

# Report for quarter ended 31 March 2013

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## HIGHLIGHTS

### Morocco

- ▶ **Transformational US\$230 million farmout of the Mazagan permit**
- ▶ **Approvals process for completion of Mazagan farmout underway with completion and receipt of US\$15 million expected to occur by mid-year**
- ▶ **Preparations for Toubkal-1 exploration well on Mazagan permit in Q1 2014 progressing**
- ▶ **Play-defining drilling activity around Pura Vida's acreage in Morocco commencing this year**

### Gabon

- ▶ **Acquisition of an 80% interest and Operatorship of the Nkembe block, offshore Gabon, West Africa**
  - ▶ **20 mmbo p50 contingent resource at the Loba Oil Field in the Nkembe block with near-term appraisal and development potential**
  - ▶ **Economics for development of Loba Oil Field are attractive given its location in shallow water and proximity to nearby infrastructure**
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Pura Vida announced two transformational deals in early January, namely:

- a US\$230 million farmout of the Mazagan permit with Plains Exploration & Production Company (NYSE: PXP); and
- the award of the Nkembe block, offshore Gabon.

These deals achieve two important outcomes for Pura Vida:

- Pura Vida is now fully funded in its deep water drilling campaign offshore Morocco, which kicks off in Q1 next year with the Toubkal-1 well targeting 1.5 billion barrels (mean); and
- diversification of Pura Vida's resource portfolio, with low risk, near-term appraisal drilling to commercialise the 20 mmbo Loba Oil Field in the Nkembe block.

As a result, Pura Vida is well placed to generate significant value for its shareholders as we reach a number of important milestones in 2013, leading into high impact drilling activity next year.

We are excited by the scale of the upcoming drilling activity by the industry offshore Morocco and Gabon. We expect around 10 exploration wells offshore Morocco (including our two wells in the Mazagan permit) with up to three rigs operating concurrently from October this year. This campaign will test new plays existing in the Mazagan permit and any success will have positive implications for Pura Vida.

In Gabon, the industry is targeting the pre-salt which extends into our Nkembe block. Five pre-salt wells are planned in 2013 with multi-billion barrel potential. Similarly, any success around us in Gabon will have positive implications for Pura Vida.

## OPERATIONS

The Company is focused on preparations for drilling in Morocco with PXP as the new Operator following approvals. In Gabon, we are looking at dramatically accelerating activities with a view to appraising the Loba Oil Field and testing the sub-salt play early next year.

### MAZAGAN PERMIT, OFFSHORE MOROCCO



Satellite map of the Mazagan permit, offshore Morocco

Preparations are underway for the Toubkal-1 well in Q1 2014. The joint venture has approved budgets for long lead items such as well heads, tubulars, etc. and activities are underway to establish a supply base.

The first well in the program will target the Toubkal prospect, which has a mean resource potential of 1.5 billion barrels.

Pura Vida has applied to the regulator for approval of the farmout and the appointment of PXP as Operator. Pura Vida anticipates receiving regulatory approval by mid-year. In the meantime, PXP is progressing with preparations for the drilling campaign.

## NKEMBE BLOCK, OFFSHORE GABON



Map showing location of Nkembe block, the Loba Oil Field and proximate oil fields

In January, Pura Vida announced that it was awarded an 80% interest in a Production Sharing Contract for the Nkembe block, offshore Gabon.

The Nkembe block is an area of 1,210 km<sup>2</sup> in water depths (of 50-500 metres) about 30 km off the coast of Gabon in the oil-prone Gabon Basin. The block is proximate to many producing oil fields, including several fields operated by Total, the largest producer in Gabon (refer map above).

Pura Vida has obtained the existing well and seismic data available from the regulator on the Nkembe block.

During the quarter, the Company announced a 20 mmbo p50 contingent resource at the Loba Oil Field (shown on map above). Loba provides a near-term appraisal opportunity in shallow water proximate to existing infrastructure that can be quickly and cheaply commercialised.

The Loba M 1 discovery well was drilled by Elf Aquitaine in 1976 and discovered a 46 metre net oil column in the Batanga sandstones. 33 API oil was recovered from the well. Petrophysical analysis of the well logs shows good reservoir properties being 18% average porosity and an oil saturation average of 66%. The Batanga sandstones produce in several nearby fields, the closest being the Barbier field 6 km to the north of the Loba M 1 discovery.

Pura Vida is examining options to accelerate drilling on the Nkembe block by drilling a combined appraisal/exploration well early next year to perform a production test on the Loba Oil Field and explore deeper sub-salt exploration targets.

Further resource estimates will be provided in relation to the variety of prospects and plays present on the Nkembe block during the course of the year. Initial resource estimates on post-salt prospects are expected by mid-year with resource estimates on pre-salt and sub-salt prospects to follow.

Based on an NPV of US\$15/bbl, the Loba M 1 discovery represents significant value and provides a transformational near-term development opportunity for Pura Vida. Given its location in shallow water and proximity to nearby infrastructure, the economics for commercialisation of the Loba M 1 discovery are very attractive.

The Company is currently tendering for the acquisition of a 550 km<sup>2</sup> 3D seismic survey which will focus on defining the potential of the sub-salt play within the block.

The initial phase of the work program, which includes the seismic acquisition and a well, must be carried out over the initial four year period. Pura Vida is examining options to accelerate this work, which may include farming down to fund the cost of those operations.

## CORPORATE & FINANCIAL

### NEW VENTURES

One of Pura Vida's core objectives is to build a diversified portfolio of oil and gas assets over time. The acquisition of the Nkembe block in Gabon is an important step in the execution of that strategy which balances the portfolio by adding near-term, low risk appraisal drilling plus exploration upside in the salt related plays. The Company is continuously reviewing opportunities throughout the African region which are complementary to our existing assets and consistent with our growth and capital management strategy.

On 19 April 2013, the Company confirmed that it participated in a bid for an offshore block prospective for oil in the EGAS 2012 Bid Round in response to media reports by a number of global news services. At this time, the Company has not received any official notification of the status of our bid.

### CASH

At the end of March 2013, the Company had cash at bank of \$1.9 million.

### CHANGES IN CAPITAL

The following changes in the issued capital of the Company occurred during the quarter:

- the issue of 5,000,000 ordinary shares upon satisfaction of vesting conditions attaching to performance rights;
- the issue of 700,000 ordinary shares upon conversion of partly paid shares, these shares are subject to escrow until 14 February 2014;
- the issue of 1,000,000 employee incentive options to an employee who joined the Company in January 2013, exercisable at \$0.40 per share on or before 6 September 2016; and
- the issue of 63,950 shares to a consultant for services in relation to the Nkembe block, offshore Gabon.

## ISSUED CAPITAL AS AT 31/03/13

Security	Number
Ordinary Shares	72,003,514
Unlisted Partly Paid Shares	21,953,550
Unlisted Options	10,750,000

### **Persons compiling information about hydrocarbons**

*The resource information contained in this quarterly has been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes by Mr David Ormerod BSc. Geology (Hons) a Geologist who has over 25 years experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimations. Mr Ormerod is a full-time employee of the Company and has consented to inclusion of the resource estimates in this quarterly in the form and context in which it is included. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at [www.spe.org](http://www.spe.org)*

**About Pura Vida Energy:** Pura Vida is an Australian-based African oil explorer building a portfolio of high quality assets. Pura Vida currently has operations offshore Morocco and Gabon with significant resource potential.

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### **CONTACT**

Damon Neaves, Managing Director

w: +61 8 9226 2011

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