Pura Vida Energy NL

ACN 150 624 169

ANNUAL FINANCIAL REPORT 2017

Corporate Directory

DIRECTORS

Mr Simon Eley *Chairman*
Mr Nathan Lude *Executive Director*
Mr David Sanders *Non-Executive Director*

COMPANY SECRETARY

Mr Kevin Hart

PRINCIPAL AND REGISTERED OFFICE

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PERTH WA 6000
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STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
ASX Code – PVD

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
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AUDITOR

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

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Dear Shareholder,

On behalf of the Board of Pura Vida Energy NL (Pura Vida or Company) I am pleased to present the Company's 2017 Annual Report.

Notwithstanding yet another challenging year in the oil and gas space, the Company has managed to make some progress towards creating value for shareholders.

The execution of the settlement agreement with Freeport-McMoRan and the Moroccan regulatory authorities resulted in the Company receiving US$7 million and taking possession of surplus drilling inventory in January. Other than some minor administrative matters, this concluded the Company's interest in off-shore Morocco.

In mid-January this year, the Company announced the entry into a non-binding term sheet with a rig contractor to drill a multi-well program on the Nkembe block in off-shore Gabon. This term sheet covered the provision of a jack-up rig suitable to drill on the shallower prospects at Nkembe but did not include drilling services, drilling management or vessel support. The term sheet was conditional on a number of standard terms including entering formal agreements within a certain time-frame. As announced in April, that time-frame expired and both parties elected not to continue negations.

Although the appetite for acquiring interests in off-shore oil and gas assets has been subdued for some time, the Company continues to seek funding partners to progress the Nkembe block and, at the time of writing, is actively engaged in discussions with both service providers looking to assist in progressing the asset as well as private equity groups and companies with experience in the region. Until a pathway to progress Nkembe is secured, the Company has made the prudent financial decision to minimize all discretionary spending on both Nkembe in off-shore Gabon and Ambilobe in off-shore Madagascar.

Given the challenging conditions in the oil and gas space, the Company has also sought to preserve its cash reserves and reduce the overhead burden. During 2017 financial year, the Company incurred administrative expenses of $1.72 million, compared to $2.62 million in the 2016 financial year. The Company is looking to further improve cash management and reduce overheads. As well as extracting value from the Company's existing assets, the Board is also now actively seeking new opportunities across a variety of industries to create shareholder value.

While it has been a difficult year, the Board considers that the Company, with its cash reserves, is well placed to not only create value from the existing asset portfolio but also through investment and acquisition.

On behalf of the Board, thank you for your continued support.

Yours sincerely

Simon Eley
Chairman

OUR STRATEGY

Driven by active exploration programs and successful acquisitions resulting in a quality portfolio spanning Morocco, Gabon and Madagascar.

Highlights

- Approximately $10.5 million cash at bank as at 30 June 2017.
- Execution of a settlement agreement with Freeport-McMoRan and receipt of settlement funds of US$7 million.
- Work on Nkembe results in a resource increase to the Loba prospect, improving the potential viability of the project. Following this result, the Company elected to cease any further expenditure on Nkembe until a source of funding has been secured.
- Discussions with parties interested in securing an interest in Nkembe and funding the next work program continued throughout the year and are on-going however the current farm-out market for oil and gas projects is challenging.
- Work on the Ambilobe block in offshore Madagascar has also ceased pending the Company entering into a transaction in relation to Nkembe.
- Changes to management and a renewed focus on prudent cash management.
- The Company commenced an unmarketable parcel share sale during the period which was completed on 8 August 2017.

Nkembe block, offshore Gabon
100% interest (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. The eastern part of the Nkembe block is in shallow water within a proven petroleum system proximate to producing fields and pipeline infrastructure.

The block contains the Loba Oil Field discovered in 1976 where the original well intersected a 141 metre gross oil column. An attempt to flow test the well was made without success, however during abandonment oil was recovered to surface and identified to be very similar oil quality to that of neighbouring producing fields.

Following the recent re-processing of the Mandaros 3D seismic data, the Company released an update to the resource for the Loba Oil Field. The work completed was focused on improving seismic imaging, utilising pre-stack depth migration with RTM-TTi technology. RTM allows for more accurate imaging in and below areas with both structural and velocity complexities. As a result of this work, data quality and thus imaging have greatly improved, which enables superior structural and stratigraphic interpretation to be made whilst reducing uncertainty and risk.

The Loba Oil Field lies in shallow water (65 metres) which can be drilled by a jack-up rig and is ideally positioned to access existing pipeline infrastructure opening up the potential for cost effective development options. In addition, the nearby prospects of Lepidote Deep and Pompano could form a combined development of the field. The Company had entered a non-binding term sheet with a rig contractor to fund the drilling of three wells earlier this year. The term sheet was conditional on a number of matters including the parties entering formal agreements in relation to the proposed drilling program within a set time-frame. The time-frame by which these agreements were to be entered expired and the parties elected to not continue with negotiations.

The Company is still actively seeking funding partner to commercialise the Loba Oil Field and while progress is encouraging, at the time of this report, terms had not been agreed. Until such time as a funding partner is secured, the Company has elected to cease all discretionary expenditure.

Ambilobe block, offshore Madagascar
100% interest and Operator

The Ambilobe block is located in the offshore part of the Ambilobe Basin, north-west Madagascar covering an area of 17,650 km². Water depths across the block range from shoreline to 3,000 metres. The Ambilobe PSC is in the third phase of the exploration period and, pursuant to the terms of PSC, the Company is required to relinquish a portion of the area currently covered by the PSC. The Company is engaging with the Government of the Republic of Madagascar and the regulator (OMNIS) to finalise this process.

Pura Vida renegotiated the terms of the Production Sharing Contract (PSC) with the Government of the Republic of Madagascar and OMNIS which increased the tenure remaining on the block to up to four years and reduced the Company's potential liability in relation to the block.

Interpretation of the newly acquired 3D seismic data has ceased pending successfully securing a funding partner for Nkembe. While terms are yet to be discussed, a number of parties have approached the Company offering to complete this work for an interest in the block. It is intended that this work will focus on defining leads and prospects and building a portfolio with the aim to mature prospects to drill ready candidates ahead of a farm-out campaign.

Mazagan permit, offshore Morocco

In September 2016, the Company announced that it had entered into a conditional settlement with PXP in relation to the second well obligation under the farmin agreement. The agreement was conditional upon PXP and PVD reaching a further agreement with the regulator and obtaining any required Government approvals in relation to the second well commitment under the Petroleum Agreement in relation to the permit. The parties concluded discussion with the regulator in January 2017 and received the settlement funds in full (US$7 million) and possession of surplus inventory.

Cost management and value creation

In response to the continued suppressed sentiment in the oil and gas space, the Company has implemented a renewed focus on prudent cash management and extracting value for shareholders from its asset portfolio. In this regard, the Company has reduced its administration and corporate costs and, other than legally required, ceased discretionary expenditure on projects. Two directors also resigned during the period further reducing the overheads of the Company. This has resulted in significantly lower outgoings on a quarterly basis.

The Company also commenced an unmarketable parcel share sale facility during the period. This was completed post year-end and resulted in reducing the number of shareholders and, therefore, administrative costs.

In regard to extracting value from the company's asset portfolio, the Company has re-established relationships with well-regarded and respected consultants and contractors who, with minimal cost to the Company, are actively assisting the Company to monetise or secure funding for the Company's assets. At the time of this report, early indications are encouraging and we look forward to informing the market as this work continues.

3D seismic	seismic recorded along many closely spaced traverses and processed to form a three dimensional view of the subsurface
A$ or $	Australian dollars
ASX	Australian Securities Exchange Limited
Board	the Board of Directors of the Company
constitution	the constitution of the Company
Director	a director of the Company
Euro	Euro dollars
financial year	the 12 months ending 30 June 2017
km^2	square kilometres
Pura Vida or the Company	Pura Vida Energy NL (ABN 11 150 624 169)
Report	this Annual Report
US$	United States dollars

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 financial year ended 30 June 2017.

FINANCIAL PERFORMANCE

The Group made a net gain after tax of $3,695,605 for the year (30 June 2016: loss of $7,566,293).

At 30 June 2017, the Group had net assets of $7,504,208 (30 June 2016: $3,930,851) and cash assets of $10,510,690 (30 June 2016: $6,083,331).

PRINCIPAL ACTIVITIES

Pura Vida is an Australian-based African oil explorer. The Company has an interest in the, 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 build a diversified portfolio of assets.

During the year the company relinquished its interest in the Mazagan permit, offshore Morocco.

