during re-processing sequence.

Improved imaging for the deeper Anguille level has improved confidence in the interpretation however the GRV has also reduced (see Figure 3 below). This reduction in GRV has been somewhat offset by an increase in Net to Gross (N:G) calculation, however the net effect results in a reduction in the mean value from 14.0mmbo to 11.7mmbo (refer ASX release dated 30 January 2018).



Loba Deep Prospective Resource – September 2016

Loba Anguille	Low	Best	High	Mean
Mmbbo	3.3	12.2	28.8	14.0

Loba Deep Prospective Resource – January 2018

Loba Anguille	Low	Best	High	Mean
Mmbbo	3.0	9.8	23.3	11.7

Figure 3 – comparison of the 13 September 2016 and 29 January 2018 Prospective Resource estimates derived from the interpretation of iterative seismic volumes produced during re-processing sequence.

Havoc also engaged an independent reservoir engineering firm to evaluate the potential for Loba to flow to surface. Odin Reservoir Consultants, the independent reservoir engineering firm, confirmed previous work that Loba could be induced to flow with minimal post drill-out stimulation, provided that good drilling and perforation practices, appropriate mud selection, and refined test programmes are developed and utilised.

Add Energy activities

As contemplated by the agreement with Add Energy, the Company is pleased to report that Add Energy has progressed the Basis of Well Design (BOWD) for the Loba and Loba Deep and has provided the draft document to Havoc for comment. It is intended to finalise the BOWD following completion of Havoc's technical work.

Engagement with Gabonese authorities

Representatives from Pura Vida and Havoc met with members of the Direction Generale des Hydrocarbures (DGH) team in Libreville in mid-December and again in February following a request from the DGH. The main issue discussed at the February meeting concerned the commencement date of the Nkembe PSC. The DGH's position is that the PSC commenced on 11 January 2013 when the Nkembe PSC was signed whereas Pura Vida's position, supported by legal advice, is that that Nkembe PSC's start date is 4 December 2014 coinciding with the issue of the Presidential decree approving the terms of the Nkembe PSC. The DGH requested the Company provide a reconciliation of expenditure and activities for the first phase of the Nkembe PSC and outline future plans for the block. The Company has submitted a letter reconciling the financial commitments and activities required under the Nkembe PSC based on the commencement date of 4 December 2014 and expects to submit a further letter in mid-March outlining future plans for the block.

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 4).

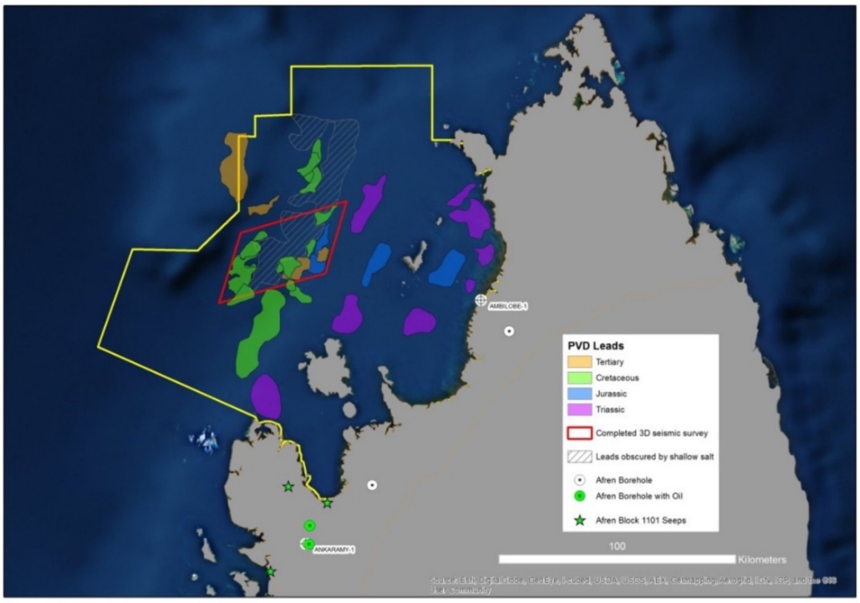


Figure 4 – The Ambilobe block (yellow boundary) showing area of 3D seismic survey (red boundary)

The period saw the finalisation of the social projects relating to acquisition of 3D seismic data and the inauguration was completed during December. The Company completed and received environmental clearance from the Malagasy Government relating to acquisition of 3D seismic data.

The Company remains in contact with parties interested in assessing the prospectivity of Ambilobe and is reviewing options to complete the technical work required to generate drill targets ahead of a farm-out campaign.

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.

Contingent resource estimates are prepared as at 29 January 2018. The resource estimates have been prepared using the Society of Petroleum Engineers' Petroleum Resources Management System (SPE-PRMS) to define resource classification, methodology and volumes see www.spe.org. All reported volumes have been prepared using probabilistic methods expressed in millions of barrels of recoverable oil (mmbo), gross 100% equity basis.

