

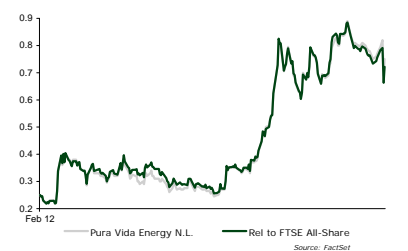
Mazagan Farmout – Funding Secured for 2 Wells

Pura Vida said Thursday that it had signed a farmout agreement for the Mazagan permit, offshore Morocco. US-listed Plains E&P (NYSE: PXP, mkt cap. US\$6bn) will pay PVD \$15m cash and fund exploration activity up to maximum of US\$215m (gross), in exchange for a 52% WI and operatorship (PVD retain 23% with remaining 25% ONHYM). While the deal was expected, the amount of equity given up appears to have been taken negatively by the market, with the shares trading down 15%. However, with implied readacross value of c.\$100m for PVD's remaining interest (double current market cap) and two high impact wells now fully funded, we see the news as very positive.

- Retained Exposure / Risk Mitigation** – PVD has retained exposure to >1.6 Bn bbls net (within an attractive CoS range of 19-34%) despite perhaps giving up slightly more equity than anticipated. The work programme includes firm commitment for two wells (one on the 1.5bn bbl Toubkal prospect, second to be agreed), plus sidetrack/deepening of either well (if required) and up to 2,500km² of 3D seismic. In short, the company is fully carried through two potential game-changing wells (Toubkal alone targeting c.350 MMbbls net) in an exciting new area likely to see at least five exploration wells in 2014.
- Major New Partner** - Plains is an E&P company listed on the NYSE with a market cap. of US\$6 billion. It has 2P reserves of 875 MMboe and daily production of 105,000 boepd from fields onshore & offshore California, in the Gulf Coast Region (inc. Eagle Ford and Haynesville Shale), the GoM and Rocky Mountains. It is currently subject to a merger with Freeport-McMoran Copper and Gold (NYSE:FCX) which will create a US\$60bn company. While focused on the US, PXP is a large partner which provides significant financial firepower, extensive offshore drilling experience and validation for the project.
- Favourable Terms** - In terms of readacross, the \$230m maximum investment by PXP for 52% of the block implies c.\$102m (c.A\$1.50/share, c.A\$1/share FD) of value for PVD's retained stake – around double its current market cap. Typically, we might expect this to effectively “draw a line in the sand” with regards valuation, with readacross values often coming in below the market. The deal implies that PXP (a significant operator) values PVD's residual acreage significantly higher than the market. It also compares favourably to the recent Cairn and Genel farm-ins offshore Morocco, where up front payments were c.\$1.5m and only one well was included (CNE - 50% WI / \$60m well; GENL – 60% WI / \$50m well). Similarly, Tangiers Petroleum recently farmed out 50% of its Tarfaya block (south of Mazagan) for \$7.5m in back costs and a \$33.5m spend on one well.
- Indicative NAV Broadly Similar** – We had already assumed a farm-down to 37.5% WI within our indicative NAV. The combination of a move down to 23%, increased per barrel values in light of the deal, updated cash and revised shares in issue moves our risked RNAV from A\$22.60/share to A\$19.60/share (unrisked from A\$87.60/share to A\$75.80/share) – upside of > 25x. Our revised NAV is on page 2.
- A Little Patience Required** – While drilling remains a way off, we would anticipate that the shares gain ground, tending towards a new base level post-deal. As drilling approaches (<6 months) we would expect a significant ramp up. While now fully funded through two wells, we expect that PVD could also utilise the \$15m proceeds for new acquisitions. In short, management has delivered – securing attractive acreage offshore Morocco, identifying c.7 Bn bbls (gross) of prospective resources and negotiating favourable farmout terms while retaining direct equity exposure to >1.6 Bn bbls.

| | |
|------------------------------|--------------------|
| Date | 04 Jan 13 |
| Price* | \$0.75 |
| 2013E Dividend | 0.0 |
| *Price as at 10am 04/01/2013 | |
| Forecast Sensitivity | 3 |
| Fundamental View | Positive |
| Market Cap (\$m) | 50 |
| Enterprise Value (\$m) | 43 |
| Shares in Issue (m) | 66 |
| Freefloat (%) | 75% |
| Avg. Daily Volume ('000s) | 337 |
| Next Event | - |
| | Farmout Completion |