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

INFORMATION ON DIRECTORS

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

Mr Simon Eley, Executive Chairman	
Appointment date	Appointed Non-Executive Director 17 October 2016, assumed Executive role 6 March 2017 Appointed Chairman 28 November 2016
Experience and expertise	Mr Eley has extensive commercial and corporate experience and is striving to achieve key commercial outcomes to extract value from the Company's asset. He is the founding director of Egan Street Resources, a gold exploration and development company that recently listed on the ASX. Mr Eley was an Executive Director of Aragon Resources Limited (Aragon) and led the team that secured the Central Murchison Gold Project which became Aragon's core asset with approximately 2 million ounces in JORC compliant resources. Aragon was taken over by Westgold Resources Limited in 2011 valuing Aragon at $76 million. Mr Eley was previously based in Nouakchott, Mauritania working on the Chinguetti Oil project for Woodside Petroleum Limited in an advisory and commercial role dealing with government, joint venture partners and local and international contractors as well as managing the supply chain function for FPSO operations and regional onshore and offshore oil and gas exploration in West Africa. He also worked for Clough Limited and was involved in responding to tenders and securing various contracts for mineral and oil and gas projects in Australia and overseas. At Clayton Utz, Mr Eley's experience included capital raisings, corporate matters and dispute resolution. He has also has gained practical experience working in operating base metal and gold mines in Western Australia and the Northern Territory.
Other ASX listed directorships	Egan Street Resources Ltd
Former directorships in the last three years of ASX listed companies	None
Committee Memberships	None
Interest in ordinary shares and options, performance rights and retention rights to acquire shares	Nil

Mr Nathan Lude, Executive Director *B.Comm*	
Appointment date	16 May 2016
Experience and expertise	Mr Lude has broad experience working in Asset Management, Mining and the Energy Industry. He operates a boutique advisory firm, Advantage Management Pty Ltd and works with private and public companies, focused on enhancing business growth and development through introducing new investors and capital. Mr Lude has worked in a Business Development

	Management role for a large Canadian Energy Company and previously held the Managing Director position for a listed ASX mining company. Since 2007, he has been involved in asset and fund management. His business network spreads across Australia and Asia and has strong ties with Australian broking firms, institutions, Asian investors and institutions.
Other ASX listed directorships	None
Former directorships in the last three years of ASX listed companies	None
Committee Memberships	None
Interest in ordinary shares and options, performance rights and retention rights to acquire shares	Fully paid ordinary shares 5,018,815

Mr David Sanders, *Non-Executive Director*

BComm, BJuris, LLB (Hons) (all UWA) and Graduate Diploma of Applied Finance

Appointment date	20 October 2016
Experience and expertise	Mr. Sanders is a lawyer with over 15 years of experience in corporate and resources law. He advises numerous ASX listed companies, including companies in the resources sector, on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance. He holds Bachelor of Law and Bachelor of Commerce degrees from the University of Western Australia and a Graduate Diploma of Applied Finance and Investments from the Securities Institute of Australia.
Other ASX listed directorships	Oakajee Corp. Limited (alternative director)- appointed 13 September 2017 Marenica Energy Limited - appointed 4 August 2008 Force Commodities Limited - appointed 5 June 2017
Former directorships in the last three years of ASX listed companies	World Titanium Resources Limited - appointed 20 May 2016, delisted January 2017 Quickflix Limited - appointed 30 November 2012, retired 31 March 2016 Tungsten Mining NL - appointed 2 April 2014, retired 31 March 2015 Molopo Energy Limited - appointed 19 December 2014, retired 27 August 2015
Committee Memberships	None
Interest in ordinary shares and options, performance rights and retention rights to acquire shares	Nil

FORMER DIRECTORS

Mr Richard Malcolm, Non-Executive Director

B.Sc. Geology, MAICD, MEI.

Appointment date	13 January 2014
Resignation date	19 April 2017
Experience and expertise	Mr Malcolm is a petroleum geologist who commenced his career in 1980 at Woodside Petroleum Limited. Mr Malcolm has previously held the position of Managing Director of OMV (UK) Limited, a subsidiary of OMV, one of Europe's leading oil and gas companies and overseen OMV's exploration activities in Australia, New Zealand, Norway and Libya. Prior to this time, he also worked with Ampolex and Mobil. Between 2008 and early 2013, Mr Malcolm was CEO of Gulfsands Petroleum plc, an AIM listed oil and gas production, exploration and development company with operations in Syria, Iraq, Morocco, Colombia, Tunisia and the USA. Mr Malcolm also has extensive experience and networks in UK equity capital markets.

Former directorships in the last three years of ASX listed companies	None

Mr Damon Neaves, Managing Director
LLB, B.Comm, A.S.I.A.

Appointment date	17 August 2011
Resignation date	10 April 2017
Experience and expertise	Mr Neaves was a founding Director and shareholder of Pura Vida. He has worked in various commercial, operational and management roles and brings a wealth of international oil and gas expertise. Prior to forming Pura Vida, Mr Neaves was the Business Development Manager of a mid-cap international E&P company and his international experience spans countries throughout Africa, Europe, the Middle East and Asia Pacific. Mr Neaves has extensive commercial experience particularly in commercialisation of gas in Western Australia as well as upstream project management experience.
Former directorships in the last three years of ASX listed companies	None

Directors' Meetings

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

No meetings of the remuneration committee were held during the financial year.

Directors	Board of Directors		Audit & Risk Committee	
	Held	Attended	Held	Attended
S Eley (1)	10	10	2	2
N Lude (2)	11	11	2	2
R Malcolm (3)	8	8	1	1
D Sanders (4)	10	10	2	2
D Neaves (5)	7	7	-	-

1 *S Eley was appointed Non-Executive Director on 17 October 2016*
2 *N Lude was a Non-Executive Director until committing to a period of 6 months as an Executive Director on 1 May 2017*
3 *R Malcolm resigned on 24 April 2017*
4 *D sanders was appointed Non-Executive director on 20 October 2016*
5 *D Neaves resigned on 10 April 2017*

Company Secretary

Mr Kevin Hart, Appointed 12 May 2017

Mr Hart a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Western Australia. He has over 30 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

Mr Hart is currently a partner in an advisory firm, Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities.

Former Company Secretaries

Mrs Dennae Lont, Resigned 10 May 2017

Mr Nicholas Ong, Resigned 12 May 2017

OPTIONS, PERFORMANCE RIGHTS AND RETENTION RIGHTS

Details of the performance rights on issue as at the date of this report are as follows:

Performance Rights

- 621,102 performance rights expiring 30 June 2018

Further details of performance rights, retention rights and options issued by the Company during the financial year and on issue as at 30 June 2017 are set out in Note 11 to the financial statements and form part of this report.

INDEMNIFYING OFFICERS

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

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

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year or prior financial year.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

CHANGES IN STATE OF AFFAIRS

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

EVENTS AFTER THE REPORTING PERIOD

- On 8 August 2017, the company announced that a total of 6,224,930 shares have been sold, from 1,302 holders of unmarketable parcels, at a price of $0.038 per share, being the minimum price set in accordance with the Company's Constitution. The unmarketable share sale process reduces the company's administrative costs associated with maintaining these small holdings.

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

LIKELY DEVELOPMENTS AND FUTURE PROSPECTS

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

ENVIRONMENTAL REGULATION

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

REMUNERATION REPORT (Audited)

The Directors of Pura Vida Energy NL (**Company** or **Pura Vida**) present the Remuneration Report of the Company and the entities it controlled (**Consolidated Entity** or **Group**) for the year ended 30 June 2017. The report outlines the remuneration arrangements for the Company's key management personnel (**KMP**) in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

This report is presented in the following sections:

1. Introduction
2. Governance
3. Key Management Personnel
4. 2017 Remuneration
   - Executive Remuneration Structure
   - Non-Executive Directors
5. Executive Service Agreements
6. Share-Based Compensation
7. Details of Remuneration
8. Other Transactions
9. Voting and Comments – 2016 Annual General Meeting

1. INTRODUCTION

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the oil and gas exploration industry. In addition reference is made to the specific skills and experience of the Directors and Officers.

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

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

On 17 May 2016 the Company announced that in light of market conditions that the Board had resolved to suspend short and long term incentive awards. At the date of this report all short and long term incentive awards have remained suspended. As the Company is in the process of evaluating its assets it has made the decision in the short term not to engage any full time executives to replace the Managing Director and the Exploration Manager who resigned in March and June 2017 respectively.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

2. GOVERNANCE

The Board has adopted the Formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

Given the Board changes during the year, the Company did not have a separate Remuneration Committee for the full year and as such all remuneration matters are now considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

REMUNERATION REPORT (Audited) (continued)

3. KEY MANAGEMENT PERSONNEL

The KMP disclosed in this report are as follows:

Executive – Current

- N Lude – appointed 1 May 2017
- S Eley – appointed 6 March 2017

Executives – Former

- D Neaves (Managing Director) – appointed 17 August 2011, ceased employment as CEO on 21 March 2017 and resigned directorship on 10 April 2017
- A Morrison (Exploration Manager) – appointed 7 May 2014, resigned 19 June 2017

Non-Executive Directors

- D Sanders – appointed 20 October 2016

Non-Executive Director – Former

- N Lude – appointed 16 May 2016, assumed Executive role 1 May 2017
- R Malcolm – appointed 13 January 2014, resigned 24 April 2017
- S Eley (Chairman) - appointed 17 October 2016, assumed Executive role 6 March 2017

4. 2017 REMUNERATION

The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains and motivates people of the highest quality. The board has consciously focussed on conserving funds and the remuneration policy reflects this. At the date of this report, the Company has not entered into any remuneration packages with current Directors or senior executives which include performance based components.

