



ASX Code: PVD

8 May 2018

## **PURA VIDA CLAIMS FORCE MAJEURE ON NKEMBE & RECEIVES RESPONSE TO INITIAL SUBMISSION**

### **SUMMARY**

- **Following the two submissions made to the Director General of Hydrocarbons (DGH) of Gabon, Pura Vida claims force majeure from 1 April 2018 on Nkembe Production Sharing Contract (PSC)**
- **The DGH maintains in their response that the start date of the Nkembe PSC is 11 January 2013 and demands payment of outstanding funds and compliance work commitments within eight 8 days failing which, the DGH will terminate the Nkembe PSC**
- **The Company disagrees with the DGH's position, as supported by independent legal advice**
- **The DGH is yet to respond to the Company's second submission outlining requested changes to the terms of the Nkembe PSC, therefore frustrating Pura Vida Energy's ability to attract the necessary funding to advance the block**

As announced in March this year, Pura Vida Energy NL (**Pura Vida** or **Company**) (ASX: PVD) made two submissions to the DGH. The first submission provided a reconciliation of financial obligations and work activities based on the Nkembe PSC commencing on the issue of the Presidential decree in December 2014, as supported by independent legal advice. The second submission outlined the proposed changes to the terms of the Nkembe PSC required to attract the necessary funding and partners to advance the Nkembe block. Pura Vida has not been able to progress negotiations with potential funding partners and advance work on the Nkembe block while waiting on a response from the DGH and has therefore made a force majeure claim from 1 April 2018, the date by which Pura Vida sought a response from the DGH. This force majeure claim is in addition to the claim of force majeure relating to the late issue of the Presidential Decree submitted on 16 February 2018.

The Company has since received a letter from the DGH which responds to the Company's first submission which related to the financial obligations and work activities required under the PSC.

The DGH maintains that the start of the Nkembe PSC is 11 January 2013 which resulted in the first phase of the Nkembe PSC expiring on 11 January 2018. On this basis, the DGH have requested Pura Vida settle for outstanding work obligations in relation to the first exploration phase. The DGH have requested US\$17 million being the estimate of the work commitments during the first exploration phase of the Nkembe PSC. To date, Pura Vida has expended approximately US\$10 million (not including the US\$9 million signature bonus) during the first phase of the Nkembe PSC of which, US\$6.4 million has been audited and approved for cost recovery. Based on the Nkembe PSC start date being

the issue of the Presidential Decree (4 December 2014) in accordance with the Company's independent legal advice, the Company disagrees that the amount requested is either correct or payable.

The DGH has also requested payment of outstanding fund contributions amounting to US\$2.5 million. Again, this number is calculated based on the date the Nkembe PSC was signed (11 January 2013) as opposed to the issue of the Presidential Decree (4 December 2014).

Finally, the DGH has referred to the failure of the Company to submit technical data and the lack of technical meetings during the past 12 months.

The DGH asserts that these matters amount to breaches of the terms of the Nkembe PSC and will result in the termination of the Nkembe PSC if all obligations are not fulfilled within eight days. Pura Vida maintains its legal position and will not be making any payments to the DGH at this time.

The Company has informed Havoc Partners and Add Energy about these developments and will continue to inform the market of any further correspondence or discussions with the DGH.

The Company requests for its shares to remain suspended until Havoc either exercises one of its options in relation to the Nkembe Project or the options lapse, on or before 14 May 2018.

---

**CONTACT**

Simon Eley, Chairman

w: +61 8 9226 2011

e: [info@puravidaenergy.com.au](mailto:info@puravidaenergy.com.au)