Pura Vida Energy N.L. Price Chart



| | 1M | 3M | 12M |
|---------------|-------|------|-----|
| Absolute % | -9.1 | -2.6 | - |
| Rel. Market % | -12.0 | -6.6 | - |
| Rel. Sector % | -10.3 | 1.6 | - |

Source: FactSet

Revised Indicative NAV

| Country/Field | Net 2P Reserves | | | | | Risky NAV | | Unrisked NAV | |
|---------------|-----------------|---------|-----------|------------------|---------------|-----------|-------------|--------------|-------------|
| | WI (%) | CoS (%) | Gas (Bcf) | Liquids (MMbbls) | Total (MMboe) | (US\$m) | (A\$/share) | (US\$m) | (A\$/share) |

Morocco

No currently producing 2 P reserves

| | | | | |
|-------------------------|-------------|-------------|-------------|-------------|
| Net (Debt)/Cash (2011A) | 21.0 | 0.20 | 21.0 | 0.20 |
| Overheads | -3.5 | -0.03 | -3.5 | -0.03 |
| Core NAV | 17.5 | 0.16 | 17.5 | 0.16 |

| Country/Field | Net Contingent Resources | | | | | Risky NAV | | Unrisked NAV | |
|---------------|--------------------------|---------|-----------|------------------|---------------|-----------|-------------|--------------|-------------|
| | WI (%) | CoS (%) | Gas (Bcf) | Liquids (MMbbls) | Total (MMboe) | (US\$m) | (A\$/share) | (US\$m) | (A\$/share) |

Morocco

Currently no discoveries under appraisal/development

| | | | | |
|----------------------------------|---|---|---|---|
| Appraisal/Development NAV | - | - | - | - |
|----------------------------------|---|---|---|---|

| | | | | | |
|------------------|---|-------------|-------------|-------------|-------------|
| Total NAV | - | 17.5 | 0.16 | 17.5 | 0.16 |
|------------------|---|-------------|-------------|-------------|-------------|

| Drilling Programme | Net Prospective Resources | | | | | Risky EMV | | Unrisked EMV | |
|--------------------|---------------------------|----------------------|-----------|------------------|---------------|-----------|-------------|--------------|-------------|
| | WI ¹ (%) | CoS ² (%) | Gas (Bcf) | Liquids (MMbbls) | Total (MMboe) | (US\$m) | (A\$/share) | (US\$m) | (A\$/share) |

Morocco - Miocene reservoir targets

| | | | | | | | | | |
|--------------|-----|-----|---|-------|-------|-------|------|--------|-------|
| Toubkal | 23% | 31% | - | 346.6 | 346.6 | 537.2 | 5.04 | 1733.1 | 16.25 |
| Zagora | 23% | 34% | - | 15.0 | 15.0 | 25.4 | 0.24 | 74.8 | 0.70 |
| Amchad | 23% | 34% | - | 18.4 | 18.4 | 31.3 | 0.29 | 92.0 | 0.86 |
| Tafraoute | 23% | 32% | - | 240.8 | 240.8 | 385.3 | 3.61 | 1204.1 | 11.29 |
| Amtoudi East | 23% | 32% | - | 135.7 | 135.7 | 217.1 | 2.04 | 678.5 | 6.36 |
| Amtoudi West | 23% | 32% | - | 100.1 | 100.1 | 160.1 | 1.50 | 500.3 | 4.69 |

Morocco - Lower Cretaceous reservoir targets

| | | | | | | | | | |
|---------------|-----|-----|---|-------|-------|-------|------|--------|------|
| Jbel Musa | 23% | 19% | - | 46.5 | 46.5 | 44.1 | 0.41 | 232.3 | 2.18 |
| Jbel Ayachi | 23% | 19% | - | 64.6 | 64.6 | 61.4 | 0.58 | 323.2 | 3.03 |
| Jbel Lakhdar | 23% | 19% | - | 47.8 | 47.8 | 45.4 | 0.43 | 239.2 | 2.24 |
| Jbel Talmest | 23% | 19% | - | 109.3 | 109.3 | 103.8 | 0.97 | 546.3 | 5.12 |
| Jbel Aroudane | 23% | 19% | - | 95.9 | 95.9 | 91.1 | 0.85 | 479.6 | 4.50 |
| Jbel Tadrart | 23% | 19% | - | 202.2 | 202.2 | 192.1 | 1.80 | 1010.9 | 9.48 |
| Jbel Azavza | 23% | 19% | - | 190.7 | 190.7 | 181.1 | 1.70 | 953.4 | 8.94 |