Gas to liquid conversion factor of 6 has been used in the resource estimates to deal with volumes of associated gas. Analysis of Loba crude oil indicates that it is very similar to nearby neighbouring fields which have low amounts of associated gas and therefore Loba is expected to have small amounts of this gas. As gas can be either flared or produced through the nearby existing infra-structure, there is no impediment to production but that any economic gain from the gas is regarded as negligible and for clarity purposes reported volumes in this release do not include any volumes from associated gas.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of contingent resource estimates that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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 2017 as approved by the Board on 30 October 2017 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

In the opinion of the Directors, no 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

Executive Chairman

16 March 2018

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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 2017, 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, 16 March 2018

	Note	31 December 2017 $	31 December 2016 $
Revenue from continuing operations			
Interest income		49,547	4,154
Other income		39,515	2,088,326
Total income		89,062	2,092,480
Expenses			
Exploration and evaluation expenditure	2	(1,111,243)	(2,203,924)
Depreciation expenses		(648)	(5,277)
Administrative expenses	2	(741,817)	(829,735)
Share-based payments expense	2	(317,029)	(31,622)
Unrealised foreign exchange gain/(loss)	2	(169,331)	177,949
Loss before income tax		(2,251,006)	(800,129)
Income tax expense		-	-
Loss after income tax attributable to the owners of the Company		(2,251,006)	(800,129)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(16,879)	1,846
Other comprehensive income for the half-year, net of tax		(16,879)	1,846
Total comprehensive income/(loss) for the half-year attributable to the owners of the Company		(2,267,886)	(798,283)
		Cents	**cents**
Earnings per share for the half-year attributable the owners of the Company			
Basic and Diluted loss per share		(0.83)	(0.30)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 $	30 June 2017 $
Current assets			
Cash and cash equivalents		9,238,064	10,510,690
Other receivables	4	82,897	105,173
Total current assets		9,320,961	10,615,863
Non-current assets			
Property, plant and equipment		647	1,295
Total non-current assets		647	1,295
Total assets		**9,321,608**	**10,617,158**
Current liabilities			
Trade and other payables	5	3,676,489	3,092,088
Provisions		17,615	20,862
Total current liabilities		3,694,104	3,112,950
Total liabilities		**3,694,104**	**3,112,950**
Net assets		**5,627,504**	**7,504,208**
Equity			
Issued capital	6	51,160,791	51,086,638
Share-based payment reserve		4,471,303	4,154,274
Foreign exchange reserve		(93,040)	(76,161)
Accumulated losses		(49,911,549)	(47,660,543)
Total equity		**5,627,504**	**7,504,208**

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 2017

	Issued capital $	Reserves $	Accumulated gain/(loss) $	Total equity $
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**
Balance at 1 July 2017	**51,086,638**	**4,078,113**	**(47,660,543)**	**7,504,208**
Loss for the half-year	-	-	(2,251,006)	(2,251,006)
Other comprehensive income/(loss) for the half-year	-	(16,879)	-	(16,879)
Total comprehensive income/(loss) for the half-year	-	(16,879)	(2,251,006)	(2,267,886)
Transactions with owners in their capacity as owners				
Contributed equity	85,980	-	-	85,980
Share issue costs	(11,827)	-	-	(11,827)
Option and performance rights expense recognised during the half-year	-	317,029	-	317,029
Balance at 31 December 2017	**51,160,791**	**4,378,263**	**(49,911,549)**	**5,627,504**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 $	31 December 2016 $
Cash flows from operating activities			
Payments to suppliers, consultants and employees		(666,634)	(861,961)
Payments for exploration and evaluation expenditure		(516,347)	(1,367,751)
Interest received		51,087	8,664
Other income		39,515	104,517
Freeport settlement		-	1,983,809
Net cash outflow from operating activities		(1,092,379)	(132,722)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,968)
Net cash outflow from investing activities		-	(1,968)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Share issue costs		(11,827)	-
Net cash outflow from financing activities		(11,827)	-
Net decrease in cash and cash equivalents		(1,104,206)	(134,690)
Cash and cash equivalents at the beginning of the half-year		10,510,690	6,083,331
Effects of exchange rate changes on cash and cash equivalents		(168,419)	177,949
Cash and cash equivalents at the end of the half-year		9,238,064	6,126,590

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 two reportable segments, being an interest to explore for oil in acreage known as, 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.

In January 2017, the Company concluded discussion with the regulator in relation to the relinquishment of the Mazagan permit, offshore Morocco.