The former Managing Directors remuneration included performance based component whereby the Managing Director received a percentage of cash received in respect of payments, asset sales and other cash generating transactions relating to the Company's existing and future asset portfolio.

It is noted that the Managing Director, Mr Damon Neaves ceased employment as CEO on 21 March 2017 and resigned directorship on 10 April 2017. In accordance with the company's remuneration policy the company has resolved to require Mr Neaves to repay any bonuses and shares received as part of remuneration.

Retention rights

On 9 September 2015, the Board resolved to award retention rights to all employees, including the Managing Director, as part of the annual performance review process for the 2015 financial year.

The last tranche of the retention rights vested on 30 June 2017.

Remuneration related to Performance

On 17 May 2016, the Company announced that in light of market conditions, the Board had resolved to suspend short term and long-term incentive awards to all employees under the Company's remuneration policy. As at the date of this report the short term and long-term incentive awards remain suspended.

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

Non-Executive Directors' Remuneration Structure

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

Non-Executive Directors' fees and payments are reviewed annually by the Board and for the year ended 30 June 2017, is $25,000 per annum, excluding superannuation. Fees provided to Non-Executive Directors are exclusive of superannuation. There are no termination or retirement benefits paid to Non-Executive Directors (other than statutory superannuation). The aggregate amount of remuneration for Non-Executive Directors approved by shareholders at the 2014 Annual General Meeting is $400,000 per annum.

Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

5. EXECUTIVE SERVICE AGREEMENTS

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

Major provisions of the service agreements are set out below:

Name	Effective date	Term of agreement	Termination notice period (1)	Base salary (2) $
Damon Neaves, *Managing Director (3)*	15-May-2016	No fixed term	1 or 6 months	300,000
Andrew Morrison*, Exploration Manager (4)*	7-May-2014	No fixed term	1 or 3 months	297,483

1 *The notice period applies equally to both parties with the notice period being one month if terminated by the company with cause. With respect to D Neaves if terminated by the company without reason an additional termination payment equivalent to 6 months' salary is payable.*
2 *Base salaries are quoted excluding superannuation for the year ended 30 June 2017*
3 *D Neaves ceased employment as CEO on 21 March 2017 and resigned directorship on 10 April 2017*
4 *A Morrison resigned on 19 June 2017*

Simon Eley – Executive Chairman

Pura Vida announced on 22 March 2017 that Mr Simon Eley, Non-executive Chairman, will assume 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. At the appropriate time the board will seek to identify and secure a suitable technical person to join the company and assist with the upcoming program at Nkembe.

Nathan Lude – Executive Director

Pura Vida announced on 12 May 2017 that, effective 1 May 2017, Mr Nathan Lude agreed to be appointed as an Executive Director to assist with assessing new market opportunities and financial management of the Company.

Nathan Lude has committed to a period of 6 months as an Executive Director and will work a minimum of 20 hours per week. Mr Lude currently receives $25,000 per annum plus statutory superannuation as a Non-Executive Director and this amount will be increased by an additional $50,000 plus statutory superannuation over the 6 month duration. In order to preserve Company funds, Mr Lude has requested that the additional amount be paid through the issue of fully paid ordinary shares, subject to shareholder approval. The number of shares to be issued will be calculated monthly, based on the monthly VWAP for each month of the period. Mr Lude's role will be focused on realising value from the Company's oil and gas assets and assessing new market opportunities, whilst assisting with the financial reporting and compliance management of the Company.

REMUNERATION REPORT (Audited) (continued)

6. SHARE-BASED COMPENSATION

During the year ended 30 June 2017, the following share-based awards were granted, vested and/or lapsed to KMP:

Name	Type of award	Grant date	Grant value [1] $	Number granted	Unvested balance at the start of the year	Number vested during the year	Number lapsed during the year	Maximum expense yet to vest $
Damon Neaves, *Managing Director*	Performance rights [2]	31 Oct 14	96,250	275,000	275,000	-	275,000 [3]	-
	Performance rights [2]	11 Nov 15	605	1,631,356	1,631,356	-	1,631,356 [3]	-
	Retention rights [2]	11 Nov 15	62,500	1,250,000	625,000	-	625,000 [3]	-
Andrew Morrison, *Exploration Manager*	Performance rights	01 Jul 14	59,739	169,714	169,714	-	169,714 [4]	-
	Performance rights	18 Sep 15	7,752	880,932	880,932	-	880,932 [4]	-
	Retention rights	18 Sep 15	48,000	1,000,000	500,000	-	500,000 [4]	-

1 *The value of performance rights and retention rights is calculated as the fair value at grant date using a Monte Carlo Simulation model and allocated equally to remuneration over the vesting period*
2 *Performance rights and retention rights granted to the Managing Director were approved by shareholders at Annual General Meetings held on 31 October 2014 and 11 November 2015*
3 *D Neaves ceased employment on 21 March 2017 as a result the share-based awards that had not yet vested at resignation date lapsed and the expense was reversed*
4 *A Morrison resigned on 19 June 2017 as a result the share-based awards that had not yet vested at resignation date lapsed and the expense was reversed*

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

Type of grant	Grant date	Expected vesting date	Expiry date	Exercise price	Value per performance right [2][3]	Service and performance condition	Lapsed [6]	Vested
Performance rights [1][4]	11 Nov 15	30-Jun-18	30-Jun-18	-	\$0.0004	Both	100%	-
Retention rights [1][5]	11 Nov 15	30 Jun 16 & 30 Jun 17	30 Jun 16 & 30 Jun 17	-	\$0.050	Service	50%	50%
Performance rights [4]	18 Sep 15	30-Jun-18	30-Jun-18	-	\$0.0088	Both	100%	-
Retention rights [5]	18 Sep 15	30 Jun 16 & 30 Jun 17	30 Jun 16 & 30 Jun 17	-	\$0.048	Service	50%	50%
Performance rights [1][4]	31 Oct 14	30-Jun-17	30 Jun 17	-	\$0.350	Both	100%	-
Performance rights [4]	01 Jul 14	30-Jun-17	30 Jun 17	-	\$0.352	Both	100%	-

1 *Performance rights and retention rights granted to the Managing Director were approved by shareholders at Annual General Meetings held on 31 October 2014 and 11 November 2015*
2 *Performance rights can only be converted if they have vested. Upon conversion each performance right is convertible into one ordinary share which will rank equally with all other issued ordinary shares*
3 *The value of performance rights granted are calculated in accordance with AASB2 Share-based Payments. Refer to Note 11 of the financial statements for details of the assumptions used in calculating the value of each performance right as at their grant date*
4 *Performance will be measured based on Pura Vida's relative total shareholder return (TSR) over a three-year period, measured from 1 July in the year the rights were granted. The vesting of the performance rights will be measured using the Company's TSR compared to the S&P/ASX 300 Energy (industry group) index (Index). The employee is required to be employed with the Company at the date of vesting*
5 *Retention rights are split equally between two tranches, tranche 1 has a service condition of 1 year and tranche 2 has a service condition of 2 years*
6 *As a result of staff resignations share-based awards that had not yet vested at resignation date lapsed*

7. DETAILS OF REMUNERATION

Remuneration of KMP for the 2017 financial year is set out below:

Short-term benefits					Post-employment benefits		Share-based payments [5]	Total remuneration	Performance related
Cash, salary & fees	Bonus [1]	Consulting fees [2]	Annual leave [3]	Non-cash benefit [4]	Super-annuation	Termi-nation			
$	$	$	$	$	$	$	$	$	%
Non-Executive Directors – Current									
D Sanders [7]									
17,460	-	-	-	462	1,659	-	-	19,581	-
Non-Executive Directors – Former									
S Eley [6]									
9,425	-	13,500	-	-	895	-	-	23,820	-
N Lude [8]									
20,833	-	-	-	1,480	1,979	-	-	24,293	-
R Malcolm [9]									
20,833	-	-	-	1,480	1,979	-	-	24,293	-
Executives									
S Eley [6]									
8,333		87,375	-	444	792	-	-	96,944	-
N Lude [8]									
20,833	-	-	-	296	1,979	-	-	23,109	-
Executives – Former									
D Neaves [10]									
223,387	39,676	-	31,455	8,262	23,597	25,000	(79,336)	272,041	(29)
A Morrison [11]									
287,342	-	-	11,316	-	28,372	-	(54,410)	272,620	(20)
608,448	**39,676**	**100,875**	**42,771**	**12,424**	**61,253**	**25,000**	**(133,746)**	**756,700**	

