

Share Price:	\$0.47
12mth Price Target:	\$1.14

## PURA VIDA ENERGY NL (PVD)

### Resource upgrade in Gabon...

Pura Vida Energy (PVD) has announced a significant resource (prospective) upgrade on its Gabon acreage and the identification of a new play types. We hope the resource upgrade will have positive implications for the ongoing farm-out process. A successful farm-out in Gabon would be a welcome catalyst while the market waits for PVD's drilling to start in Morocco. At this stage PVD (with operator Freeport) are on track to test the Toubkal prospect, offshore Morocco, in late January 2015. This represents the most significant catalyst for the share price during the next six months. We maintain our Speculative Buy recommendation on the stock with a target price of \$1.14.

### Nkembe block resource upgrade...new targets identified

PVD has announced an upgrade to the prospective resource assessment on the Nkembe PSC, offshore Gabon. The inclusion of new prospects has raised the gross mean unrisks prospective resources on the block to 1,680mboe or 1,344mm boe net to PVD. The new resource estimate represents a 65% increase.

PVD's ongoing technical evaluation of the Nkembe block has identified several new play types. The most significant of these sits within the pre-salt formation. **"A significant new play in the pre-salt within the Syn-rift interval where carbonate Coquinas reservoirs are anticipated to be present"**. PVD believe these prospects have the potential to contain large oil discoveries similar to those offshore Angola and Brazil. Several prospects contain multiple, stacked targets which can best tested with a single well. In the near term we hope the combination of a resource upgrade and the identification of new play types will attract a farm-in partner.

### Nearology – hasn't helped but not over yet

Unfortunately for PVD, well results offshore Africa this year have been largely unsuccessful. Several wells are expected to spud offshore Gabon during the next three months. These include recently spudded Okala (Ophir) and BC-9 (Shell) and also BC-10 (Shell) and Sputnik (Exxon/Tullow) which are expected to both test pre-salt targets and thus have read throughs to PVD's targets. Recently the Ophir operated Affanga-1 well encountered oil and gas shows but not in commercial quantities. Several wells are also expected to spud offshore Morocco in coming months. PVD remains on track to drill the Toubkal-1 (offshore Morocco) well in January 2015.

### Valuation and Recommendation

Our risked valuation of PVD is \$2.29 / share with a 12-month target price of \$1.14. Our valuation of PVD's assets offshore Gabon assumes a final working interest in the Nkembe block of 25% (currently 80%) and an NPV/boe of US\$10. We then assign a chance of success of 10%. The resource upgrade has added 27c/share to our risked valuation. As with any form of exploration, and especially for offshore exploration, there is a high chance of failure. At the end of the March quarter PVD has a cash balance of A\$25m and anticipated spending A\$6m in the current quarter.

#### Hartleys Brief Investment Conclusion

Pura Vida (PVD)'s retained a significant interest in what is potentially a 1bn bbl resource (Toubkal). Upside also comes from its offshore acreage in Gabon and now Madagascar.

#### Board of Directors:

Jeff Dowling	Non-Executive Chairman
Richard Malcolm	Non-Executive Director
Damon Neaves	Managing Director

#### Substantial Shareholders:

Board (Un-diluted)	5.1%
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#### Company Address:

Level 3, 89 St Georges Tce  
Perth, W.A. 6000

#### Issued Capital:

- fully diluted	128.2m
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- fully diluted	165.2m
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Market Cap:	\$60.3m
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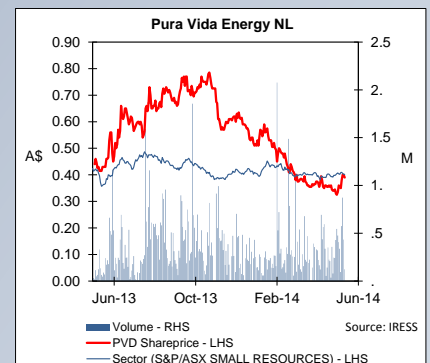
- fully diluted	\$77.7m
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Cash (current est):	\$20.0m
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#### Valuation Summary

Asset	Risked	Risked	Un-risked
	A\$m	A\$/s	A\$/s
Toubkal	212	1.28	17.12
Morocco - Other	50	0.30	10.10
Gabon	113	0.69	22.84
	<b>375</b>	<b>2.27</b>	<b>50.05</b>

Source: Hartleys Research



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## SUMMARY MODEL

Pura Vida Energy NL PVD		Share Price \$0.470		23 Jun 2014 Speculative Buy				
<b>Key Market Information</b>			<b>Directors</b>					
Share Price		\$0.470	Jeff Dowling Non-Executive Chairman					
Market Capitalisation		\$78m	Richard Malcolm Non-Executive Director					
Cash est		\$20.0m	Damon Neaves Managing Director					
Debt est		\$0.0m						
Issued Capital		128.2m						
ITM options		6.5m						
Issued Capital (fully diluted all options)		165.2m						
<b>Enterprise Value (EV)</b>		\$57.7m	<b>Substantial Shareholders</b>					
Risked Valuation (per share)		\$2.29	Board (Un-diluted) 9.0%					
<b>12Mth Price Target</b>		\$1.14						
<b>Projects</b>				<b>Investment Summary</b>				
	Interest	Location	Commodity	Pura Vida recently confirmed two slots to drill wells on the Mazagan permit. We expect the share price to rally prior to drilling Toubkal, the first prospect of PVD's to be drilled in Morocco. The farm-out of PVD's Nkembe block and a significant well program by other operators in both Morocco and Gabon will continue to generate newsflow. PVD's recent farm into the Ambilobe Block offshore Madagascar adds to the Company's portfolio of African assets.				
<b>Mazagan</b>	23%	Morocco	Oil					
<b>Nkembe</b>	80%	Gabon	Oil					
<b>Ambilobe</b>	50%	Madagascar	Oil					
<b>Resources</b>					<b>Expected Newsflow</b>			
	Oil	Gas	Condensate	Oil Eq	Project	Impact		
<b>(net)</b>	mmbbl	bcf	mmbbl	mmbbl				
<b>Best Prospective</b>								
Mazagan	1,168	-	-	1,168	2H 14	Gabon farmout	Gabon	Direct
Nkembe	1,434	-	-	1,434	2H 14	Shell and Ophir drilling	Gabon	Direct
Ambilobe					1Q 15	Toubkal-1 drilling	Morocco	Direct
<b>P50 Contingent Resource</b>								
Loba	16	-	-	16				
<b>Quarterly Cash Flow- Historical</b>								
	FY13				FY14			
<b>A\$ m</b>	2Q	3Q	4Q	1Q	2Q	3Q		
<b>Beginning</b>	4.53	8.24	1.90	3.41	7.20	28.92		
Operating	-1.95	-2.36	-4.79	-2.73	-5.99	-3.44		
Investing	-0.05	-8.68	-0.01	-0.03	16.81	0.00		
Financing	5.73	4.72	6.24	6.55	10.90	0.16		
<b>End</b>	<b>8.26</b>	<b>1.92</b>	<b>3.34</b>	<b>7.20</b>	<b>28.92</b>	<b>25.63</b>		
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Sources: IRESS, Company Information, Hartleys Research								
Last Updated: 23/06/2014								

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## Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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