

Report for quarter ended 31 December 2012

2012 was an exceptional year for Pura Vida and we are off to a flying start in 2013 with the announcement of two major deals, namely:

- ▶ a farmout with Plains Exploration & Production Company (NYSE: PXP) (“PXP”) which secured US\$15 million in cash and US\$215 million in funding for exploration on the Mazagan permit, including two firm wells; and
- ▶ the award of an 80% interest and operatorship of the Nkembe block located in a prolific oil producing basin offshore Gabon, West Africa.

2013 will see the commencement of significant drilling activity in Morocco beginning mid-year and leading into Pura Vida’s two well program commencing early 2014. The first well will target the giant Toubkal prospect with a mean resource potential of 1.5 billion barrels and a 1 in 3 chance of success.

2013 will also see the roll-out of the same strategy in Gabon that very successfully saw the generation of significant value on the Mazagan permit in 2012 - culminating in the farmout which crystallised this value. Certified resource estimates on the shallow (post-salt) prospects and existing discoveries in the Nkembe block are expected in 2Q 13 with resource estimates on the pre-salt and post-salt plays expected later in the year.

This year is shaping up to be another exceptional year of growth for Pura Vida with a number of near-term high impact catalysts over the coming months.

HIGHLIGHTS

- ▶ Early 2013 has seen the transformational farmout of the Mazagan permit and the acquisition of the Nkembe block
- ▶ Pura Vida acquired an 80% interest and Operatorship of the Nkembe block, offshore Gabon, West Africa
- ▶ Completion of the initial work program on the Mazagan permit saw positive results, including indications of oil from drop cores located over key prospects
- ▶ Significant drilling activity offshore Morocco commencing mid-2013 leading into Pura Vida’s high impact drilling program on the Mazagan permit
- ▶ Evaluation of prospects on existing 3D seismic on the Nkembe block has commenced, with certified resource estimates expected in 2Q 13 on shallow (post-salt) prospects and existing oil discoveries

OPERATIONS

MAZAGAN PERMIT, OFFSHORE MOROCCO



Satellite map of the Mazagan permit, offshore Morocco

During the quarter, 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 will receive a cash payment of US\$15 million upon completion of the transaction (expected in 1Q 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 wells as follows:
 - an exploration well primarily targeting the Toubkal prospect; and
 - a second exploration well targeting a prospect to be mutually agreed; and
- the following additional operations, as may be agreed by Pura Vida and PXP:
 - any sidetrack of either of the two firm wells;
 - any deepening of either of the two firm wells; and
 - any 3D seismic survey over an area of up to 2,500 km².

The carried costs to be funded by PXP includes ONHYM's 25% share of exploration costs.

