

## PURA VIDA ENERGY NL

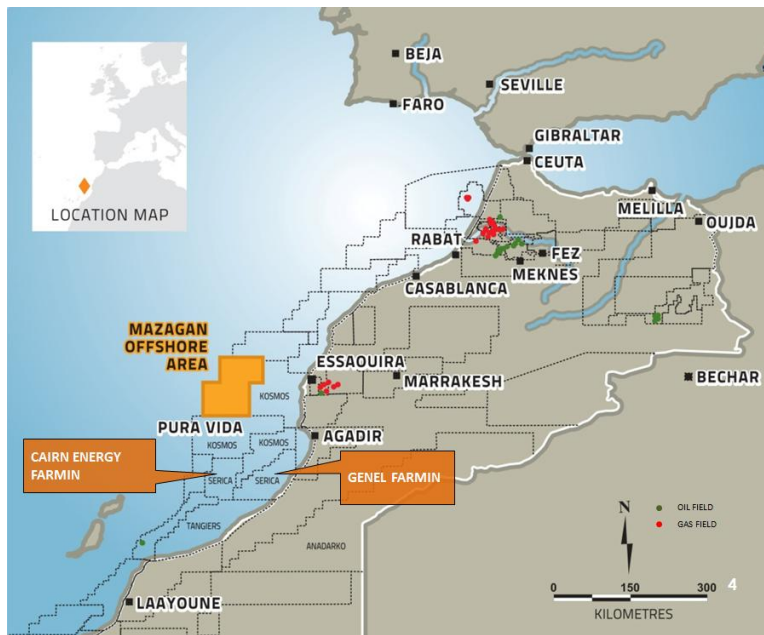
### Morocco - Any Hotter and It Would Be On Fire

The timing of Pura Vida Energy NL's ("Pura Vida", "PVD", "Company") entry into offshore Morocco has been near perfect, with a significant wave of industry transactions following hot on its heels. Recently, we have seen Genel Energy (led by former BP chief, Tony Hayward) execute a farm-in on the Sidi Moussa permit, followed by Cairn Energy executing a farm-in on the Fom Draa permit (see picture below).

The combined implied value of these two transactions is \$209m. The look through value to PVD's Mazagan permit, on an acreage and resources basis, values it at \$180m-\$230m. PVD has a 75% working interest in the Mazagan and a market capitalisation of \$18.5m (\$35m fully diluted), well below the value implied by these two transactions.

Significantly, the main play types being pursued on these permits also exist on PVD's acreage. In addition, Pura Vida has a 790 million barrel prospect, Toubkal, which has Direct Hydrocarbon Indicators ("DHIs") and is a Miocene play. The surrounding acreage does not have DHIs or Miocene prospectivity, as far as we know.

Prior to the recent activity, Fastnet (led by the ex-Cove management team) acquired Pathfinder to gain entry into Morocco and Kosmos picked up three blocks surrounding Pura Vida's large Mazagan Permit.



Source: Pura Vida Energy NL

### Farm-Out to Formally Commence October

PVD will formally commence farm-out of the Mazagan Permit in early October. Given the increase in demand for acreage in the immediate vicinity, we are confident that the Company can achieve an outcome that will imply a look through value well in excess of the current market capitalisation. Additionally, a drop core program has commenced, which may de-risk the presence of a working petroleum system on the block. Final reprocessing of seismic may also deliver improved risking of prospects and additional potential resources in the near term. We continue to rate Pura Vida as a Buy with a price target of 113cps.

7 Sep 2012

Share Price:	\$0.38
12mth Price Target:	\$1.13

#### Brief Business Description:

African focussed oil and gas exploration company with core asset offshore Morocco.

#### Hartleys Brief Investment Conclusion

Early entrant offshore Morocco. Increased industry interest is likely to be followed by the market.

#### Key Personnel

Mr Bevan Tarratt (Chairman)  
Mr Damon Neaves (CEO, Director)  
Mr David Ormerod (Technical Director)

#### Top Shareholders:

No substantial holders

#### Company Address:

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Perth, WA, 6000

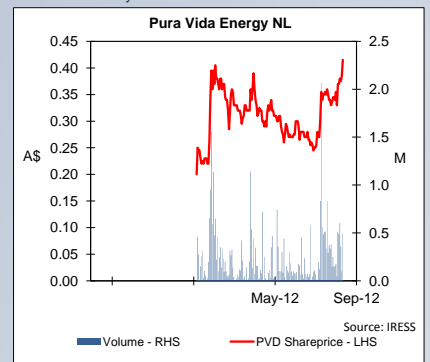
Valuation:	\$2.06
Issued Capital:	50.8m
- fully diluted	90.3m
Market Cap:	\$19.3m
- fully diluted	\$34.3m
Cash (Jun '12):	\$6.0m
Debt (Jun '12):	\$0.0m

