



## **Pura Vida Energy NL**

A.C.N. 150 624 169

INTERIM FINANCIAL REPORT  
31 DECEMBER 2012

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## CORPORATE DIRECTORY

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### Directors

Bevan Tarratt *Non-Executive Chairman*  
Damon Neaves *Managing Director*  
David Ormerod *Technical Director*

### Company Secretary

Chen Chik Ong

### Registered Office

Level 1, 89 St Georges Terrace  
PERTH WA 6000

### Principal Office

Level 1, 89 St Georges Terrace  
PERTH WA 6000  
Telephone: 61 8 9226 2011  
Facsimile: 61 8 9226 2099  
Web: [www.puravidaenergy.com.au](http://www.puravidaenergy.com.au)

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Stock Exchange Listing

Australian Securities Exchange Limited  
ASX Code – **PVD**

### Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: 61 8 9315 2333  
Facsimile: 61 8 9315 2333

### Bankers

National Australia Bank Limited  
7 Sandridge Road  
BUNBURY WA 6230

### Auditor

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

## DIRECTORS' REPORT

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The directors of Pura Vida Energy NL (**Pura Vida or the Company**) submit the financial report of the Company for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of the directors of the Company during or since the end of the half-year are:

- Bevan Tarratt, Non-Executive Chairman appointed on 1 August 2011.
- Damon Neaves, Managing Director appointed on 17 August 2011.
- David Ormerod, Technical Director appointed on 21 July 2011.

### Company Secretary

The company secretary is (Nicholas) Chen Chik Ong. Mr Ong was appointed to the position of company secretary on 25 May 2011.

### Principal Activities

The principal activities of the Company during the half-year were oil and gas exploration.

### Review of Operations

#### Mazagan Permit, offshore Morocco

During the period, Pura Vida completed the work program for the initial phase of the Mazagan permit with exciting results. In particular, the indications of oil recovered by the drop core (sea-bed sampling) program provided further direct evidence of a working hydrocarbon system.

Results of reprocessing and interpretation of 3D seismic data led to the recognition of significant mean resource potential for the Mazagan permit of 7 billion barrels (gross recoverable).

The results of the exploration work undertaken in 2012 culminated in a farmout deal with Plains Exploration & Production Company (NYSE: PXP) (**PXP**) to fund two deep water exploration wells. The first well will target the Toubkal prospect (1.5 billion barrels (mean)) and is expected to spud in Q1 14.

Significant drilling activity is planned offshore Morocco commencing mid-2013 which is expected to generate significant interest leading into Pura Vida's drilling program commencing early 2014. Pura Vida is well placed to benefit from any positive news from drilling results offshore Morocco with a significant acreage position in the heart of this activity.

The farmout means that Pura Vida is fully funded in an exploration well in early 2014 with a mean net resource potential of 350 mmbo. This is an exciting period for Pura Vida with potential to deliver extraordinary value in the success case.

### Financial Summary

The loss for the half-year was \$2,340,093 (2011: loss \$888,559).

### Risk management and corporate governance

The Company's risk management and corporate governance statements were included in the 2012 Annual Report. These statements remain current.

### Changes to Equity

Total number of options on issue as at 31 December 2012 was 9,750,000 (30 June 2012: 5,000,000).

A total of 5,000,000 employee performance rights vested during the half-year ended 31 December 2012 (2011: nil). The total number of share rights on issue as at 31 December 2012 was 5,000,000 (30 June 2012: 10,000,000).

# DIRECTORS' REPORT

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## After Reporting Date Events

- ***Farmout of Mazagan Permit, offshore Morocco***

On 3 January 2013, the Company announced that it had entered into a farmout agreement with PXP whereby PXP will acquire a 52% interest in the Mazagan permit and be appointed Operator. Completion of the transaction is subject to customary closing conditions, including Moroccan Government approvals. Pura Vida retains a 23% interest in the permit.

Pura Vida will receive a cash payment of US\$15 million upon completion of the transaction (expected in Q1 13) and PXP will fund 100% of the costs of various exploration operations up to the greater of agreed AFE costs or US\$200 million, subject to a maximum of US\$215 million. The carried costs include a firm commitment by PXP to fund and drill two deep water exploration wells.

