



ASX Code: PVD

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11 November 2013

Dear Shareholder

LETTER TO SHAREHOLDERS *PVD Enters Drilling Phase*

It is timely to write to you following the successful completion of the farmin by Freeport-McMoRan Oil & Gas into Pura Vida Energy's Mazagan project. This deal represents a great achievement and is a significant milestone for the Company which sees us fully funded for two firm wells in a high impact deep water drilling program.

On behalf of the Board and management, I would like to convey our appreciation for the loyalty and support of our shareholder base. Pura Vida has grown substantially since we listed early last year. The Mazagan farmout is transformational and we are now entering the drilling phase for the first time. We have also been successful in broadening the portfolio by acquiring new projects in Gabon and Madagascar. We now have a high quality diversified portfolio with a lot of activity and news flow ahead of us.

Pura Vida is in the envious position of being free-carried in a drilling program targeting huge potential resources. This is an exciting time and your support in getting us to this stage is highly valued by the Board.

With the injection of US\$15 million on completion of the farmout and up to US\$215 million funded for exploration of Mazagan, Pura Vida is now stronger than ever.

Accompanying this letter is a chart which featured in our recent Annual Report. It demonstrates the story of PVD so far, from listing until the recent farmout. With your support we have achieved a great deal in a short time and our performance in the market is a reflection of those achievements. Looking forward, I have full confidence in our partner, Freeport-McMoRan, and the Company's management to deliver the next stage of growth.

I look forward to seeing you at the **AGM on 29 November 2013, commencing at 10.00am at The Terrace Hotel, 237 St Georges Terrace, Perth** and I will be available to speak with you after the event.

Yours sincerely

A handwritten signature in black ink, appearing to read "Damon Neaves". The signature is fluid and cursive, with a large initial "D" and "N".

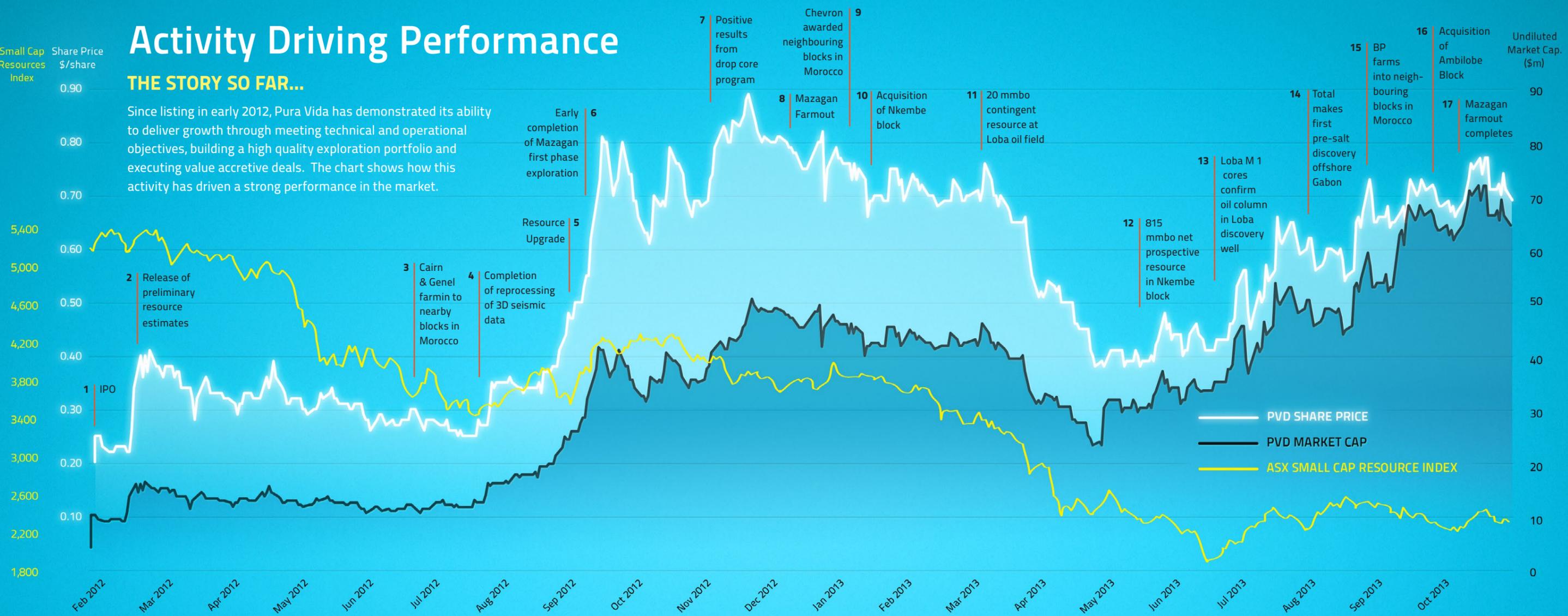
DAMON NEAVES
MANAGING DIRECTOR

Activity Driving Performance

Small Cap Resources Index
Share Price \$/share

THE STORY SO FAR...