	Morocco $	Gabon $	Madagascar $	Unallocated $	Total $
For the half-year ended 31 December 2017					
Income from external sources	-	-	-	89,062	89,602
Reportable segment profit/(loss)	-	(936,327)	(75,599)	(1,239,080)	(2,251,006)
Reportable segment assets (1)	-	56,677	12,595	9,252,336	9,321,608
Reportable segment liabilities	-	3,571,346	3,279	119,479	3,694,104
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)
For the year ended 30 June 2017					
Reportable segment assets (2)	2,475	112,668	11,567	10,490,448	10,617,158
Reportable segment liabilities	(6,817)	(2,955,390)	(17,521)	(133,222)	(3,112,950)

1 *Other corporate activities includes cash held of $9,171,996*
2 *Other corporate activities includes cash held of $10,401,820*

2. EXPENSES

	31 December 2017 $	31 December 2016 $
Profit/(Loss) before income tax includes the following specific items:		
Exploration and evaluation expenditure		
Mazagan permit, offshore Morocco	-	262,841
Nkembe block, offshore Gabon	875,731	1,577,478
Ambilobe block, offshore Madagascar	62,381	363,605
New venture activity costs (1)	173,131	-
Total exploration and evaluation expenditure	1,111,243	2,203,924
Share-based payments expense		
Performance rights	918	35,474
Performance rights forfeited	-	(27,155)
Retention rights	-	23,303
Options	316,111	-
Total share-based payments expenses	317,029	31,622
Administrative expense includes		
Employee benefits expense	393,564	399,454
Advisory and audit fees	36,396	29,748
Other expenses	311,857	400,533
Total administrative expense	741,817	829,735
Unrealised foreign exchange loss/(gain) (2)	169,331	(177,949)

1 *New venture costs incurred in building and diversifying portfolio of assets*
2 *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 2017 (31 December 2016: Nil).

4. 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 2017 $	30 June 2017 $
Other receivables	28,957	18,949
Prepayments	53,940	86,224
	82,897	105,173

5. TRADE AND OTHER PAYABLES

	31 December 2017 $	30 June 2017 $
Trade payables	232,174	159,594
Other payables	3,444,315	2,932,494
	3,676,489	3,092,088

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$2.676 million (AU$3.425 million) as advised by the DGH. Pursuant to legal advice recently received by Pura Vida, and as submitted to the DGH, Pura Vida considers that its obligations to make the fund contributions under the Nkembe PSC commenced on the issue of the Presidential Decree, being 4 December 2014, as oppose to the date which the PSC was signed, being 11 January 2013. If the DGH accept Pura Vida's position, no further fund contributions will be due for the period ending 31 December 2017. Until this matter is resolved the Board believe it is prudent to continue to show the other payables balance based on the signing date of 11 January 2013.

6. ISSUED CAPITAL

	31 December 2017 Securities	31 December 2016 Securities	31 December 2017 $	31 December 2016 $
Fully paid ordinary shares	261,386,330	259,633,604	51,056,505	50,982,352
Partly paid ordinary shares	10,428,550	10,428,550	104,286	104,286
			51,160,791	51,086,638

Movement in fully paid ordinary shares

	Date	Number of securities	Issue price $	$
Balance at 1 July 2016		**255,978,414**		**50,931,621**
Redundancy settled in shares	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**
Balance at 1 July 2017		**259,633,604**		**50,982,352**
Conversion of retention rights	10-Jul-17	450,000	-	-
Share based payment - director fees (1)	30-Nov-17	1,302,726	-	85,980
Share issue costs		-		(11,827)
Balance at 31 December 2017		**261,386330**		**51,160,791**

1 *Share based payment on the settlement of director fees to N Lude, made at the value of the benefit*

6. ISSUED CAPITAL (continued)

Movement in partly paid shares

There has been no movement in partly paid shares during the period (31 December 2016: nil).

7. 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.

Share options

Pura Vida Incentive Option Scheme

The Pura Vida Incentive Option Scheme is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. The scheme is designed to provide long-term incentives to deliver long-term shareholder returns. Participation 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.

Set out below are summaries of options granted:

	31 December 2017	
	Average exercise price per option	Number of options
As at 1 July	$0.350	2,400,000
Granted during the year	$0.065	12,000,000
Exercised during the year	-	-
Expired during the year	$0.350	(2,400,000)
As at 31 December	$0.065	12,000,000
Vested and exercisable	$0.065	12,000,000

The fair value of services received in return for options granted to Directors and employees 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 period include:

Exercise price	Expiry (years)	Grant date	Expiry date	Share price at time of issue	Expected volatility (1)	Dividend yield	Risk free interest rate (2)	Option value
$0.065	2.00	30-Nov-17	30-Nov-19	$0.066	71%	0%	1.75%	$0.0263

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*

As approved by shareholders at the Annual General meeting of the Company, on 30 November 2017, the directors Mr Simon Eley, Mr Nathan Lude and Mr David Sanders were each issued 4,000,000 options.