- ***Acquisition of Nkembe Block, offshore Gabon***

On 15 January 2013, Pura Vida announced that it was awarded an 80% interest in a Production Sharing Contract for the Nkembe block, offshore Gabon ("Nkembe PSC"). Pura Vida will be the Operator under the Nkembe PSC with the State of Gabon holding a 20% carried interest.

The term of the exploration period is for seven years, with a minimum work program divided into two phases described below. Upon a commercial oil discovery, an exploitation licence is granted for a period of 10 years (25 years for a gas development) with two extension options, each for a period of five years.

An upfront acquisition cost of US\$9 million was paid to the State of Gabon upon signature of the Nkembe PSC. The acquisition cost reflects the value of this acreage and maturity of the Gabon Basin as an oil province, as well as the cost of acquiring existing well and seismic data over the Nkembe block. Pura Vida believes the proposed work program (described below) will prove the potential of the multiple play types in the Nkembe block leading to the identification of multiple drilling targets.

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

### *Funding*

In connection with meeting the acquisition costs for the Nkembe PSC, Pura Vida has executed a short-term funding facility for \$5 million. The lenders under the facility are unrelated parties. Hartleys Limited is Corporate Advisor to Pura Vida and arranged the facility. The facility is unsecured, bears interest at the rate of 20% and contains representations and warranties usually found in an agreement of this kind.

### *Contingent Resource*

On 6 March 2013, Pura Vida announced a 20 mmbo (P50) gross recoverable contingent resource at the Loba M 1 discovery on the Nkembe block.

- ***Vesting of performance shares***

On 15 January 2013, 5,000,000 Tranche A performance rights were issued upon the satisfaction of the vesting condition relating to the Company's strategy to build a diversified portfolio of oil and gas assets. The award of the Nkembe PSC to Pura Vida Energy NL described above satisfied the vesting condition.

## DIRECTORS' REPORT

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- ***Incorporation of wholly owned subsidiaries***

The following subsidiaries were incorporated on the dates below:

Entity	Date Incorporated	Country
Pura Vida Mazagan Pty Ltd	7 January 2013	Australia
Pura Vida Nkembe Pty Ltd	8 January 2013	Australia
Buda Veda Energy Pty Ltd	21 February 2013	Australia
PVD Netherlands BV	1 February 2013	Netherlands
PVD Belgium S.A.	27 February 2013	Belgium
PVD Exploration Morocco SARLAU	4 March 2013	Morocco

### **Auditor's Independence Declaration**

The auditors independence declaration is included on page 5 of the half-year report.

On behalf of the directors



**Bevan Tarratt**  
**Non-Executive Chairman**

15 March 2013

# AUDITORS' INDEPENDENCE DECLARATION

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Tel: +61 8 62 4600  
Fax: +61 8 62 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
P.O. Box 700 West Perth WA 6872  
Australia

15 March 2013

The Board of Directors  
Pura Vida Energy NL  
Level 1, 89 St George's Terrace  
PERTH WA 6000

Dear Sirs,

## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF PURA VIDA ENERGY NL

As lead auditor for the review of Pura Vida Energy NL for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pura Vida Energy NL and the entity it controlled during the period.

**Phillip Murdoch**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 224 737 is a member of a national association of independent members which are all members of BDO Business Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Business Ltd are members of BDO Business Ltd, a UK company limited by guarantee, and a member of the national BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation which limits the liability of members of financial services organisations to cash held on behalf of clients other than companies.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	NOTE	December 2012 \$	28 April to 31 December 2011 \$
<i>Revenue from continuing operations</i>			
Other income		37,572	1,144
<i>Expenses</i>			
Audit expenses		(20,178)	-
Consulting fees		(82,075)	(7,958)
Corporate advisory fees		-	(191,000)
Depreciation expenses		(26,420)	-
Employee benefits expenses	7	(132,500)	-
Legal fees		(29,059)	(35,369)
Share based payment expense	7	(1,250,050)	(207,700)
Travel and accommodation		(128,270)	(75,262)
Other administrative expenses		(761,317)	(372,414)
Foreign exchange gain/(loss)		52,204	-
Loss before income tax		(2,340,093)	(888,559)
Income tax expense		-	-
Loss for the period		(2,340,093)	(888,559)
Other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to the period attributable to the owners of Pura Vida Energy NL		(2,340,093)	(888,559)
Basic loss per share (cents per share)		(4.378)	(12.117)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 DECEMBER 2012