1 *The Managing Director received a bonus of 2% of the cash received from conditional settlement with PXP Morocco B.V. (PXP) in relation to the second well obligation. In accordance with the company's remuneration policy the company has resolved to require Mr Neaves to repay the bonus.*
2 *Pura Vida announced on 22 March 2017 that Mr Simon Eley, Non-executive Chairman, will assume an interim role in the day to day management of the company with the assistance of the remaining directors and management team*
3 *Upon cessation and resignation, outstanding annual leave entitlement were paid out to employees*
4 *Other benefits include the provision of car parking and provisions of Working Directors' Personal Accident & Sickness insurance*
5 *Performance and retention rights granted as part of remuneration package, AASB 2 – Share Based Payments requires the fair value at grant date of the rights granted to be expensed over the vesting period. As a result of staff resignations share-based awards that had not yet vested at resignation date lapsed*
6 *S Eley was appointed Non-Executive Director on 17 October 2016 and assumed Executive role from 6 March 2017*
7 *D Sanders was appointed Non-Executive Director on 20 October 2016*
8 *N Lude was a Non-Executive Director until committing to a period of 6 months as an Executive Director on 1 May 2017*
9 *R Malcolm resigned on 24 April 2017*
10 *D Neaves ceased employment as CEO on 21 March 2017 and resigned Directorship on 10 April 2017.*
11 *A Morrison resigned on 19 June 2017*

REMUNERATION REPORT (Audited) (continued)

Remuneration of KMP for the 2016 financial year is set out below:

	Short-term benefits				Post-employment benefits		Share-based payments			
	Cash, salary & fees	STI award (1)	Cash award (2)	Non-cash benefit (3)	Super-annuation	Termi-nation	Performance & retention rights (4)	Options	Total remuneration	Performance related
	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors - Current										
R Malcolm	90,673	-	-	1,793	8,614	-	-	-	101,080	-
N Lude (5)	3,237	-	-	221	308	-	-	-	3,766	-
Non-Executive Directors - Former										
J Dowling (6)	87,564	-	-	1,571	8,319	-	-	-	97,454	-
Executives - Current										
D Neaves	373,994	-	-	10,152	35,529	-	47,077	-	466,752	10%
A Morrison (7)	297,483	2,575	50,000	41,790	28,261	-	55,968	-	476,077	12%
Executives – Former										
B Tarratt (8)	252,083	2,384	-	8,470	30,479	154,360	(18,388)	-	429,389	(4%)
	1,105,034	**4,959**	**50,000**	**63,997**	**111,510**	**154,360**	**84,657**	**-**	**1,574,517**	

1. *Payment made during the year relate to services as KMP during the prior year. The STI award was settled in the form of shares, on settlement there was a variance between the prior period accrual and the amount settled*
2. *Cash award was paid to ensure retention of key management resulting from restructure and office closure, relocation to Perth and significant reduction in the resourcing of the technical department*
3. *Other benefits include the provision of car parking, payment of relocation costs and provisions of Working Directors' Personal Accident & Sickness insurance*
4. *Performance and retention rights granted as part of remuneration package, AASB 2 – Share Based Payments requires the fair value at grant date of the rights granted to be expensed over the vesting period*
5. *N Lude was appointed as Non-Executive Director on 16 May 2016*
6. *J Dowling resigned as Non-Executive Chairman on 16 May 2016*
7. *As part of the closure of Melbourne office and relocation of staff to Perth, moving costs were paid by the Company*
8. *B Tarratt, was made redundant on 1 June 2016 as a result the share-based awards that had not yet vested at termination date lapsed*

REMUNERATION REPORT (Audited) (continued)

The following table sets out a reconciliation of each KMP's relevant interest in ordinary shares and options, performance rights and retention rights to acquire shares in the Company:

KMP	Balance at the start of the year	Granted / Acquired	Exercised	Lapsed	Other changes	Balance at year end
Non-Executive Directors - Current						
D Sanders [1]						
Fully paid ordinary shares	-	-	-	-	-	-
Non-Executive Directors - Former						
R Malcolm [2]						
Fully paid ordinary shares	537,623	-	-	-	(537,623)	-
Options	500,000	-	-	(500,000)	-	-
Executive - current						
S Eley [3]						
Fully paid ordinary shares	-	-	-	-	-	-
N Lude [4]						
Fully paid ordinary shares	3,948,815	1,070,000[5]	-	-	-	5,018,815
Executives – Former						
D Neaves [6]						
Fully paid ordinary shares	5,675,000	625,000 [7]	-		(6,300,000)	-
Partly paid ordinary shares	4,725,000	-	-	-	(4,725,000)	-
Performance rights	1,906,356	-	-	-	(1,906,356)	-
Retention rights	1,250,000	-	(625,000)	-	(625,000)	-
A Morrison [8]						
Fully paid ordinary shares	1,584,941	500,000	-	-	(2,084,941)	-
Performance rights	1,050,646	-	-	-	(1,050,646)	-
Retention rights	1,000,000	-	(500,000)	-	(500,000)	-

1 *D Sanders was appointed Non-Executive Director on 20 October 2016*
2 *R Malcolm resigned on 24 April 2017*
3 *S Eley was appointed Non-Executive Director on 17 October 2016 and assumed Executive role from 6 March 2017*
4 *N Lude was a Non-Executive Director until committing to a period of 6 months as an Executive Director on 1 May 2017*
5 *Share were acquired by Mr Lude on market*
6 *D Neaves ceased employment as CEO on 21 March 2017 and resigned Directorship on 10 April 2017*
7 *In accordance with the company's remuneration policy the company has resolved to require Mr Neaves to give back any shares received as part of remuneration from the exercise of vested retention rights.*
8 *A Morrison resigned on 19 June 2017*

8. OTHER 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.
- 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 year was $14,130 (30 June 2016: nil).

There are no other outstanding loans or other transaction arising to or from with key management personnel during the year related parties (30 June 2016: Nil).

9. VOTING AND COMMENTS - 2016 ANNUAL GENERAL MEETING

At the 2016 Annual General Meeting (AGM) held on 28 November 2016, 85% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. There were no comments made on the remuneration report at the Company's last AGM.

This concludes the Remuneration Report which has been audited.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on the following page.

NON-AUDIT SERVICES

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

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

During the year ended 30 June 2017, the following amounts were paid or payable for non-audit services provided to the Group by the auditor:

	2017 $	2016 $
Taxation services		
BDO Tax (WA) Pty Ltd		
Tax compliance services	8,670	11,730
International tax consulting and tax advice	3,032	4,855
Total remuneration for taxation services	11,702	16,585
Other services		
BDO Reward (WA) Pty Ltd		
Remuneration review	14,750	-
Total remuneration for other services	14,750	-
Total remuneration for non-audit services	26,452	16,585

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

On behalf of the Directors

Simon Eley
Chairman

Perth, Western Australia

29 September 2017

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

As lead auditor of Pura Vida Energy NL for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

Consolidated Statement of Profit or Loss and Other comprehensive Income
For The Year Ended 30 June 2017

	Note	2017 $	2016 $
Income from continuing operations			
Interest income		7,222	16,920
Other income	2	9,395,735	106,380
Total income		9,402,957	123,300
Expenses			
Exploration and evaluation expenditure	3	(4,065,305)	(5,212,073)
Finance costs	3	-	(26)
Depreciation expenses		(7,379)	(18,887)
Administrative expenses	3	(1,721,821)	(2,625,993)
Share-based payments (expense)/reversal	3	160,765	(56,524)
Unrealised foreign exchange gain/(loss)	3	(73,613)	223,910
Profit/(Loss) before income tax		3,695,605	(7,566,293)
Income tax expense	4	-	-
Loss attributable to the owners of the Company		3,695,605	(7,566,293)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(12,209)	2,292
Other comprehensive loss for the year, net of tax		(12,209)	2,292
Total comprehensive loss for the year attributable to the owners of Pura Vida Energy NL		3,683,396	(7,564,001)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders			
Basic loss per share (cents per share)	15	1.38	(4.08)
Diluted loss per share (cents per share)	15	1.37	(4.08)

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 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	5	10,510,690	6,083,331
Other receivables	6	105,173	248,058
Total current assets		10,615,863	6,331,389
Non-current assets			
Property, plant and equipment		1,295	6,705
Total non-current assets		1,295	6,705
Total assets		**10,617,158**	**6,338,094**
Current liabilities			
Trade and other payables	8	3,092,088	2,331,518
Provisions	9	20,862	75,725
Total current liabilities		3,112,950	2,407,243
Total liabilities		**3,112,950**	**2,407,243**
Net assets		**7,504,208**	**3,930,851**
Equity			
Issued capital	10(a)	51,086,638	51,035,913
Share-based payment reserve	10(c)	4,154,274	4,315,038
Foreign exchange reserve	10(c)	(76,161)	(63,952)
Accumulated losses	10(b)	(47,660,543)	(51,356,148)
Total equity		**7,504,208**	**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 YEAR ENDED 30 JUNE 2017