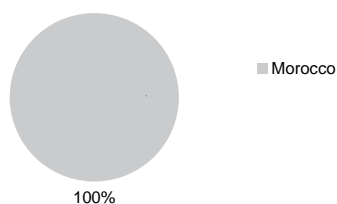
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|------------|---|---------------|---------------|---------------|--------------|---------------|--------------|
| EMV | - | 1613.5 | 1613.5 | 2075.5 | 19.46 | 8067.3 | 75.65 |
|------------|---|---------------|---------------|---------------|--------------|---------------|--------------|

| | | | | | | | |
|-------------|---|---------------|---------------|---------------|--------------|---------------|-------------|
| RNAV | - | 1613.5 | 1613.5 | 2093.0 | 19.63 | 8084.8 | 75.8 |
|-------------|---|---------------|---------------|---------------|--------------|---------------|-------------|

¹ Post farmout² As per new D&M report

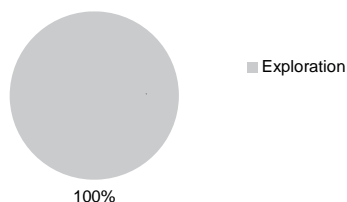
Assumes fully diluted

Resources by region



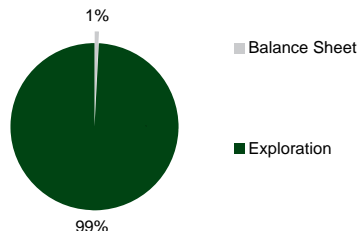
Source: N+1 Singer, Company Accounts

Resources by category



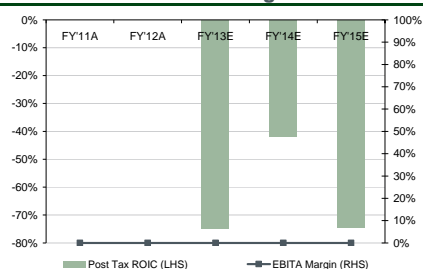
Source: N+1 Singer, Company Accounts

NAV split



Source: N+1 Singer, Company Accounts

Post Tax ROIC & EBITA Margin



Source: N+1 Singer, Company Accounts

Summary Financials (values in A\$m unless specified)

| Income Statement - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|--|------|------|-------|-------|-------|
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA (Adj.) | 0.0 | -3.0 | -3.2 | -3.7 | -4.3 |
| Depreciation & Amortisation (Ex Acq'd Intangibles) | 0.0 | -0.0 | -0.0 | -0.0 | -0.0 |
| EBITA (Adj.) | 0.0 | -3.0 | -3.2 | -3.7 | -4.3 |
| JVs, Associates & Other Income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Interest | 0.0 | 0.0 | 0.3 | 0.1 | -0.0 |
| IAS 19 Pension | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PBT (Adj.) * | 0.0 | -3.0 | -2.9 | -3.6 | -4.3 |
| Amortisation of Acquired Intangibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PBT (IFRS) | 0.0 | -3.0 | -2.9 | -3.6 | -4.3 |
| Tax (Adj.) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tax Rate (adj.) % | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities & Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Income (adj.) | 0.0 | -3.0 | -2.9 | -3.6 | -4.3 |
| EPS (Adj., FD) | 0.0 | -0.1 | -0.0 | -0.0 | -0.0 |
| EPS (Reported, Basic) | 0.0 | -0.1 | -0.1 | -0.1 | -0.1 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Average Number of Shares - Basic (m) | 0.0 | 21.3 | 55.8 | 63.9 | 63.9 |
| Average Number of Shares - Diluted (m) | 0.0 | 41.1 | 98.6 | 106.6 | 106.6 |