	NOTE	31 December 2012 \$	30 June 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,237,806	3,737,685
Trade and other receivables		44,677	93,788
<b>Total current assets</b>		<b>8,282,483</b>	<b>3,831,473</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure		4,053,657	992,293
Property, plant and equipment		125,113	89,398
<b>Total non-current assets</b>		<b>4,178,770</b>	<b>1,081,691</b>
<b>TOTAL ASSETS</b>		<b>12,461,253</b>	<b>4,913,164</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		574,848	630,049
Provisions		56,474	22,495
<b>Total current liabilities</b>		<b>631,322</b>	<b>652,544</b>
<b>TOTAL LIABILITIES</b>		<b>631,322</b>	<b>652,544</b>
<b>NET ASSETS</b>		<b>11,829,931</b>	<b>4,260,620</b>
<b>EQUITY</b>			
Issued Capital	6	14,041,013	6,695,859
Reserves		3,083,500	519,250
Accumulated losses		(5,294,582)	(2,954,489)
<b>TOTAL EQUITY</b>		<b>11,829,931</b>	<b>4,260,620</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total Equity \$
<b>Balance at 28 April 2011</b>	-	-	-	-
Loss for the period	-	(888,559)	-	(888,559)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	(888,559)	-	(888,559)
<b>Transactions with owners in their capacity as owners</b>				
Shares/options issued during the period	6,861,170	-	207,700	7,068,870
Share issue expenses	(490,757)	-	-	(490,757)
<b>Balance at 31 December 2011</b>	<b>6,370,413</b>	<b>(888,559)</b>	<b>207,700</b>	<b>5,689,554</b>

	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total Equity \$
<b>Balance at 1 July 2012</b>	<b>6,695,859</b>	<b>(2,954,489)</b>	<b>519,250</b>	<b>4,260,620</b>
Loss for the period	-	(2,340,093)	-	(2,340,093)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	(2,340,093)	-	(2,340,093)
<b>Transactions with owners in their capacity as owners</b>				
Shares/options issued during the period	9,107,771	-	3,083,550	12,191,321
Share issue expenses	(2,281,917)	-	-	(2,281,917)
Performance shares converted during the period	519,300	-	(519,300)	-
<b>Balance at 31 December 2012</b>	<b>14,041,013</b>	<b>(5,294,582)</b>	<b>3,083,500</b>	<b>11,829,931</b>

This above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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	December 2012 \$	28 April to 31 December 2011 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and consultants	(1,040,600)	(432,905)
Interest received	23,386	1,144
Interest paid	(1,315)	-
Other payments - GST	(8,718)	(24,707)
<b>Net cash outflow from operating activities</b>	<b>(1,027,247)</b>	<b>(456,468)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration, evaluation and development expenditure	(2,989,555)	(54,696)
Payments for property, plant and equipment	(62,136)	(27,488)
<b>Net cash outflow from investing activities</b>	<b>(3,051,691)</b>	<b>(82,184)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	569,078
Proceeds from issue of shares and options, net of transaction costs	8,526,854	6,624,129
<b>Net cash inflow from financing activities</b>	<b>8,526,854</b>	<b>7,193,207</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	4,447,916	6,654,554
<b>Cash and cash equivalents at the beginning of the period</b>	3,737,685	-
<b>Effects of exchange rate changes on cash and cash equivalents</b>	52,205	-
<b>Cash and cash equivalents at the end of the period</b>	<b>8,237,806</b>	<b>6,654,554</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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## NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the half-year reporting period ending 31 December 2012 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements do not include all the notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with any public announcements made by Pura Vida Energy NL during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year reporting period, except for - AASB 2011-9 Amendments to Australian Accounting Standards; Presentation of Items of Other Comprehensive Income.

The Company has adopted the change under AASB 2011-9 renaming the Statement of Comprehensive Income to the Statement of Profit or Loss and Other Comprehensive Income. This change has not had an impact on the results presented.

## NOTE 2: SEGMENT INFORMATION

Management has determined that the Company has one reportable segment, being an interest to explore for oil in acreage known as the Mazagan Offshore Area located off the Atlantic coast of Morocco, Africa, which is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. As the Company is focused on oil and gas exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by the area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Revenue by geographical region: The Company has not generated revenue from operations, other than interest income derived from deposits held at call with banks in Australia.