	Issued capital $	Reserves $	Accumulated loss $	Total equity $
Balance at 1 July 2015	**48,258,153**	**4,192,270**	**(43,789,855)**	**8,660,568**
Loss for the year	-	-	(7,566,293)	(7,566,293)
Other comprehensive income/(loss) for the year	-	2,292	-	2,292
Total comprehensive income/(loss) for the year	-	2,292	(7,566,293)	(7,564,001)
Transactions with owners in their capacity as owners				
Contributed equity	2,955,009	-	-	2,955,009
Share issue costs	(177,249)	-	-	(177,249)
Option and performance rights expense recognised during the year	-	56,524	-	56,524
Performance rights converted during the year	-	-	-	-
Balance at 30 June 2016	**51,035,913**	**4,251,086**	**(51,356,148)**	**3,930,851**
Profit for the year	-	-	3,695,605	3,695,605
Other comprehensive income/(loss) for the year	-	(12,209)	-	(12,209)
Total comprehensive income/(loss) for the year	-	(12,209)	3,695,605	3,683,396
Transactions with owners in their capacity as owners				
Contributed equity	50,725	-	-	50,725
Share issue costs	-	-	-	-
Retention and performance rights expense/(reversal) recognised during the year	-	(160,765)	-	(160,765)
Retention and performance rights converted during the year	-	-	-	-
Balance at 30 June 2017	**51,086,638**	**4,078,113**	**(47,660,543)**	**7,504,208**

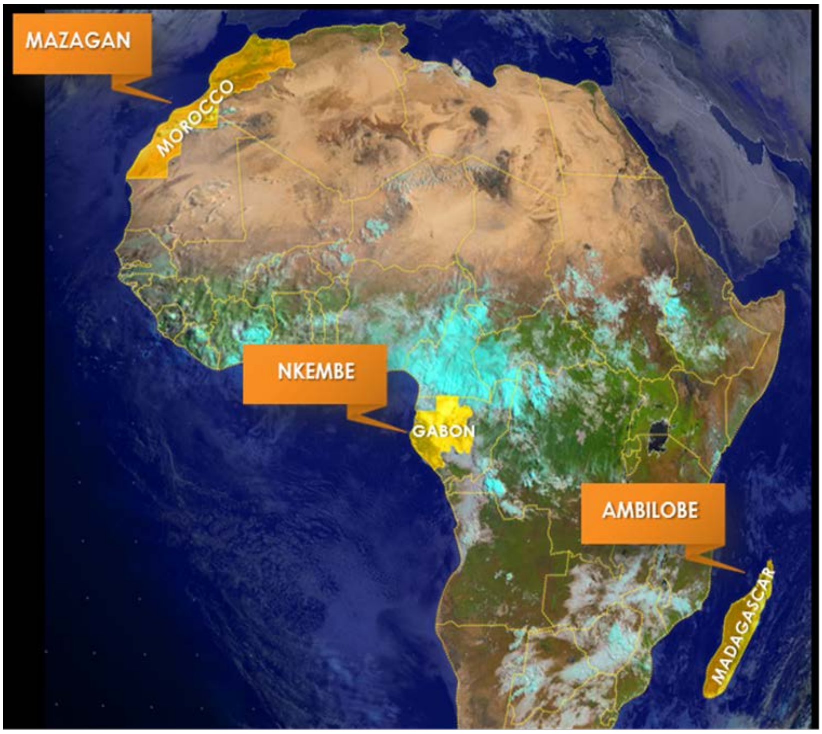
The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers, consultants and employees		(1,857,442)	(2,610,886)
Payments for exploration and evaluation expenditure		(2,916,734)	(1,639,279)
Interest received		9,559	17,444
Interest paid		-	(26)
Other income		9,395,735	106,380
Net cash inflow/(outflow) from operating activities	13	4,631,118	(4,126,367)
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		-	2,741,700
Share issue costs		-	(82,660)
Net cash inflow from financing activities		-	2,659,040
Net increase/(decrease) in cash and cash equivalents		4,629,149	(1,469,583)
Cash and cash equivalents at the beginning of the year		6,083,331	7,329,004
Effects of exchange rate changes on cash and cash equivalents		(201,790)	223,910
Cash and cash equivalents at the end of the year	5	10,510,690	6,083,331

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

1. SEGMENT INFORMATION

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



	Morocco $	Gabon $	Madagascar $	Other corporate activities $	Total $
For the year ended 30 June 2017					
Income from external sources	-	-	-	9,402957	9,402,957
Reportable segment profit/(loss)	(370,033)	(3,454,848)	(462,946)	7,983,431	3,695,604
Reportable segment assets (1)	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)
For the year ended 30 June 2016					
Revenue from external sources	-	-	-	123,300	123,300
Reportable segment profit/(loss)	(615,018)	(2,235,031)	(2,870,641)	(1,968,903)	(7,566,293)
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 $10,401,820*
2 *Other corporate activities includes cash held of $5,995,234*

2. OTHER INCOME

	2017 $	2016 $
Other income		
Recharge income	144,724	106,380
Freeport settlement	9,251,011	-
Total other income	9,395,735	106,380

2. OTHER INCOME (continued)

During the year Pura Vida entered into a 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. A settlement agreement was also reached 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 US$ 7 million (AU$ 9.25 million) to PVD.

In addition to the cash settlement, and pursuant to the terms of the settlement agreement, Pura Vida acquired 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. 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). The drilling equipment has been measured in accordance with *AASB 102: Inventories* at net realisable value being a nil value.

3. EXPENSES

	2017 $	2016 $
Profit/(Loss) before income tax includes the following specific items:		
Exploration and evaluation expenditure		
Mazagan permit, offshore Morocco	266,903	523,583
Nkembe block, offshore Gabon	3,318,610	2,091,402
Ambilobe block, offshore Madagascar	479,792	2,588,923
New venture activity costs	-	8,165
Total exploration and evaluation expenditure	4,065,305	5,212,073
Share-based payments expenses		
Performance rights (1)	(136,140)	(82,151)
Retention rights (1)	(24,625)	138,675
Total share-based payments expenses/(reversal)	(160,765)	56,524
Administrative expenses		
Employee benefits expense	695,108	1,372,113
Advisory and audit fees	95,616	312,625
Travel & accommodation (2)	71	9,178
Other expenses	931,026	932,077
Total administrative expenses	1,721,821	2,625,993
Foreign exchange loss/(gain) (3)	73,613	(223,910)

1 *Forfeitures occurred during the year as a result of staff redundancies. Performance rights on issue that hadn't met the performance hurdles on the employee's final day, were cancelled by the Board. These included performance rights issued to Mr Damon Neaves and Mr Andrew Morrison. The cancellation resulted in a reversal of current and prior period expenditure*
2 *Travel costs directly related to operational activities have been classified as exploration and evaluation expenditure*
3 *Foreign exchange gain was recognised upon cash held and payments of United States and Euro dollar denominated balances*

4. TAXATION

	2017 $	2016 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) Reconciliation of income tax to prima facie tax payable		
Profit/(Loss) before income tax	3,695,605	(7,566,293)
Income tax expense/(benefit) at 30% (30 June 2016: 30%)	1,016,291	(2,269,888)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	(30,261)	34,542
Other	176,862	165,364
Deferred tax assets relating to tax losses and timing differences not recognised	1,166,951	2,069,982
Timing differences previously unrecognised now recognised	(2,329,843)	-
Total income tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets and liabilities not recognised relate to the following:		
Tax losses/(gain)	747,239	2,439,042
Exploration assets	12,160,061	12,204,549
Other temporary differences	854,626	780,819
Net deferred tax assets unrecognised	13,761,925	15,424,410

Significant accounting judgment

Deferred tax assets

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

Income taxes

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

5. CASH AND CASH EQUIVALENTS

(a) Risk exposure

Refer to Note 14 for details of the risk exposure and management of the Group's cash and cash equivalents.

(b) Deposits at call

Deposits at call are presented as cash equivalents if they have a maturity of three months or less and include the term deposit held by the company as an office bond. Refer Note 24(m) for the Group's other accounting policies on cash and cash equivalents. Deposits at call held with Australian banks and financial institutions and are bearing interest rates between 1.75% and 2.40%.

	2017 $	2016 $
Cash at bank	695,639	5,982,733
Deposits at call	9,815,051	100,598
	10,510,690	6,083,331

6. OTHER RECEIVABLES

The Group has no impairments to other receivables or have receivables that are past due but not impaired. Refer to Note 14 for detail of the risk exposure and management of the Group's other receivables.

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

	2017 $	2016 $
Other receivables	18,949	14,834
Prepayments	86,224	83,136
Joint operation contribution	-	150,088
	105,173	248,058

7. JOINTLY CONTROLLED OPERATIONS

At the reporting date, the Group has operator working interests in the following projects:

		Working interest [1]			
		Exploration phase		Exploitation phase	
Project	Activity	2017 %	2016 %	2017 %	2016 %
Mazagan permit (Morocco)	Exploration	-	31	-	23
Ambilobe block (Madagascar)	Exploration	100	100	100	100
Nkembe block (Gabon)	Exploration	100	100	100 [2]	100 [2]

1 *Working interest denotes the percentage share of costs to be borne by the Group in relation to its interests in the projects*
2 *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*

8. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade payables	159,594	396,992
Other payables	2,932,494	1,934,526
	3,092,088	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.

Refer to Note 14 for details of the risk exposure and management of the Group's trade and other payables.

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$2.2 million (AU$ 2.87 million). Fund contributions have been accrued but not paid pending directions from the DGH and resolution of other matters.

9. PROVISIONS

The provision for employee benefits relate to annual leave which is provided for all employees of the Group in line with their employment contracts and the balance for the year ended 30 June 2017 is expected to be settled within 12 months. The measurement and recognition criteria relating to employee benefits have been included in Note 24(o) to this report.