Since listing in early 2012, Pura Vida has demonstrated its ability to deliver growth through meeting technical and operational objectives, building a high quality exploration portfolio and executing value accretive deals. The chart shows how this activity has driven a strong performance in the market.



1. IPO

Admitted to the Official List of the ASX with an offer price of \$0.20 per share giving an implied market capitalisation of \$8 million (undiluted).

2. RELEASE OF PRELIMINARY RESOURCE ESTIMATES

Release of preliminary resource assessment from independent expert, Resource Investment Strategy Consultants (RISC), giving total mean gross prospective resources for the Mazagan permit of 3.2 billion barrels of recoverable oil based on existing 3D seismic data.

3. CAIRN & GENEL FARMIN TO NEARBY BLOCKS IN MOROCCO

Cairn farms into Fom Draa and Genel farms into Sidi Moussa blocks to the south of the Mazagan permit.

4. COMPLETION OF REPROCESSING OF 3D SEISMIC DATA

Positive results from seismic reprocessing confirmed the presence of Direct Hydrocarbon Indicators (DHI's) on key drilling targets, including the Toubkal prospect.

5. RESOURCE UPGRADE

Leading independent advisory group DeGolyer and MacNaughton ("D&M") released an independent estimate of the resource potential of the Mazagan permit based on reprocessed data and incorporating new prospects. D&M reported total mean gross prospective resources of 7 billion barrels of recoverable oil. Prospects ranged in chance of success from 19% to 34%.

6. EARLY COMPLETION OF MAZAGAN FIRST PHASE EXPLORATION

Work commitments for the first exploration phase on the Mazagan permit were completed in September 2012, more than a year ahead of schedule and within budget.

7. POSITIVE RESULTS FROM DROP CORE PROGRAM

Analysis of the cores taken on the Mazagan permit identified several cores containing light oil saturation, including cores obtained on the sea bed overlying the Toubkal prospect. The analysis also confirmed the presence of chemical compounds (biomarkers) indicating the source rock for the oil is the Lower Jurassic. These results indicate a working petroleum system on the block.

8. MAZAGAN FARMOUT

Farmout agreement in relation to the Mazagan permit signed with FM O&G whereby FM O&G will acquire a 52% interest in the Mazagan permit and be appointed Operator. Terms included an upfront US\$15 million cash payment and funding for various exploration operations up to a maximum of US\$215 million, including a firm commitment to fund and drill two exploration wells.

9. CHEVRON AWARDED NEIGHBOURING BLOCKS IN MOROCCO

Chevron awarded three exploration permits adjacent to the Mazagan permit.

10. ACQUISITION OF NKEMBE BLOCK

Acquisition of an 80% interest and Operatorship of the Nkembe block, offshore Gabon. This acquisition was an important step in diversifying Pura Vida's exploration portfolio by establishing the Company in a proven basin proximate to several producing oil fields.

11. 20 MMBO CONTINGENT RESOURCE AT LOBA OIL FIELD

Pura Vida announced a 20mmbo contingent resource at the Loba Oil Field in the Nkembe block. Petrophysical analysis of logs from the Loba M 1 well indicated a 46m net oil column with good quality sandstone reservoir.

12. 815 MMBO NET PROSPECTIVE RESOURCES IN NKEMBE BLOCK

Initial evaluation identified 815 mmo mean net prospective resources in the Nkembe block across a range of different play types.

13. LOBA M 1 CORES CONFIRM OIL COLUMN IN LOBA DISCOVERY WELL

Inspection of Loba M 1 drilling cores identified good quality sandstone reservoirs with abundant oil staining confirming a significant oil column in the Loba oil field and validating previous resource estimates.

14. TOTAL MAKES FIRST PRE-SALT DISCOVERY OFFSHORE GABON

Total announced first deep water pre-salt discovery in Gabon, proving a play that extends into the Nkembe block.

15. BP FARMS INTO NEIGHBOURING BLOCKS IN MOROCCO

BP strikes a deal with Kosmos to farm in to three exploration permits adjacent to the Mazagan permit.

16. ACQUISITION OF AMBILOBE BLOCK

Pura Vida makes strategic entry offshore East Africa by acquiring a 50% interest in the Ambilobe block, offshore Madagascar.

17. MAZAGAN FARMOUT COMPLETES

Farmout deal with FM O&G completes, including a US\$15 million payment to Pura Vida. Pura Vida free carried for various operations on Mazagan permit for up to US\$215 million, including two exploration wells.

OUR FUTURE IS IN SAFE HANDS...

Looking ahead, we are now moving into a high impact drilling campaign offshore Morocco and looking to repeat that achievement on a similar timescale offshore Gabon. Pura Vida's management team is ready and capable of meeting the challenge to continue to build the portfolio by adding high quality exploration acreage within a framework of financial and technical discipline.