Assets by geographical region: The Company owns an interest to explore for oil in acreage known as the Mazagan Offshore Area located off the Atlantic coast of Morocco, Africa.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

## NOTE 2: SEGMENT INFORMATION (cont'd)

	December 2012 \$	December 2011 \$
Revenue from external sources	-	-
Reportable segment profit / (loss)	-	-
Reportable segment assets	3,691,985	25,622
Reportable segment liabilities	244,552	-
<b>Reconciliation of reportable segment profit or loss</b>		
Reportable segment profit /(loss)	-	-
Other income	37,572	1,144
Unallocated:		
Employee benefits	(644,497)	(455,615)
Other expenses	(1,733,167)	(434,088)
Loss before tax	<u>(2,340,092)</u>	<u>(888,559)</u>

## NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE

### After Reporting Date Events

- ***Farmout of Mazagan Permit, offshore Morocco***

On 3 January 2013, the Company announced that it had entered into a farmout agreement with PXP whereby PXP will acquire a 52% interest in the Mazagan permit and be appointed Operator. Completion of the transaction is subject to customary closing conditions, including Moroccan Government approvals. Pura Vida retains a 23% interest in the permit.

Pura Vida will receive a cash payment of US\$15 million upon completion of the transaction (expected in Q1 13) and PXP will fund 100% of the costs of various exploration operations up to the greater of agreed AFE costs or US\$200 million, subject to a maximum of US\$215 million. The carried costs include a firm commitment by PXP to fund and drill two deep water exploration wells.

- ***Acquisition of Nkembe Block, offshore Gabon***

On 15 January 2013, Pura Vida announced that it was awarded an 80% interest in a Production Sharing Contract for the Nkembe block, offshore Gabon ("Nkembe PSC"). Pura Vida will be the Operator under the Nkembe PSC with the State of Gabon holding a 20% carried interest.

The term of the exploration period is for seven years, with a minimum work program divided into two phases described below. Upon a commercial oil discovery, an exploitation licence is granted for a period of 10 years (25 years for a gas development) with two extension options, each for a period of five years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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## NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE (cont'd)

An upfront acquisition cost of US\$9 million was paid to the State of Gabon upon signature of the Nkembe PSC. The acquisition cost reflects the value of this acreage and maturity of the Gabon Basin as an oil province, as well as the cost of acquiring existing well and seismic data over the Nkembe block. Pura Vida believes the proposed work program (described below) will prove the potential of the multiple play types in the Nkembe block leading to the identification of multiple drilling targets.

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

### *Funding*

In connection with meeting the acquisition costs for the Nkembe PSC, Pura Vida has executed a short-term funding facility for \$5 million. The lenders under the facility are unrelated parties. Hartleys Limited is Corporate Advisor to Pura Vida and arranged the facility. The facility is unsecured, bears interest at the rate of 20% and contains representations and warranties usually found in an agreement of this kind.

### *Contingent Resource*

On 6 March 2013, Pura Vida announced a 20 mmbo (P50) gross recoverable contingent resource at the Loba M 1 discovery on the Nkembe block.

- ***Vesting of performance shares***

On 15 January 2013, 5,000,000 Tranche A performance rights were issued upon the satisfaction of the vesting condition relating to the Company's strategy to build a diversified portfolio of oil and gas assets. The award of the Nkembe PSC to Pura Vida Energy NL described above satisfied the vesting condition.

- ***Incorporation of wholly owned subsidiaries***

The following subsidiaries were incorporated on the dates below:

Entity	Date Incorporated	Country
Pura Vida Mazagan Pty Ltd	7 January 2013	Australia
Pura Vida Nkembe Pty Ltd	8 January 2013	Australia
Buda Veda Energy Pty Ltd	21 February 2013	Australia
PVD Netherlands BV	1 February 2013	Netherlands
PVD Belgium S.A.	27 February 2013	Belgium
PVD Exploration Morocco SARLAU	4 March 2013	Morocco

## NOTE 4: CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2012.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

## NOTE 5: DIVIDENDS

No dividends have been declared or paid for the half-year ended 31 December 2012.