	2017 $	2016 $
Employee benefits	20,862	75,725

10. ISSUED CAPITAL

(a) Contributed equity

	2017 Securities	2016 Securities	2017 $	2016 $
Fully paid ordinary shares	259,633,604	255,978,414	50,982,352	50,931,627
Partly paid ordinary shares	10,428,550	10,428,550	104,286	104,286
			51,086,638	51,035,913

(i) Fully paid ordinary shares

Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 30 June 2017, there are no ordinary shares subject to escrow (30 June 2016: Nil).

10. ISSUED CAPITAL (continued)

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	-	-
Issue of shares for employee short term incentive	18-Sep-15	1,304,259	-	71,220
Placement	4-Apr-16	36,542,208	0.027	986,640
Rights Issue	8-Apr-16	19,103,503	0.027	515,795
Shortfall share from rights issue	18-Apr-16	44,139,190	0.027	1,191,758
Share based payment (1)	22-Apr-16	3,503,328	-	94,590
Share issue costs				(177,249)
Balance at 30 June 2016		**255,978,414**		**50,931,627**
Share based payment (2)	4-Nov-16	1,755,190	0.03	50,725
Conversion of retention rights (3)	4-Nov-16	1,900,000	-	-
Share issue costs				-
Balance at 30 June 2017		**259,633,604**		**50,982,352**

1 *Share based payments have been recorded at the value of services received for broker and compliance manager fees*
2 *Settlement of accrued payroll amounts to B Tarratt, who was made redundant from the company on 1 June 2016*
3 *Included within the share issued is 625,000 shares issued to Mr Neaves. In accordance with the company's remuneration policy the company has resolved to require Mr Neaves to give back any shares received as part of remuneration from the exercise of vested retention rights.*

(ii) Partly paid ordinary shares

Partly paid ordinary shares have an issue price of $0.20 of which $0.01 is paid. The balance of the issue price is payable at the election of the holder at any time by the issue of a payment notice in writing and delivered to the registered office of the Group. Partly paid shares participate in any dividends on the same basis as if the partly paid share were fully paid and are not listed.

Movement in partly paid shares

	Date	Number of securities	Issue price $	$
Balance at 30 June 2015		**19,928,550**		**109,206**
Conversion of partly paid shares	10-Jul-15	(112,500)	0.01	(1,125)
Conversion of partly paid shares	31-Oct-15	(550,000)	0.01	(5,500)
Balance at 30 June 2016		**10,428,550**		**104,286**
		-		-
Balance at 30 June 2017		**10,428,550**		**104,286**

(iii) Options

Information relating to the Pura Vida Incentive Option Scheme, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 11.

10. ISSUED CAPITAL (continued)

(iv) Performance rights and Retention rights

Information relating to the Pura Vida Performance Rights Plan, including details of performance and retention rights issued, vested and lapsed during the financial year and rights outstanding at the end of the reporting period, is set out in Note 11.

(b) Accumulated losses

	2017 $	2016 $
Balance at 1 July	(51,356,148)	(43,789,855)
Net profit/(loss) attributable to owners of the Company	3,695,605	(7,566,293)
Balance at 30 June	(47,660,543)	(51,356,148)

(c) Reserves

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

	2017 $	2016 $
Share-based payments reserve		
Balance at 1 July	4,315,038	4,258,514
Performance rights expense/(reversal)	(136,140)	(82,151)
Retention rights expense/(reversal)	(24,625)	138,675
Options expense	-	-
Balance at 30 June	4,154,274	4,315,038
Foreign currency translation reserve		
Balance at 1 July	(63,952)	(66,244)
Currency translation differences arising during the year	(12,209)	2,292
Balance at 30 June	(76,161)	(63,952)

Share-based payments reserve

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

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 24(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

11. SHARE-BASED PAYMENT TRANSACTIONS

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

At 30 June 2017 the Group had the following share-based payments arrangements:

(a) 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.

11. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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.

No incentive options were granted during the year.

Vendor options

Pura Vida has in prior periods issued options to vendors in lieu of services received. The value of the share based payments has been recorded at the fair value of broker and compliance manager fees received.

No vendor options were granted during the year.

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

Set out below are summaries of options granted:

	2017		2016	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
As at 1 July	$0.54	8,707,500	$0.56	11,007,693
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	$0.62	(6,307,500)	$0.415	(2,300,193)
As at 30 June	$0.35	2,400,000	$0.54	8,707,500
Vested and exercisable	$0.35	2,400,000	$0.54	8,707,500

Grant date	Expiry date	Exercise price	2017 Number of options	2016 Number of options
06-Sep-11	06-Sep-16	$0.40	-	2,500,000
20-Aug-12	20-Aug-17	$0.35	2,400,000	2,400,000
19-Oct-12	06-Sep-16	$0.40	-	250,000
05-Feb-13	06-Sep-16	$0.40	-	1,000,000
30-Oct-13	02-Oct-16	$1.03	-	775,000
07-Nov-13	04-Nov-16	$1.08	-	32,500
16-Dec-13	16-Dec-16	$0.82	-	250,000
13-Jan-14	13-Jan-17	$0.91	-	1,500,000
			2,400,000	8,707,500
Weighted average remaining contractual life of options outstanding at the end of the year:			0.14 years	0.54 years

(b) Rights over shares

Performance Rights Plan

Performance rights are issued under the long-term incentive plan and will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

11. SHARE-BASED PAYMENT TRANSACTIONS (continued)

During the prior period the Company granted performance rights as a long-term incentive 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 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.

Retention rights

In order to incentivise and retain key personnel, on 9 September 2015 the Board resolved to award retention rights to all employees, including the Managing Director, as part of the annual performance review process for 2015.

The retention rights to employees have been issued under the Company's Performance Rights Plan approved by Shareholders on 2 September 2011 and 31 October 2014. On vesting, each retention right has an entitlement to one fully paid ordinary share provided that certain service milestones are met. If the service milestones are not met, the retention rights will lapse and the eligible participant will have no entitlement to any shares.

Movement in the rights is shown below:

Grant date	Series	Vesting date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed	Forfeited during the year (1)	Balance at year end	Vested & exercisable at year end
Year ended 30 June 2017										
30-Oct-13	3	30-Oct-16	n/a	135,954	-	-	(135,954)	-	-	-
7-Nov-13	4	7-Nov-16	n/a	24,375	-	-	(24,375)	-	-	-
1-Jul-14	6	30-Jun-17	n/a	265,071	-	-	(225,428)	(39,643)	-	-
31-Oct-14	7	30-Jun-17	n/a	275,000	-	-	-	(275,000)	-	-
1-Jul-15	8	30-Jun17	n/a	2,550,000	-	1,275,000	-	(825,000)	450,000	450,000
1-Jul-15	9	30-Jun18	n/a	2,156,430	-	-	-	(1,535,328)	621,102	-
11-Nov-15	10	30-Jun17	n/a	1,250,000	-	625,000(2)	-	(625,000)	-	-
11-Nov-15	11	30-Jun18	n/a	1,631,356	-	-	-	(1,631,356)	-	-
Total				8,288,186	-	1,900,000	(385,757)	(4,931,327)	1,071,102	450,000
Year ended 30 June 2016										
30-Oct-13	3	30-Oct-16	n/a	567,204	-	(131,250)	-	(300,000)	135,954	-
7-Nov-13	4	7-Nov-16	n/a	32,500	-	(8,125)	-	-	24,375	-
16-Dec-13	5	16-Dec-16	n/a	250,000	-	(62,500)	-	(187,500)	-	-
01-Jul-14	6	30-Jun-17	n/a	606,500	-	-	-	(341,429)	265,071	-
31-Oct-14	7	30-Jun-17	n/a	275,000	-	-	-	-	275,000	-
1-Jul-15	8	30-Jun17	n/a	-	3,550,000	-	-	(1,000,000)	2,550,000	1,275,000
1-Jul-15	9	30-Jun18	n/a	-	2,972,108	-	-	(815,678)	2,156,430	-
11-Nov-15	10	30-Jun17	n/a	-	1,250,000	-	-	-	1,250,000	625,000
11-Nov-15	11	30-Jun18	n/a	-	1,631,356	-	-	-	1,631,356	-
Total				1,731,204	9,403,464	(201,875)	-	(2,644,607)	8,288,186	1,900,000

1 *Forfeitures occurred during the year as a result of staff redundancies. As the rights hadn't meet the performance hurdles on the employee's final day, the Board cancelled the rights. These included performance rights issued to Mr Damon Neaves and Mr Andrew Morrison, KMP.*

2 *In accordance with the company's remuneration policy the company has resolved to require Mr Neaves to give back any shares received as part of remuneration from the exercise of vested retention rights.*

11. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The weighted average remaining contractual life of rights outstanding at 30 June 2017 was 1 year (30 June 2016: 1.44 years).

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

No long-term incentive performance rights or retention rights were granted during the year ended 30 June 2017.