#### Valuation Summary

Asset	Value (\$m)		Unrisks Value (\$ps)	
	Value (\$m)	Value (\$ps)	Value (\$ps)	Value (\$ps)
Toubkal	118.50	1.313	26.26	
Others	66.30	0.734	75.87	
Cash	6.00	0.066	0.066	
Debt	0.00	0.000	0.000	
Corp Admin	-11.33	-0.126	-0.126	
Options/Equity	6.37	0.071	0.071	
<b>Total</b>	<b>185.84</b>	<b>2.059</b>	<b>102.14</b>	

Prospective Resource (mmbbl)	2,400
EV/Resource (\$/bbl)	\$ 0.01

Source: Hartleys Research



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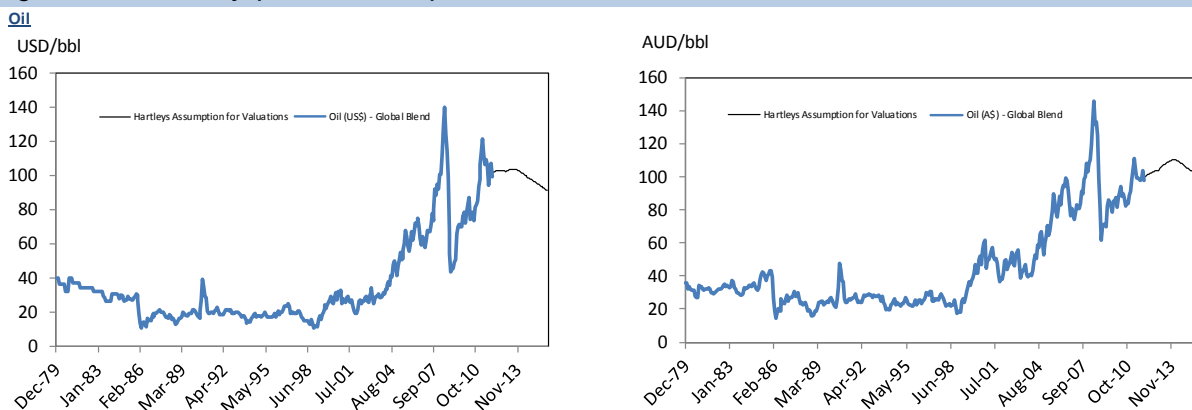
Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Pura Vida Energy NL. See disclosure on back page for details. The analyst has a beneficial interest in the shares of Pura Vida Energy NL.

## KEY ASSUMPTIONS / RISKS

Our valuation methodology is based on risk-adjusted value of resource potential using notional in ground valuation and conservative estimates for probability of success. This methodology results in Net Asset Value of 206cps.

Our price target is a qualitative discount to our valuation based on market cap, liquidity and takeover premium. In PVD's case, this discount has been estimated at 45% resulting in a price target of 113cps.

**Fig. 1: Commodity price assumptions**



Source: Hartleys, Bloomberg

**Fig. 2: Key assumptions and risks for valuation**

Assumption	Risk of not realising assumption	Downside risk to valuation if assumption is incorrect	Comment
Exploration Risk	Moderate-High	Moderate-High	Oil and gas exploration is more likely to fail than succeed so risk is high; however, the high discovery rate offshore West Africa provides some mitigating factors in the form of successful application of modern techniques.
Schedule Risk	Low	Low-Moderate	Timing of farm-out negotiations, especially with large corporations, is difficult to predict; however, the wave of activity offshore Morocco means that timing is not a major risk, in our view.
Funding Risk	Low	Low-Moderate	PVD has \$6m in cash and is fully funded for the current work program.
Valuation Risk	Low	Low-Moderate	Our exploration valuation includes a risk-adjusted metric based on prospect sizes. It assumes that the market will recognise a portion of potential value before the results of a well are known. In most cases, we include ~10% of potential prospect value in our valuations. However, this may increase or decrease depending on the type of well drilled and confidence in the prospect

**Conclusion**

*We believe the assumptions we have used have a low-moderate risk of not being achieved, which would have a moderate impact on our valuation.*

SOURCE: Hartleys

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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,
Buy	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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