| Cash Flow - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|---------------------------------|------|------|-------|-------|-------|
| EBITA (Adj.) | 0.0 | -3.0 | -3.2 | -3.7 | -4.3 |
| Depreciation & Amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in Working Capital | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 |
| Exceptional Items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Cash & Non-Cash Movements | 0.0 | 0.7 | -1.5 | 0.5 | 0.5 |
| Operating Cash Flow | 0.0 | -2.0 | -4.7 | -3.2 | -3.8 |
| Net Interest | 0.0 | 0.0 | 0.3 | 0.1 | -0.0 |
| Tax | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash Flow from Operations | 0.0 | -1.9 | -4.4 | -3.0 | -3.8 |
| Net Capex | 0.0 | -0.1 | -2.0 | 0.0 | 0.0 |
| JV/Minority Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Free Cash Flow | 0.0 | -2.1 | -6.4 | -3.0 | -3.8 |
| Acquisitions/Disposals | 0.0 | -0.7 | 0.0 | 0.0 | 0.0 |
| Net Share Issues | 0.0 | 6.7 | 9.0 | 0.0 | 0.0 |
| Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FX/Other | 0.0 | -0.2 | 0.0 | 0.0 | 0.0 |
| Change in Net Cash (Debt) | 0.0 | 3.7 | 2.6 | -3.0 | -3.8 |
| Net Cash/(Debt) | 0.0 | 3.7 | 6.3 | 3.3 | -0.5 |
| FCFPS - FD | - | -5.0 | -6.5 | -2.8 | -3.5 |

| Balance Sheet - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|---|------|------|-------|-------|-------|
| Property, Plant & Equipment | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Intangible Assets | 0.0 | 1.0 | 3.0 | 2.9 | 2.9 |
| Investments, JVs & Other Non-Current Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Working Capital | 0.0 | -0.5 | -0.5 | -0.5 | -0.5 |
| Cash & Cash Equivalents | 0.0 | 3.7 | 6.3 | 3.3 | -0.5 |
| Borrowings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Assets/Liabilities | 0.0 | -0.0 | -0.0 | -0.0 | -0.0 |
| Net Assets | 0.0 | 4.3 | 8.8 | 5.7 | 1.9 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' Equity | 0.0 | 4.3 | 8.8 | 5.7 | 1.9 |
| NAV per Share | - | 10.6 | 13.8 | 9.0 | 3.0 |

Source: N+1 Singer, Company Accounts

* In certain instances PBT (Adj.) excludes IAS-19 to avoid distortions.

Company Description

Pura Vida Energy is an African explorer with a substantial acreage position off the Atlantic coast of Morocco, known as the Mazagan Offshore Area. Mazagan has been independently certified to contain potential resources of greater than seven billion barrels of oil.

Source: N+1 Singer

Shareholders

Oceanic Asset Management Pty Ltd. 4.4%

Source: N+1 Singer, FactSet

| Enterprise Value - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Market Cap. | 49.7 | 49.7 | 49.7 | 49.7 | 49.7 |
| Net Debt/(Cash) | 0.0 | -3.7 | -6.3 | -3.3 | 0.5 |
| Pension Deficit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities/Investments/Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Enterprise Value | 49.7 | 45.9 | 43.4 | 46.4 | 50.2 |

| Valuation (Current price) - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|---|------|--------|--------|--------|--------|
| EV/Sales (x) | n/m | n/m | n/m | n/m | n/m |
| EV/EBITDA (x) | n/m | n/m | n/m | n/m | n/m |
| EV/EBITA (x) | n/m | n/m | n/m | n/m | n/m |
| EV/NOPAT (x) | n/m | n/m | n/m | n/m | n/m |
| P/E (x) | n/m | n/m | n/m | n/m | n/m |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FCF Yield (%) | - | -671.0 | -867.8 | -378.9 | -471.9 |
| P/B (x) | - | 0.1 | 0.1 | 0.1 | 0.2 |