(c) Expense arising from share-based payment transaction

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

	2017 $	2016 $
Performance rights issued under the Performance Rights Plan	(136,140)	(82,151)
Retention rights issued under the Performance Rights Plan	(24,625)	138,675
Options issued under Incentive Option Scheme	-	-
	(160,765)	56,524

(d) Share capital issued

On 4 November 2016, 1,755,190 shares were issued to Mr Bevan Tarratt. The shares were in consideration for an outstanding redundancy payment. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the corresponding value to be paid less any payroll obligations which amounted to $50,725. This amount was accrued during the prior period and recognised in the Statement of Profit or Loss under employee benefits expense.

Significant accounting estimates and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and vendors 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.

Probability of vesting conditions being achieved

Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement.

Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified Increase in the entity's profit over a specified period of time).

The Company recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information Indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting condition is reassessed every reporting period.

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Significant accounting estimates and judgements

The areas involving significant estimates or judgements are:

- recognition of deferred tax asset for carried forward tax losses — Note 4;
- income taxes — Note 4;
- estimation of fair value of share-based payments – Note 11;
- estimation of probability of vesting conditions being satisfied – Note 11;
- disclosure of commitments – Note 17; and
- disclosure of contingencies – Note 19.

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

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

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

	Note	2017 $	2016 $
Gain / (Loss) for the year		3,695,605	(7,566,293)
Add/(Less) non-cash items:			
Depreciation		7,379	18,887
Write off of plant and equipment		-	11,610
Non-cash employee benefits expense		50,725	71,220
Share-based payments	11(c)	(160,765)	56,524
Unrealised foreign exchange loss		189,582	(223,910)
Changes in assets and liabilities during the financial year:			
Decrease/(Increase) in receivables		142,885	2,137,846
Increase/(Decrease) in payables		760,571	1,416,615
Increase/(Decrease) in employee provision		(54,864)	(48,866)
Net cash inflow/(outflow) from operating activities		4,631,118	(4,126,367)

14. FINANCIAL AND CAPITAL RISK MANAGEMENT

Overview

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

General objectives, policies and processes

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

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

Financial Instruments

The Group has the following financial instruments:

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	10,510,690	6,083,331
Other receivables	18,949	14,834
	10,529,639	6,098,165
Financial liabilities		
Trade and other payables	3,092,088	2,331,518
	3,092,088	2,331,518

(a) Market Risk

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

(i) Interest rate risk

As at the year ended 30 June 2017, the Group has interest-bearing assets and liabilities being liquid funds on deposit and unsecure funds. As such, the Group's income and operating cash flows (other than interest income from funds on deposit and interest expense from the senior secured revolving credit facility) are somewhat dependent on changes in market interest rates. The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Sensitivity analysis

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

	2017 $	2016 $
Impact on post-tax profits and equity		
Hypothetical basis points increase in interest	49,077	8,997
Hypothetical basis points decrease in interest	(49,077)	(8,997)

A hypothetical change of 50 basis points was used to calculate the Group's sensitivity to future interest rate movements as this figure approximates the movement in bond yields published by the Reserve Bank of Australia for bonds with a 12 month maturity (30 June 2016: 0.50%).

The weighted average effective interest rate of funds on deposit is 1.05% (30 June 2016: 0.23%).

(ii) Currency risk

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

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

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

	US $	Euro $	Other $	Total $
At 30 June 2017				
Financial assets				
Cash	10,112,911	54,373	43,814	10,211,098
Financial liabilities				
Trade and other payables	2,970,402	6,160	-	2,976,562
At 30 June 2016				
Financial assets				
Cash	3,893,375	124,490	45,269	4,063,134
Financial liabilities				
Trade and other payables	1,910,137	99,639	-	2,009,776

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Sensitivity analysis

The following table demonstrates the estimated sensitivity to a 10% increase/decrease in the US/Australian dollar exchange rate and a 10% increase/decrease in the Euro/Australian dollar exchange rate, with all variables held consistent, on post tax profit and equity. These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows.

	2017		2016	
	%	$	%	$
Impact on post-tax profits and equity				
US$/A$ + %	10	548,584	10	144,889
US$/A$ - %	10	(548,584)	10	(144,889)
Euro/A$ + %	10	3,244	10	6,772
Euro/A$ - %	10	(3,244)	10	(6,772)

A hypothetical change of 10% in the US dollar and Euro dollar exchange rates was used to calculate the Group's sensitivity to foreign exchange rate movements as the Company's estimate of possible rate movements over the coming year taking into account current market conditions and past volatility.

(iii) Commodity price risk

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

(b) Credit risk

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

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

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

Exposure to credit risk

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

	2017 $	2016 $
Cash and cash equivalents	10,510,690	6,083,331
Other receivables	18,949	14,834
	10,529,639	6,098,165

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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

	2017 $	2016 $
Cash at bank and short term deposits		
Held with Australian banks and financial institutions		
AA S&P rating	10,400,299	5,985,615
A S&P rating	64,572	48,444
B S&P rating	44,298	45,932
Unrated	1,521	3,340
Total	10,510,690	6,083,331
Other receivables		
Counterparties with external credit ratings	-	-
Counterparties without external credit ratings(1)		
Group 1	-	-
Group 2	18,949	14,834
Group 3	-	-
Total	18,949	14,834

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

(c) Liquidity risk

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

Maturities of financial liabilities

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

	Less than 6 months $	6 - 12 months $	1 - 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount liabilities $
At 30 June 2017						
Trade and other payables	3,092,088	-	-	-	3,092,088	3,092,088
At 30 June 2016						
Trade and other payables	2,331,518	-	-	-	2,331,518	2,331,518

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(d) Capital risk management

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

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

(e) Fair value measurements

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

Fair value hierarchy

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

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

15. EARNINGS PER SHARE

	2017	2016
Basic earnings/(loss) per share		
Net profit / (loss) after tax attributable to the members of the Company	$ 3,695,605	($ 7,566,293)
Weighted average number of ordinary shares	268,715,044	185,352,493
Basic earning / (loss) per share (cents)	1.38	(4.08)
Net profit / (loss) after tax attributable to the members of the Company	$ 3,695,605	($ 7,566,293)
Weighted average number of ordinary shares	268,715,044	185,352,493
Adjustments for calculation of diluted earnings per share		
Options	-	-
Deferred shares	621,101	-
Weighted average number of ordinary shares and potential ordinary shares	269,336,145	-
Diluted earnings/(loss) per share (cents)	1.37	(4.08)

Information concerning the classification of securities

(i) Partly paid ordinary shares

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

15. EARNINGS PER SHARE (continued)

(ii) Options

Options granted to employees and Directors under the Incentive Option Scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 11

(iii) Deferred shares

Rights to deferred shares granted to employees under the Performance Rights Plan are included in the calculation of diluted earnings per share assuming all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. Further information about the rights is provided in Note 11.

16. DIVIDENDS

No dividend has been paid or is proposed in respect of the year ended 30 June 2017 (30 June 2016: Nil).

17. COMMITMENTS

(a) Capital commitments

Gabon, Nkembe block

The Group is currently in the first exploration phase of the block, which initially covered a period of four years (January 2013 – January 2017). 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. The work commitments for the first exploration phase under the Nkembe PSC includes the acquisition and processing of 3D seismic data and an exploration well. The Nkembe PSC includes an estimate of US$17 million for the work commitments for the first exploration phase. The remaining portion of the work commitment as at the reporting date has been included in the table below. It is anticipated by the Group that upon a successful farmout of the Nkembe block, some or all of these costs will be funded by the farmout partner.

Madagascar, Ambilobe block

The second phase of the Ambilobe block ended in January 2017, with all work commitments having been completed. During the year Pura Vida elected to enter into the third phase prior to the expiry of second phase. The work commitments for the third phase includes the drilling one exploration well (to be funded by a future farminee) prior to the expiry of the third phase which currently expires in July 2019. The third phase may be extended, at Pura Vida's option, to July 2021. The Ambilobe PSC includes an estimate of US$2.5 million for the work commitments of the third phase. The remaining portion of the work commitment as at the reporting date has been included in the table below (30 June 2016: nil).

Morocco, Mazagan permit

The other acreage of the Group, being the Mazagan permit (Morocco) was exited by the Group during the year and did not have any remaining capital commitments (30 June 2016: nil).

The capital expenditure estimated within the PSC's noted above, less any amounts already spent, for the end of the reporting period but not recognised as a liability are as follows:

	2017[1] $	2016[2] $
Within one year	21,528,653	22,194,663
Later than one year but no later than five years	3,253,000	-
Later than five years	-	-
	24,781,653	22,194,663

1 *The US$ commitments have been translated at a rate of 0.7685 to AUD*
2 *The US$ commitments have been translated at a rate of 0.7469 to AUD*

17. COMMITMENTS (continued)

(b) Non-cancellable operating leases

The Group leases offices in Perth under non-cancellable operating leases expiring in March 2018.

