

26 March 2019

Mr Daniel Nicholson  
Australian Securities Exchange  
Level 40, Central Park  
152-158 St George's Terrace  
PERTH WA 6000

By Email: [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au)

Dear Daniel

#### **RESPONSE TO FINANCIAL CONDITION QUERY**

We refer to ASX's letter to Pura Vida Energy NL (**PVD** or the **Company**) dated 21 March 2019.

The Company responds to ASX's questions as follows:

**1. *Is the Company able to confirm that in the Directors' opinion, the Financial Report:***

- (a) complies with the relevant Accounting Standards; and  
(b) gives a true and fair view of the financial performance and financial position of the Company?***

The Directors of the Company confirm that in their opinion the Financial Report complies with the relevant Accounting Standards and gives a true and fair view of the financial position of the Company.

**2. *Commenting specifically on the Qualified Opinion, does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please explain the basis for this conclusion.***

Yes. The basis for the conclusion is explained as follows.

The Qualified Opinion refers to the Company's Nkembe PSC and Notes 6 and 8 to the Financial Report.

Note 6 includes the following statement in relation to the Nkembe PSC:

*"Included within the other payables is an amount payable to the Directeur Général des Hydrocarbures (DGH) in Gabon in relation to fund contributions pursuant to the Nkembe PSC for approximately US\$2.91 million, based on the liability for fund contributions commencing*

*on the date on which the Nkembe PSC was signed, being 11 January 2013. The date from which fund contributions were required to commence and therefore the Company's liability to make this payment is, however, currently in dispute with the DGH."*

Note 8 includes the following statement in response to the Nkembe PSC:

*"The Group is currently in the first exploration phase of the Block, which initially covered a period of four years. On 3 November 2016, Pura Vida was granted a 12 month extension of the current exploration phase with no additional work commitments. A dispute has arisen with the Directeur Général des Hydrocarbures (DGH) as to whether the first exploration stage commenced when the Nkembe PSC was signed, on 11 January 2013 or on the date of issue of the Presidential Decree, 4 December 2014. As a consequence of this dispute Pura Vida has claimed force majeure in relation to the Nkembe PSC since 1 April 2018 until such time as the dispute is resolved.*

*The work commitments for the first exploration stage under the Nkembe PSC includes the acquisition and processing of 3D seismic data and an exploration well. The Nkembe PSC included an estimate of US\$17 million for the work commitments for the first exploration phase and Pura Vida has expended approximately US\$1.4 million towards these work commitments. Separately to the committed work program an additional US\$8.6 million of allowable costs have been incurred during the first exploration phase. The effect of the dispute with the DGH has meant that Pura Vida has been unable to make any progress with potential funding partners for an exploration well. Accordingly, until such time as the dispute is resolved it is not possible to quantify the likely commitment and/or payable (if any) in relation to the Nkembe PSC.*

*Pura Vida has received legal advice that its obligations to make the fund contributions (refer Note 6) under the Nkembe PSC commenced on the issue of the Presidential Decree, being 4 December 2014. Based on this advice, no fund contributions are outstanding. This issue, however, remains unresolved between Pura Vida and the DGH and accordingly until this matter is resolved the Board believe it is prudent to continue to show the other payables balance based on the signing date of 11 January 2013. Pura Vida has also made a force majeure claim from 1 April 2018 pursuant to the Nkembe PSC suspending all obligations and accordingly no further fund contributions have been accrued since that date."*

Note 13 includes the following statement in relation to the Company's financial condition:

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

- at 31 December 2018 the consolidated entity had \$7.58 million of cash and a current working capital position of \$2.94 million; and*
- the Company is progressing realisation of the value of the consolidated entity's assets in Madagascar through ongoing discussions with potential farm-in partners to secure the remaining funding required to complete the current exploration phase."*

3. ***If the answer to questions 3 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.***

N/A.

4. ***Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1 and 12.2.***

The Company confirms that the Company complies with the ASX listing rules, in particular listing rules 3.1 and 12.2.

5. ***Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.***

Confirmed.

The Company confirms the responses to the questions above are authorised and approved in accordance with its published continuous disclosure policy.

The Company confirms that the Company's response has been authorised and approved by officers of the Company that have delegated authority from the Board to respond to ASX disclosure matters.

Should the ASX have any further queries, please contact the Company Secretary, John Kay on 9226 2011.

Yours sincerely



**JOHN KAY  
COMPANY SECRETARY**



21 March 2019

Mr John Kay  
Company Secretary  
Pura Vida Energy NL

By email

Dear Mr Kay

**Pura Vida Energy NL (the “Company”) – Financial Condition Query**

ASX Limited (“ASX”) refer to the following:

1. The Company’s Interim Report for the half-year ended 31 December 2018 lodged with the ASX on 15 March 2019 (“Financial Report”) which included an Independent Auditor’s Review Report from BDO on pages 18 to 19 (“Auditor’s Report”).
2. The Qualified Opinion in the Auditor’s Report (page 18) which reads as follows (“Qualified Opinion”):

*“As disclosed in Note 8 to the financial statements, there is a dispute over the commencement date of Pura Vida’s obligations under the Nkembe Production Sharing Contract (PSC), which has prevented Pura Vida progressing funding discussions to meet its obligations under the PSC and has therefore resulted in force majeure being claimed by the Company. The Company has stated that until such time as the dispute is resolved, it is not possible to quantify the likely commitment and/or payable (if any) under the PSC. As such management were unable to provide support as to its commitment or obligation under the PSC as at 31 December 2018 and we were unable to obtain sufficient appropriate evidence to determine whether any adjustments to the commitments or other payables note disclosure was necessary.*

*As disclosed in Note 6 and 8 to the financial statements an amount has been accrued based on the date on which the Nkembe PSC was signed (11 January 2013). In light of circumstances noted above, management were unable to provide support as to the accuracy of the obligation owing as at 31 December 2018. Consequently, we were unable to determine whether any adjustments might have been necessary in respect of the carrying amount of other payables as at 31 December 2018, and the elements making up the statement of profit or loss and other comprehensive income.”*

3. The Company’s Appendix 4C – Quarterly Cash Flow Report for the period ended 30 June 2018 lodged 31 July 2018, which disclosed that the Company paid \$0 (nil) cash to acquire property, plant and equipment during the period 1 July 2017 to 30 June 2018 (“Appendix 4C Disclosure”).
4. ASX Listing Rules 12.1, 12.2 and 19.11A:

**Financial condition**

Listing Rule 12.1      *The level of any entity’s operations must, in ASX’s opinion, be sufficient to warrant the continued operation of the entity’s securities and its continued listing.*

Listing Rule 12.2      *An entity’s financial condition (including operating results) must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*

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Listing Rule 19.11A *If a listing rule requires an entity to give ASX accounts, the following rules apply*  
...  
*(b) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.*

### Questions for response

In light of the Auditor's Report, the Qualified Opinion, the information contained in the Financial Report and the application of the listing rules stated above, please respond to each of the following questions:

1. Is the Company able to confirm that in the Directors' opinion, the Financial Report:
  - (a) complies with the relevant Accounting Standards; and
  - (b) gives a true and fair view of the financial performance and financial position of the Company?
2. Commenting specifically on the Qualified Opinion, does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please explain the basis for this conclusion.
3. If the answer to questions 3 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1 and 12.2.
5. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Please note ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly, the Company's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event by 6:00 AM AWST, Wednesday, 27 March 2019.

Any response should be sent to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent to the ASX Market Announcements Office.

If you have any queries regarding any of the above, please let me know.

Yours faithfully

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**Daniel Nicholson**  
Adviser, Listings Compliance (Perth)