## NOTE 6: CONTRIBUTED EQUITY

### (a) Share Capital

	December 2012 Shares	June 2012 Shares	December 2012 \$	June 2012 \$
Fully paid	66,239,584	40,250,000	13,814,478	6,466,678
Partly paid	22,653,550	22,918,133	226,535	229,181

### (b) Movements in ordinary share capital

#### Period ended 31 December 2012

Date	Details	Number of shares	Issue price	\$
01/07/12	Balance at beginning of year	40,250,000		6,466,678
16/07/12	Fully paid ordinary shares issued	5,937,500	\$0.25	1,484,375
20/08/12	Fully paid ordinary shares issued	6,062,500	\$0.25	1,515,625
19/10/12	Performance shares vested and ordinary shares issued	5,000,000	\$0.104	519,300
31/10/12	Conversion of partly paid shares	31,250	\$0.20	6,250
21/11/12	Conversion of partly paid shares	166,667	\$0.20	33,333
03/12/12	Conversion of partly paid shares	166,667	\$0.20	33,334
04/12/12	Fully paid ordinary shares issued	8,625,000	\$0.70	6,037,500
	Capital raising costs			(2,281,917)
31/12/12	Balance at end of period	66,239,584		13,814,478

#### Period ended 31 December 2011

Date	Details	Number of shares	Issue price	\$
01/07/11	Balance at beginning of year	1	-	-
16/11/11	Fully paid ordinary shares issued	18,750,000	\$0.16	3,000,000
16/11/11	Fully paid ordinary shares issued	1,500,000	\$0.10	150,000
16/11/11	Fully paid ordinary shares issued	20,000,000	\$0.20	4,000,000
	Capital raising costs			(683,322)
31/12/11	Balance at end of period	40,250,001		6,466,678

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

## NOTE 6: CONTRIBUTED EQUITY (cont'd)

### (c) Partly paid shares

#### Period ended 31 December 2012

Date	Details	Number of shares	Issue price	\$
01/07/12	Balance at beginning of year (Unquoted \$0.20 shares paid to \$0.01)	22,918,133	\$0.20	229,181
16/07/12	Unquoted \$0.20 shares paid to \$0.01	100,000	\$0.20	1,000
31/10/12	Conversion of partly paid shares	(31,250)	\$0.20	(312)
21/11/12	Conversion of partly paid shares	(166,667)	\$0.20	(1,667)
03/12/12	Conversion of partly paid shares	(166,667)	\$0.20	(1,667)
31/12/12	Balance at end of period	<u>22,653,549</u>		<u>226,535</u>

#### Period ended 31 December 2011

Date	Details	Number of shares	Issue price	\$
01/07/11	Balance at beginning of year	-	-	-
02/08/11	Unquoted \$0.20 shares paid to \$0.01	13,333,333	\$0.20	133,333
30/08/11	Unquoted \$0.20 shares paid to \$0.01	6,666,667	\$0.20	66,667
16/11/11	Unquoted \$0.20 shares paid to \$0.01	<u>2,918,133</u>	\$0.20	<u>29,181</u>
31/12/11	Balance at end of period	<u>22,918,133</u>		<u>229,181</u>

### (d) Options

#### Period ended 31 December 2012

Date	Details	Number of options	Issue price	\$
01/07/12	Balance at beginning of year	5,000,000	\$0.090	450,000
20/08/12	Options exercisable at \$0.35 before 20 August 2017	3,000,000	\$0.248	744,000
19/10/12	Options exercisable at \$0.40 before 6 September 2016	250,000	\$0.530	132,500
26/11/12	Options exercisable at \$0.25 before 3 December 2014	<u>1,500,000</u>	\$0.638	<u>957,000</u>
31/12/12	Balance at end of period	<u>9,750,000</u>		<u>2,283,500</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

## NOTE 6: CONTRIBUTED EQUITY (cont'd)

### (d) Options (cont'd)

Period ended 31 December 2011

Date	Details	Number of options	Issue price	\$
01/07/11	Balance at beginning of year	-	-	-
06/09/11	Options exercisable at \$0.40 before 6 September 2016	5,000,000	\$0.090	450,000
31/12/12	Balance at end of period	5,000,000		450,000

### (e) Performance rights

Period ended 31 December 2012

Date	Details	Number of rights	Issue price	\$
01/07/12	Balance at beginning of year	10,000,000	-	519,300
19/10/12	Performance shares vested	(5,000,000)	\$0.104	(519,300)
31/12/12	Performance rights – Tranche B adjusted number expected to vest	-	\$0.16	800,000
		5,000,000		800,000

Period ended 31 December 2011

Date	Details	Number of rights	Issue price	\$
01/07/11	Balance at beginning of year	-	-	-
06/09/11	Performance rights issued – Tranche A	5,000,000	-	-
06/09/11	Performance rights issued – Tranche B	5,000,000	\$0.104	519,300
		10,000,000		519,300