| Growth Rates (Adj.) - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|-------------------------------------|------|------|-------|-------|-------|
| Revenue (%) | - | - | - | - | - |
| EBITDA (%) | - | n/m | n/m | n/m | n/m |
| EBITA (%) | - | n/m | n/m | n/m | n/m |
| PBT (%) | - | n/m | n/m | n/m | n/m |
| EPS (%) | - | n/m | n/m | n/m | n/m |
| DPS (%) | - | - | - | - | - |
| FCFPS (%) | - | - | n/m | n/m | n/m |
| NAV (%) | - | n/m | 106.8 | -34.8 | -66.3 |

| Margins/Returns - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|---------------------------------|------|--------|-------|-------|--------|
| EBITDA Margin (%) | n/m | n/m | n/m | n/m | n/m |
| EBITA Margin (%) | n/m | n/m | n/m | n/m | n/m |
| PBT Margin (%) | n/m | n/m | n/m | n/m | n/m |
| ROE (%) | n/m | -69.3 | -33.3 | -61.9 | -221.8 |
| ROCE (%) | n/m | -140.1 | -48.8 | -50.6 | -111.4 |

| Ratios - Year End Jun. | 2011 | 2012 | 2013E | 2014E | 2015E |
|------------------------|------|------|-------|-------|-------|
| Interest Cover (x) | n/m | 99.6 | 12.6 | 28.0 | n/m |
| Dividend Cover (x) | n/m | n/m | n/m | n/m | n/m |
| NWC/Revenue (%) | n/m | n/m | n/m | n/m | n/m |
| Cash Conversion (%) | n/m | 69.9 | 218.3 | 85.2 | 87.7 |
| Net Debt/EBITDA (x) | n/m | 1.3 | 2.0 | 0.9 | n/m |
| Gearing (%) | n/m | n/m | n/m | n/m | 24.9 |

Source: N+1 Singer, Company Accounts

N+1 Singer Valuation Methodology

In general, E&P companies are rated on the basis of the perceived asset value of their existing reserve base plus potential reserves growth via the drill bit from appraisal, development and exploration activities.

We break our asset valuations down into three broad components as follows:

1. **Core NAV (CNAV):** Our CNAV attempts to value the NPV of producing fields, utilising 2P (Proven and Probable reserves) production profiles (and on accession heavily risked sanctioned developments due to commence shortly).
2. **Total NAV (TNAV):** Our TNAV is our CNAV plus our estimate of the asset value of appraisal and development activities. It attempts to incorporate the additional potential of fields under appraisal and development (or pending near term development) on a risk-adjusted basis. We risk each field/project on the probability of successful (and timely) project delivery.
3. **Risked NAV (RNAV = TNAV + EMV):** Our RNAV incorporates our TNAV as well as the Expected Monetary Value (EMV) of the exploration portfolio over which we have visibility (generally named prospects). We look at each prospect on the basis of the potential size of the prospect and its assigned chance of success (CoS)¹. For our success case value we will either model the individual prospects on a DCF basis to derive an asset specific potential NPV or benchmark them against an 'in the ground NPV' value from similar fields as a value proxy. This should enable us to capture the time-value of the capital required to develop an asset in the event of a successful discovery.

We cross/sense check the above methodology by also looking at ratings on a per barrel basis such as EV per barrel of oil equivalent of 2P reserves (EV/boe) and, for the more established producers on a multiples basis such as EV/earnings before interest, tax, depreciation, amortisation and unsuccessful drilling expenses (EBITDAX).

We think it is quite misleading to look at a strict EV/2P comparison methodology due to core issues such as the stage of reserves (producing/dev/appraisal), the gas/oil split, fiscals etc. Rather we would look to this methodology as a back up and a means of evidence of ratings can evolve on asset progression/monetisation.

Our investment thesis is predicated on the combination of the relative ratings, balance sheet strength, stress/value tests on oil price scenarios where the company lies within the cycle (balance of production, appraisal, development and exploration upside) and the scale of potential value catalysts within the next 12 months. The resultant individual company price target will then be benchmarked against one of our asset value components (usually TNAV or RNAV).

Our aim is to encapsulate both the quantitative and qualitative factors that we believe are the key drivers to not just the quantum of production and cash flow but also the sustainability of these cash flows and the opportunity set going forward.

¹The CoS will be based on company guidance and/or N+1 Singer ascriptions, for example, rank exploration prospects will generally attract a 1/10 or 10% CoS weighting.

