



ASX Code: PVD

15 October 2018

## SHAREHOLDER UPDATE

### SUMMARY

- **Following meetings with the Directorate General for Hydrocarbons (DGH) of Gabon, Pura Vida has confirmed its legal advice that the Nkembe Production Sharing Contract (PSC) remains in good standing.**
- **Pura Vida Energy maintains its claim of force majeure from 1 April 2018 on the PSC, suspending all obligations.**
- **Pura Vida Energy's ability to attract the necessary funding to advance the Nkembe block has been frustrated by the DGH and Pura Vida reserves all of its rights in relation to the PSC, including the right to seek recovery of the US\$9,000,000 signing bonus paid in January 2013.**
- **The Ambilobe block, offshore in north-west Madagascar has been reviewed and Pura Vida is seeking a funding partner to progress drill targeting.**

Pura Vida Energy NL (**Pura Vida** or **Company**) has attended meetings with the Directorate General for Hydrocarbons (**DGH**) in September to discuss the Nkembe Production Sharing Contract (**PSC**). During the meetings Pura Vida reiterated that the DGH has no basis to terminate the PSC and any termination of the PSC would need to come from the Minister for Oil and Hydrocarbons (**Minister**), by way of Presidential Decree. The DGH has acknowledged that the PSC remains in good standing.

During the meetings the question of the effective date of the PSC became a major discussion point. The DGH maintains that the start of the PSC is 11 January 2013 which resulted in the first exploration sub phase of the PSC expiring on 11 January 2018 and Pura Vida would need to make notification it would be progressing to the second exploration sub phase of the seven (7) year exploration phase of the PSC. In the event of progression to the second sub phase of the PSC the DGH requested that Pura Vida pay any outstanding funds contributions in relation to the first sub phase.

In accordance with Pura Vida's legal advice, Pura Vida has asserted that the PSC start date is the date of the issue of the Presidential Decree (4 December 2014) and that, based on this start date, no funds contributions are outstanding.

Pura Vida and the DGH also discussed the amalgamation of exploration sub phases one and two of the PSC with the work program to be completed by December 2021, however the DGH outlined that an amendment would need to be negotiated between the parties which would include a payment to the DGH. The parties were unable to reach agreement in this regard.

Pura Vida reinforced its force majeure claim from 1 April 2018, suspending all obligations under the PSC pending a resolution with the DGH.

Pura Vida has committed substantial investment over a number of years in Gabon, including a US\$9,000,000 signing bonus paid in January 2013 and accordingly has reserved all its rights in relation to the PSC, including the right to seek recovery of the signing bonus.

In the circumstances Pura Vida does not intend to commit any further resources to the Nkembe Project unless and until Pura Vida reaches a resolution with the DGH that enables Pura Vida to obtain third party funding to conduct further exploration under the PSC.

In relation to the Ambilobe Production Sharing Contract and the Ambilobe block, offshore in north-west Madagascar, the Company has recently undertaken an independent technical evaluation of the prospectivity of the block. This evaluation report highlighted the potential, interpreted from the 3D seismic data acquired during 2015/16, for significant prospectivity within the block and recommended that Pura Vida undertake a systematic phased work program to further process and interpret the 3D seismic data for the purposes of improving the definition of and then ranking three previously identified leads.

In addition, under the production sharing contract, the Company is required to relinquish a portion of the Ambilobe block. The Company has now completed an independent review of a relinquishment proposal of a portion of the block resulting in a proposal for Pura Vida to retain a continuous area which amounts to 11,480 square kilometres, subject to a review meeting scheduled in Madagascar in November.

In relation to Pura Vida's recent investment in Jacka Resources Limited, Pura Vida notes Jacka's recent announcement in relation to a potential material oil and gas transaction.

The Company makes the following confirmations:

- that, in the Directors' opinion in the Annual Report, the Financial Report complies with the relevant Accounting Standards and gives a true and fair view of the financial performance and financial position of the Company; and
- that the Company is in compliance with the Listing Rules, particularly, listing rule 3.1.

With the release of this Shareholder Update as well as the Company's Annual Financial Report for the year ended 30 June 2018, the Company's shares will be quoted on the ASX.

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