

Tuesday 6th November, 2012

Pura Vida Energy – positive results from seismic inversion modeling in Morocco

We initiated coverage of **Pura Vida Energy (ASX: PVD, Share Price: \$0.695, Market Cap: \$40m)** and placed it on our Watch-list during July 2012. Growing awareness of the company's northwest African petroleum exploration attraction is reflected in the healthy share price chart below. The company's investment case is straightforward - it maintains a 75% stake in the Mazagan Offshore Area in Morocco, a petroleum region that's big and attracting enormous attention in exploration terms.

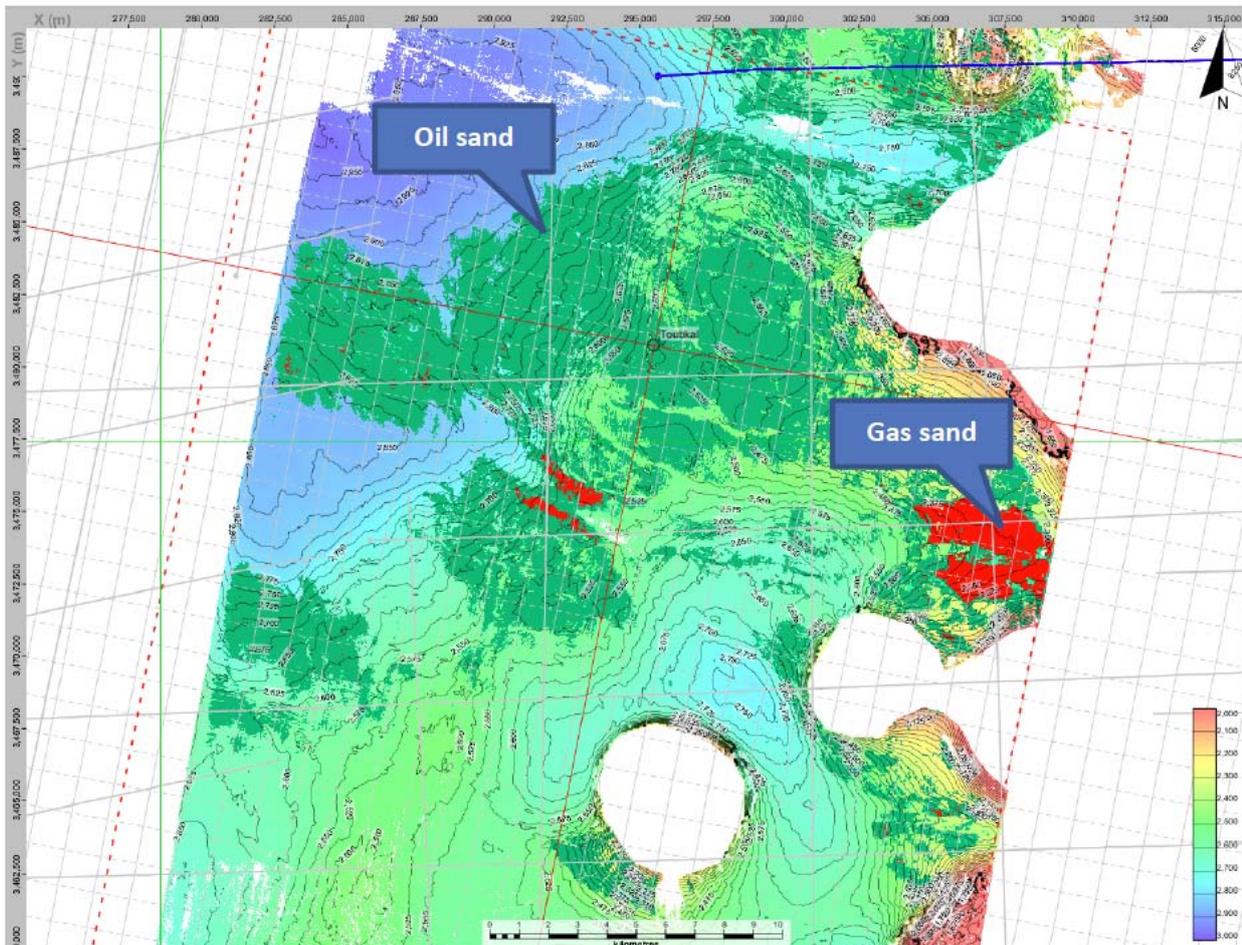


The company on Tuesday announced that it had completed inversion modelling of the reprocessed 3D seismic data over its Mazagan permit, utilizing well data from nearby wells to predict the seismic response that best fits with the presence of hydrocarbons. Encouragingly, the results demonstrate an excellent match between the prediction of hydrocarbons from the well data and the actual seismic acquired over the Mazagan permit.

The seismic inversion modelling has led to further validation of the significant prospectivity of Mazagan, including the confirmation of Direct Hydrocarbon Indicators (DHI's) over key prospects, including the giant

Toubkal prospect which has a mean resource potential of 1,507 million barrels. The work has also upgraded the mean prospective recoverable resources at Mazagan to 5.3 billion barrels (net to Pura Vida), whilst also providing an estimation of a one-in-three chance of success for the prospects in the Miocene play and a one-in-five chance of success for prospects in the Cretaceous plays.

The positive results from the seismic inversion modelling will be included in the data-room for the farm-out process being managed by EZDataRoom that commenced on 1st October, enhancing the prospects of a successful transaction being achieved.



Predicted hydrocarbons on Toubkal prospect

During the recent September 2012 quarter, Pura Vida completed the drop-core program and reprocessing of 3D seismic, meaning the company has now performed all of its work commitments on the Mazagan permit within budget and 15 months ahead of the required timetable for completion. During the quarter the company also announced the findings of an independent report by DeGolyer & MacNaughton covering 13 prospects within the Mazagan permit.

The key findings included total mean prospective resources of 7.0 billion barrels (5.3 billion barrels net to Pura Vida's 75% interest in the permit); the chance of success across all prospects ranging from 19% to 34%; and the giant Toubkal prospect attributed a mean resource potential of 1.5 billion barrels (high estimate of 3.1 billion barrels) and given a 31% chance of success.

Pura Vida's strategy sensibly is to allow a farm-in partner to do the financial heavy lifting. The company aims to farm-down its stake in return for a free-carried interest on a 1 - 3 well program, depending on prospectivity and market conditions, with costs likely to be in the vicinity of US\$50 million per well.

Pura Vida represents one of the most attractive risk-rewards plays in the petroleum space. We will look to add the company to our Portfolio in the near future. At the end of September 2012, the company had closing net cash of \$4.5 million including US\$3 million of bank guarantee.

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