N+1 Singer Multiples Definitions

| Valuation Multiples | Numerator | Denominator |
|--------------------------|--|--|
| EV/2P (\$/boe) | Enterprise Value = Current market capitalisation + debt - cash | proven and probable (2P) reserves, these are geologic reserves and could be a combination of liquids & gas |
| EV/3P (\$/boe) | Enterprise Value = Current market capitalisation + debt - cash | proven, probable and possible (3P) reserves, these are geologic reserves and could be a combination of liquids & gas |
| EV/3P+C (\$/boe) | Enterprise Value = Current market capitalisation + debt - cash | as above + contingent resources |
| EV/3P+C+P (\$/boe) | Enterprise Value = Current market capitalisation + debt - cash | as above + prospective resources |
| EV/Production (\$/boepd) | Enterprise Value = Current market capitalisation + debt - cash | daily production on a barrel of oil equivalent basis |
| EV/EBITDAX (x) | Enterprise Value = Current market capitalisation + debt - cash | earnings before interest, tax, depreciation, amortisation and unsuccessful drilling expenses |
| EV/Net Debt (x) | Enterprise Value = Current market capitalisation + debt - cash | total debt - cash & equivalents |
| P/E (x) | Current share price | earnings per share (as specified, i.e. fully diluted, adjusted, basic) |
| Net Debt/Equity (%) | Total debt - cash & equivalents | total equity/shareholder funds |

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Companies mentioned in this report*

Pura Vida Energy N.L. (2)

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HOLD is between 0% and +10% expected total return over the next 12 months;

SELL is less than 0% expected total return over the next 12 months;

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Temporary movements by stocks across the boundaries of these categories due to share price volatility will not necessarily trigger a recommendation change.

Where applicable CP means Current Price, TP means Target Price, and TR means Total Return.

If you would like to see previously published research please contact EquityResearch@n1singer.com

Allocation of Equity Ratings in 4Q/2012

| Rating | Recommendation Universe* | Portion of these provided with investment banking services** |
|--------|--------------------------|--|
| Buy | 53.5% | 0% |
| Hold | 39.6% | 0% |
| Sell | 6.9% | 0% |

* The percentage of recommendations published within this rating category within the previous calendar quarter.

** Please note **N+1 S** does not produce recommendations or publish target prices on companies who are corporate clients of **N+1 S**.

Fundamental View

Positive - quality company, strong management, strong fundamentals, focused strategy.

Neutral - ambivalent over the company's strategy, market place, management.

Negative - N+1 Singer believes company has fundamental flaws and is not a long term investment.

Earnings Sensitivity

1 = highly likely downgrade 2 = likely downgrade 3 = neutral 4 = likely upgrade 5 = highly likely upgrade

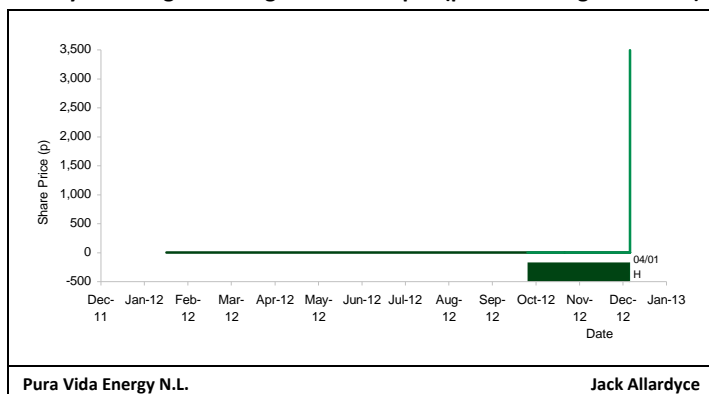
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The valuation methodology used may vary from stock to stock and from analyst to analyst. As a result, the relevant valuation methodology will be stated within the body of the relevant research. These methods are all based on generally accepted industry practices. Any valuation is dependent upon the subjective opinion of the analyst carrying out the valuation.

Planned Frequency of Updates

Our research is primarily event driven and as a result, there is no planned frequency for updates and rather updates will be published as and when the analyst believes there is a reason to publish.

History of Ratings and Target Prices Graphs (please see legend below)



Key: Buy Hold Sell Corporate

— Share Price

— Target Price

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