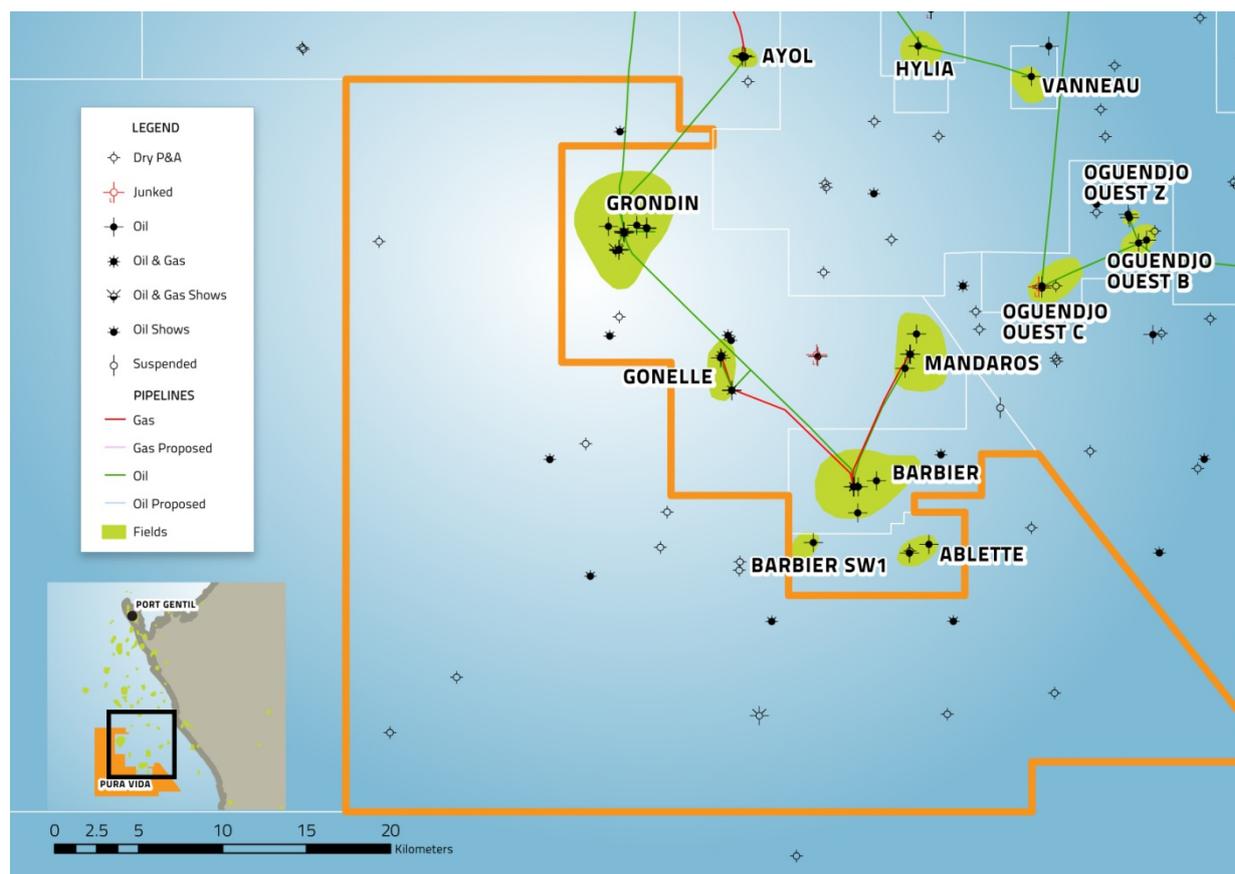
Drilling & Operations

There are a number of operators planning wells offshore Morocco in 2013/14. We expect two rigs will be operating concurrently with the first wells spudding as early as mid-year.

Pura Vida expects the first well in its two-well program to spud early 2014. The first well in the program will target the Toubkal prospect, which has a mean resource potential of 1.5 billion barrels.

The drilling program will be operated by PXP which has extensive deep water drilling experience.

NKEMBE BLOCK, OFFSHORE GABON



Map showing location of Nkembe block and proximate oil fields

Subsequent to the quarter, 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 Operator under the Nkembe PSC with the State of Gabon holding a 20% carried interest.

The Nkembe block is an area of 1,210 km² in water depths (of 50-500 metres) about 30 km off the coast of Gabon in the oil-prone Gabon Basin. The block is proximate to many producing oil fields, including several fields operated by Total, the largest producer in Gabon (see map above).

Prospectivity

The Nkembe block is located in the North Gabon Basin in which early discoveries led to the establishment of the oil industry in Gabon with continuing development over the last 50 years. The Basin contains extensive production from reservoirs both above and below the salt layer. Both of these plays will be targeted by Pura Vida in the Nkembe block. The reservoirs above the salt have been producing since the 1950's when Elf Aquitaine (later

Total) began exploration, while the reservoirs below the salt have been producing since the 1960's when Shell began exploration in the onshore and southern offshore of Gabon.

New technologies in seismic acquisition and processing have overcome the challenges caused by salt features, leading to a resurgence of industry interest in sub-salt plays, and resulting in a number of major discoveries in recent years. Pura Vida will apply these technologies to unlock the sub-salt potential within the Nkembe block.

As part of the terms of the acquisition, Pura Vida has acquired existing well and seismic data on the Nkembe block. Pura Vida will also purchase 845 km² of previously acquired 3D seismic data from seismic contractor, WesternGeco. Evaluation of existing 3D seismic data has commenced with certified resource estimates expected in 2Q 13 on shallow (post-salt) prospects and existing oil discoveries.

CORPORATE & FINANCIAL

CASH

At the end of December 2012, the Company had closing net cash of \$8.2 million including US\$2 million held under a bank guarantee (expected to be released shortly).

CHANGES IN CAPITAL

The following changes in the issued capital of the Company occurred during the quarter:

- the Company issued 8.625 million ordinary shares at \$0.70 per share to institutional and sophisticated investors raising approximately \$6.03 million; and
- the Company granted 1.5 million options to CPS Securities in relation to the Company's IPO in February 2012 and ongoing corporate advisory services. The options were granted following satisfaction of performance-based vesting conditions. The exercise price of the options is \$0.25 each on or before 3 December 2014.

ISSUED CAPITAL AS AT 31/12/12

Security	Number
Ordinary Shares	66,239,584
Unlisted Partly Paid Shares	22,653,550
Unlisted Performance Rights	5,000,000
Unlisted Options	9,750,000

Events subsequent to the quarter:

1. Execution of farmout agreement for the Mazagan permit with PXP (described above).
2. Execution of Nkembe PSC (described above).
3. In connection with meeting the acquisition costs for the Nkembe PSC, Pura Vida 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.

Persons compiling information about hydrocarbons

The resource information contained in this quarterly has been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes by Mr David Ormerod BSc. Geology (Hons) a Geologist who has over 25 years experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimations. Mr Ormerod is a full-time employee of the Company and has consented to inclusion of the resource estimates in this quarterly in the form and context in which it is included. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org

About Pura Vida Energy: Pura Vida is an Australian-based African oil explorer building a portfolio of high quality assets. Pura Vida currently has operations offshore Morocco and Gabon with significant resource potential.

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