	2017 $	2016 $
Rent		
Within one year	37,521	19,667
Later than one year but no later than five years	-	-
Later than five years	-	-
	37,521	19,667

18. REMUNERATION OF AUDITORS

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

	2017 $	2016 $
(a) BDO Australia		
Audit and assurance services		
Audit and review of financial statements	32,777	43,643
Taxation services		
Tax compliance services	8,670	11,730
International tax consulting and tax advice	3,032	4,855
Total remuneration for taxation services	11,702	16,585
Other services		
Remuneration review	14,750	-
Total remuneration for BDO Australia	58,529	60,228
(b) Network firms of BDO		
Audit and assurance services		
Audit and review of financial statements	25,173	21,202
Total auditors remuneration	83,702	81,430

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

19. CONTINGENCIES

(a) Contingent liabilities

During the year the Group completed a settlement agreement with Freeport-McMoRan and the Moroccan regulatory authorities which resulted in the Company receiving US$7 million and taking possession of surplus drilling inventory in January. There is a potential liability attached to this payment however no provision has been booked at 30 June 2017 as the Company is currently seeking advice in relation to the matter.

The Group currently has no other contingent liabilities as at 30 June 2017 (30 June 2016: Nil).

(b) Contingent assets

The Group has no contingent assets as at 30 June 2017 (30 June 2016: Nil).

Significant judgments

Contingencies & commitments

As the Group is subject to various laws and regulations in the jurisdictions in which it operates, significant judgment is required in determining whether any potential contingencies are required to be disclosed and/or whether any capital or operating leases require disclosure (refer to Note 17).

20. RELATED PARTY TRANSACTIONS

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

(a) Parent entities

The ultimate parent entity and ultimate controlling party is Pura Vida Energy NL (incorporated in Australia) which at 30 June 2017 owns 100% of the issued ordinary shares of the subsidiaries set out in Note 22.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	804,194	1,223,990
Post-employment benefits	61,253	111,510
Long-term benefits	-	-
Termination benefits	25,000	154,360
Share-based payments	(133,746)	84,657
	756,700	1,574,517

Detailed remuneration disclosures are provided within the Remuneration Report.

(d) Transaction with other related parties

The following transaction occurred with related parties:

	2017 $	2016 $
Sale and purchase of services		
Purchase of legal services	14,130	-

20. RELATED PARTY TRANSACTIONS (continued)

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

For detailed disclosure please refer to the remuneration report.

Share capital issued

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.

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

There are no outstanding balances arising from sales/purchases of goods and services (30 June 2016: Nil).

(f) Loan to/from related parties

There are no outstanding loans arising to or from related parties (30 June 2016: Nil).

21. CONSOLIDATED ENTITIES

(a) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 24(a):

Name of entity	Country of incorporation	2017 Equity holding	2016 Equity holding
Pura Vida Mazagan Pty Ltd	Australia	100%	100%
Pura Vida Nkembe Pty Ltd	Australia	100%	100%
Pura Vida Energy Sdn Bhd	Malaysia	100%	100%
PVD Exploration Morocco SARL AU	Morocco	100%	100%
PVD Belgium SA	Belgium	100%	100%
PVD Gabon SARL	Gabon	100%	100%
Pura Vida Africa Pty Ltd	Australia	100%	100%
Pura Vida Mauritius	Mauritius	100%	100%
Pura Vida Belgium SA	Belgium	100%	100%
Pura Vida Gabon SARL	Gabon	100%	100%
Pura Vida 1 Pty Ltd	Australia	100%	100%
Pura Vida 2 Pty Ltd	Australia	100%	100%
Pura Vida 3 Pty Ltd	Australia	100%	100%
Pura Vida Investments Limited	Mauritius	100%	100%
Buda Veda Energy Pty Ltd	Australia	100%	100%

22. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Pura Vida Energy NL as at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in Note 24.

(a) Summary of financial information

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

(b) Guarantees entered into by the parent entity

The parent entity did not have any guarantees as at 30 June 2017 or 30 June 2016.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

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

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2017 or 30 June 2016.

	Company	
	2017 $	2016 $
Financial position		
Current assets	10,477,326	6,221,038
Total assets	10,608,327	6,331,790
Current liabilities	3,104,119	2,400,939
Total liabilities	3,104,119	2,400,939
Equity		
Contributed equity	51,086,638	51,035,913
Share-based payment reserve	4,154,274	4,315,039
Accumulated losses	(47,736,704)	(51,420,101)
Total equity	7,504,208	3,930,851
Financial performance		
Gain / (loss) for the year	3,683,397	(7,557,308)
Total comprehensive loss	3,683,397	(7,557,308)

23. EVENTS OCCURRING AFTER REPORTING DATE

- On 8 August 2017, the company announced that a total of 6,224,930 shares have been sold, from 1,302 holders of unmarketable parcels, at a price of $0.038 per share, being the minimum price set in accordance with the Company's Constitution. The unmarketable share sale process reduces the company's administrative costs associated with maintaining these small holdings.

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

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements of Pura Vida Energy NL for the year ended 30 June 2017 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

Statement of compliance

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

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 12.

New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New standards and interpretations not yet adopted

AASB 9 Financial Instruments

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

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

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

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

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years. However, the above standards have affected the disclosures in the notes to the financial statements.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

There will be no impact on the Group's accounting as currently the Group does not have any contract with customers.

Adoption of AASB 15 is only mandatory for the year commencing 1 January 2018.

AASB 16 Leases

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AAS8 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AAS8 117. An entity be required to recognise a lease liability and a fight of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

Lessor accounting remains largely unchanged from AAS8 117.

The Group currently has no long term leases and is not expected to be materially impacted by the introduction of the new standard for reporting periods beginning on or after 1 January 2019.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

Accounting policies

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

(a) Principles of consolidation

Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 21 to the financial statements.

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

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

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

(b) 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 period the consolidated entity incurred a net gain of $3,695,605 and incurred cash inflows from operating activities of $4,631,118. As at 30 June 2017 the Group had commitments with an estimated value of $24.8 million (US$19 million) pertaining to the current exploration phase of the Nkembe PSC to January 2018 and Ambilobe PSC to July 2019.

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 30 June 2017 the consolidated entity had $10.5 million of cash and a current working capital position of $7.5 million;
- the Company is progressing realisation of the value of the consolidated entity's assets in Gabon through ongoing discussions with potential farm-in partners to secure the remaining funding required to complete the current exploration phase; 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.

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.

(c) Joint arrangements

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

Joint operations

The Group recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated into the financial statements under the appropriate headings. Details of joint operations are set out in Note 7.

(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

No dividends were paid or proposed during the period.

Group companies

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

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

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

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

(e) Segment reporting

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

(f) Revenue recognition

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

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

Recharge income

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

Interest income

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

Settlement income

Revenue from settlement is recognised in the accounting period in which the settlement occurred.

(g) Impairment of assets

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

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

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

(h) Inventory

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Property, plant and equipment

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

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

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

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

Assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount (Note 24(g)).

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

(j) Income tax and other taxes

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

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

(k) Goods and services tax

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

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

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

(l) Exploration and evaluation expenditure

The Group expenses exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development.

Exploration and Evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area as well as the determination of the technical feasibility and commercial viability of extracting mineral resource.

Exploration and evaluation expenditure is expensed to the profit or loss as incurred except when existence of a commercially viable oil and/or gas reserve has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

(m) Cash and cash equivalents

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

(n) Investments and other financial assets

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

Loans and receivables

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

Recognition and de-recognition

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

Subsequent measurement

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

Impairment

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

(o) Provisions

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

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

(p) Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Share-based payments

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

The costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of retention rights and performance rights granted under the Pura Vida performance rights plan is determined using the Monte-Carlo simulation valuation model. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 11.

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

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

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

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

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

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

The dilutive effect, if any, of outstanding performance rights and options is reflected as additional share dilution in the computation of diluted earnings per share (refer Note 15).

(q) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(r) Trade and other receivables

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

(s) Trade and other payables

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

(t) Loans and borrowings

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

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

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

(u) Parent entity financial information

The financial information for the parent entity, Pura Vida Energy NL, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

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

DIRECTORS' DECLARATION

In the Directors' opinion:

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

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

   (b) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and its performance for the financial year ended on that date.

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

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

4. the remuneration disclosures set out in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2017 comply with section 300A of the *Corporations Act 2001*.

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

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

On behalf of the Directors

S. Eley

Simon Eley
Chairman

Perth, Western Australia
29 September 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Pura Vida Energy NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pura Vida Energy NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Disclosure of commitments and contingencies

Key audit matter	*How the matter was addressed in our audit*
The Group is subject to laws and regulations in multiple jurisdictions in which it operates which may require management to make significant judgements in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets for recognition, measurement and disclosure purposes. The significant judgement relating to contingencies is disclosed in note 19 to the financial report. Given the nature of the matter and its potential material impact on the financial report of Pura Vida Energy NL, we deem this to be a key audit matter at 30 June 2017.	Our work included but was not limited to the following procedures: • Assessing management's position and evaluation of potential obligations arising from the Freeport settlement in line with the requirements of AASB 137; • Reviewing the Directors minutes, ASX announcements, settlement agreement, production sharing contracts and correspondence from third parties for evidence that the information is consistent with management's assessments; and • Assessing the adequacy of disclosures within Notes 17 & 19 of the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Pura Vida Energy NL, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 29 September 2017