The total expense arising from options recognised during the reporting period as part of share based payments expense was as follows:

	31 December 2017 $	31 December 2016 $
Director, employee and consultant share options	316,111	-

7. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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
01-Jul-15	8	30-Jun-17	n/a	450,000	-	450,000	-	-	-
01-Jul-15	9	30-Jun-18	n/a	621,102	-	-	-	621,102	-
Total				1,071,102	-	450,000	-	621,102	-

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.

The total expense arising from performance rights recognised during the reporting period as part of share-based payments expense was as follows:

	31 December 2017 $	31 December 2016 $
Performance rights	918	35,474
Performance rights forfeited	-	(27,155)
Retention rights	-	23,303
	918	32,661

Share based payment: Director fees

During the period at the Annual General Meeting on 30 November 2017, shareholders approved the issue of shares to Nathan Lude in payment of executive remuneration. 1,302,726 shares were issued to Advantage Management Pty Ltd and the fair value of the shares recognised was by reference to the fair value of the shares on grant date, being 30 November 2017. This was determined to be $85,980. This amount has been recognised in the Statement of Profit or Loss under administrative expenses.

8. COMMITMENTS

There are no material changes to the commitments as disclosed at 30 June 2017.

9. CONTINGENCIES

There have been no material changes to the contingencies disclosed at 30 June 2017, there are no other contingent assets or liabilities as at 31 December 2017.

10. 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.

Transaction with related parties

Remuneration

During the period Mr Nathan Lude agreed to continue in his role as an Executive Director to continue assessing new market opportunities and financial management of the Company. From 1 November 2017 Mr Lude is entitled to receive $1,000 per day or part thereof for his executive duties in addition to his non-executive director fees.

Other related parties have continued to receive remuneration on the terms described in the Remuneration Report in the Company's last Annual Financial Report.

Purchases from entities associated with key management personnel

The Group acquired the following services from entities in which the group's key management personnel have an interest:

- Legal services

A director, Mr. D Sanders, is a Director and shareholder in the firm of Bennett + Co. Bennett + Co has provided legal services to Pura Vida Energy NL on normal commercial terms and conditions. The legal services recognised as an expense during the period was $54,008 (excluding GST) (31 December 2016: Nil).

Receipts from entities associated with key management personnel

Mr. Nathan Lude, Executive Director, is a director of Advantage Management Pty Ltd which during the period utilized from shared office facilities. An income of $7,324 has been recognised in the statement of profit or loss (31 December 2016: Nil).

Share capital issued

Mr. Nathan Lude, Executive Director, is a director of Advantage Management Pty Ltd which received 1,302,726 shares issued in lieu of payment of executive remuneration. The fair value of the remuneration was $85,980. The period of executive service was from 1 May 2017 to 31 October 2017, in which $16,667 was recognised as an expense during the prior year and $69,313 was recognised as an expense during the period (31 December 2016: Nil).

Options issues

As approved by shareholders at the Annual General meeting of the Company, on 30 November 2017, the directors Mr Simon Eley, Mr Nathan Lude and Mr David Sanders were each issued 4,000,000 options, see Note 7 for details.

11. 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).

12. EVENTS OCCURRING AFTER REPORTING DATE

In the opinion of the Directors, no 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.

13. BASIS OF PREPARATION

This consolidated interim financial report for the half-year reporting period ended 31 December 2017 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 2017 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 2017.

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 $2,251,006 and incurred cash outflows from operating activities of $1,092,379. As at 31 December 2017 the Group had commitments pertaining to the exploration phase of the Nkembe PSC as disclosed at 30 June 2017.

Management believe there are sufficient funds to meet the consolidated entity's working capital requirements at the date of this report for the following reasons:

- at 31 December 2017 the consolidated entity had $9.2 million of cash and a current working capital position of $5.6 million;
- the company has received legal advice to support its view that it is up to date with financial commitments under the Nkembe PSC and has further time to complete contemplated work activities during the first phase of the Nkembe PSC;
- the Company is progressing realisation of the value of the consolidated entity's assets in Gabon by entering two technical services agreements with Havoc Partners (geological and geophysical services) and Add Energy Group (drill planning and management) as well as ongoing discussions with potential farm-in partners to secure the remaining funding required to complete the current exploration activities;

13. BASIS OF PREPARATION (continued)

- Havoc Partners have also entered into an option agreement whereby Havoc Partners have the election to farm-in to the Nkembe PSC, this option expires on 1 April 2018; and
- the entity has the ability, subject to obtaining all required regulatory approvals, to further extend the current exploration phase of the Nkembe PCS for up to an additional 12 months.

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

Simon Eley
Chairman

Perth, Western Australia

16 March 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pura Vida Energy NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pura Vida Energy NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

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

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 16 March 2018