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

## NOTE 7: SHARE BASED PAYMENTS

### Period ended 31 December 2012

Date	Details		Number of shares/options	Issue price	\$
20/08/12	Options issued (Corporate Advisors)		3,000,000	\$0.248	744,000
19/10/12	Options issued (Employee)		250,000	\$0.530	132,500
26/11/12	Options issued (Corporate Advisors)		1,500,000	\$0.638	957,000
31/12/12	Options expensed (Directors)	(i)	5,000,000	\$0.090	75,000
31/12/12	Directors Performance rights expensed (Tranche B)	(ii)	5,000,000	\$0.160	800,000
31/12/12	Directors Performance rights expensed (Tranche A)	(iii)	5,000,000	\$0.104	375,050
					<u>3,083,550</u>

### Period ended 31 December 2012

*Expensed as follows:*

Share issue expenses	1,701,000
Share based payment expense	1,250,050
Employee benefits expense	132,500
	<u>3,083,550</u>

- (i) 5,000,000 options were issued to directors in September 2011. \$375,000 had been expensed in prior financial periods. \$75,000 has been expensed in this financial period.
- (ii) On 19 October 2012, 5,000,000 Tranche B Performance shares vested. \$144,250 had been expensed in prior financial periods. \$375,050 has been expensed in this financial period and transferred to ordinary share capital at no additional cost to the company.
- (iii) In addition, 5,000,000 Tranche A Performance shares were expensed during the period. This was a result of a re-evaluation of the vesting conditions at 31 December 2012. \$800,000 has been expensed in this period and recognised in the share based payments reserve. Subsequent to the period ended 31 December 2012 these shares were transferred to issued share capital at no cost to the company.

### Period ended 31 December 2011

Date	Details		Number of shares/options	Issue price	\$
06/09/11	Options expensed (Directors)	(i)	5,000,000	\$0.090	375,000
06/09/11	Directors Performance rights expensed (Tranche A)	(iii)	5,000,000	\$0.104	144,250
					<u>519,250</u>
	<i>Expensed as follows:</i>				
	Share based payment expense				<u>519,250</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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## NOTE 7: SHARE BASED PAYMENTS (cont'd)

### Fair Value of share options and assumptions at 31 December 2012

The fair value of services received in return for share options granted is measured by reference to the fair value of options. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

The assumptions used for the third party options valuation for options issued in the period ended 31 December 2012 are as follows:

### Options exercisable at \$0.35 before 20 August 2017

Exercise Price	\$0.35
Expected Life	5 years
Share Price at time of issue	\$0.34
Expected volatility	95%
Dividend yield	0%
Risk free interest rate	2.97%
Option value	\$0.248

### Options exercisable at \$0.40 before 6 September 2016

Exercise Price	\$0.25
Expected Life	2.02 years
Share Price at time of issue	\$0.825
Expected volatility	95%
Dividend yield	0%
Risk free interest rate	2.76%
Option value	\$0.638

### Options exercisable at \$0.25 before 3 December 2014

Exercise Price	\$0.40
Expected Life	3.88 years
Share Price at time of issue	\$0.70
Expected volatility	95%
Dividend yield	0%
Risk free interest rate	2.69%
Option value	\$0.530

**PURA VIDA ENERGY NL**

**ACN 150 624 169**

**DECLARATION BY DIRECTORS**

The Directors of the Group declare that:

1. The financial statements, comprising the Statement of Profit or Loss Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Dated this 15<sup>th</sup> day of March 2013



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**Bevan Tarratt**  
**Non-Executive Chairman**

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

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Tel: +8 63 82 4600  
Fax: +8 63 82 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PURA VIDA ENERGY NL

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pura Vida Energy NL, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pura Vida Energy NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pura Vida Energy NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd ABN 79 112 224 257 is a member of a national association of independent members which are all members of BDO Australia Ltd ABN 77 000 110 272, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and firm part of the global network of independent member firms. Liability limited by a scheme approved under Part 9 of the national standards legislation (which scheme is a provider of financial services licensed in each State or Territory other than Tasmania).

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

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## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pura Vida Energy NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

**Phillip Murdoch**  
Director

Perth, Western Australia  
Dated this 15<sup>th</sup> day of March 2013