

Update Note

30 August 2012

Pura Vida Energy

Oil & Gas Exploration & Production

BUY
Unchanged since 29/02/12

Morocco Farmout Activity

In the past week both Genel Energy and Cairn Energy have farmed into blocks proximate to the Mazagan permit in which Pura Vida holds a 75% interest. This significant transactional activity suggests that there will be plentiful interest in PVD's farmout process which is scheduled to commence on 1st October 2012.

Activity in the area continues to step-up...

Genel (led by ex-BP CEO Tony Hayward) farmed in to Sidi Moussa for a 60% interest for \$1.3m plus \$50m capped well costs (implied value of \$86m for the block). Cairn Energy farmed in to Fom Draa for a 50% interest in consideration for \$1.5m plus \$60m well costs (implied value of \$123m for the block). These farm-ins follow a series of moves by the majors and large independents to take positions in Morocco, namely: Total, Anadarko and Kosmos. Kosmos has completed 2,500km² of 3D seismic on its adjacent blocks recently, and a decision to drill in 2013 is expected to be taken at the year end. Fastnet (formed by ex-Cove management including John Craven) has taken an interest in a block adjacent to Mazagan. Genel and Cairn have also picked up interests in the Cap Jubu oil field south of Pura Vida's Mazagan permit. Whilst the play types vary across blocks the prospectivity is not dissimilar. We would expect PVD to be able to have a better chance of farming out (on better promote terms) given a recently enhanced database and additional play type.

Read-across values

Farminee	WI	Block	First Well	Costs (\$m)		Implied Value (\$m)
				back (net)	well (net)	
Cairn Energy Genel Energy	50.0%	Fom Draa Sidi Moussa	Q4 '13/'14	1.5	60	123.0
Genel Energy	60.0%	Moussa	Q4 '13/'14	1.3	50	85.5

In aggregate, we continue to believe that there is potential for near-term high impact events, including additional resources, farm-out negotiations (leading to the securing of funding for the drilling program) and acquisitions. The read-across values alone imply a valuation at multiples of PVD's current EV (A\$12.6m), see above.

Upcoming Events/Catalysts

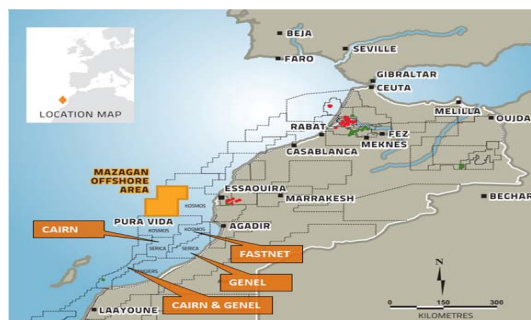
Event/Prospect	Timing	CoS (%)	Risked (A\$/s)	Unrisked (A\$/s)
Drop Core program	Q3 2012	-	-	-
Seismic re-processing	Q3 2012	-	-	-
Farm-out discussions	Q4 2012 -> Q1 2013	-	-	-
Potential acq. of new project	Q3->Q4 2012	-	-	-
1st Exp. Well (Toubkal)	2013	20%	3.3	16.6

Prospect Inventory (with revised estimates)

Reservoir	Prospect	Gross Resources	CoS
		Mean MMbbls	
Miocene	Toubkal	790	20%
	Zagora	47	23%
	Amchad	38	23%
Lower Cretaceous	Jbel Musa	202	14%
	Jbel Ayachi	222	14%
	Jbel Lakhdar	97	14%
Total:		1,396[†]	

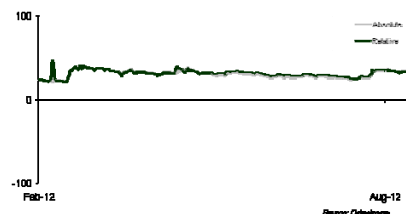
[†]Includes prospects only (excluding leads & prospects of +1.8 MMbbls gross)

Acreage in Context



Stock Data

Share Price:	A\$0.33
12m Price Target:	A\$0.87
Upside/(Downside):	164%
Fundamental View:	Positive
Forecast Sensitivity:	3
Share in Issue (post raise):	53.6m
Market Capitalisation (pre raise):	A\$17.2m
Forecast FY'12 Cash/(Debt) :	A\$4.6m
Enterprise Value FY'12:	A\$12.6m
Reuters:	PVD.ASX



Key Indicators

WI C & P Resources	1,047 MMbbls
Current EV/All Resources	A\$0.01/bbl
CNAV	A\$0.12/share
TNAV	A\$0.12/share
RNAV	A\$5.4-0/share
P/RNAV	0.06x

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(B) Denotes N+1 Brewin acts as broker to the company (A) Denotes AIM listing

N+1 Brewin Research – Current Recommendation Definition: Recommendations are a function of N+1 Brewin's expectation of total return (forecast price appreciation and dividend yield within the next 12 months)

Buy – Expected total return of 20% or more
 Add – Expected total return of between 10% and 20%
 Hold – Expected total return of between 0% and 10%
 Reduce – Expected negative total return of between 0% and 10%
 Sell – Expected negative total return of 10% or more

Fundamental View:

Positive - quality company, strong management, strong fundamentals, focused strategy.
 Neutral - ambivalent over the company's strategy, market place, management.
 Negative - N+1 Brewin believes company has fundamental flaws and is not a long term investment.

Forecast Sensitivity:

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

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