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Pura Vida Energy NL
ACN 150 624 169
(Company)

PERFORMANCE RIGHTS PLAN

THIS DOCUMENT is dated the 2nd day of September 2011

PURA VIDA ENERGY PERFORMANCE RIGHTS PLAN

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Section 318 of the *Income Tax Assessment Act 1936*.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of directors of the Company or committee appointed by the Board for the purposes of the Plan.

Control has the meaning given in section 50AA(1) of the Corporations Act.

Company means Pura Vida Energy NL (ACN 150 624 169).

Corporations Act means the Corporations Act 2001 (Cth).

Director means a person holding the office of a director, for the time being, of the Company.

Eligible Participant means any full time or part time employee (including a director or company secretary of the Company who holds salaried employment with the Company on a full or part time basis), of a Group Company, who is determined by the Board to be eligible to receive grants of Performance Rights under the Plan.

Expiry Date means the date on which a Performance Right lapses (if it has not already otherwise lapsed in accordance with the Plan) as advised by the Company under rule 2.2.

Group Company means the Company, its Subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the Plan.

Holding Lock has the meaning given to that term in Chapter 19 of the Listing Rules.

Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Participant means a person who holds Performance Rights from time to time.

Performance Right means an entitlement to a Share subject to satisfaction of any Vesting Conditions and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company and an Eligible Participant in the manner set out in these rules.

Plan means the Pura Vida Energy Performance Rights Plan as set out in this document, subject to any amendments or additions made under rule 11.

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Redundancy means termination of the employment of a Participant by a Group Company due to economic, technological, structural or other organisational change where through no act or default of the Participant:

(a) the Group Company no longer requires the duties and responsibilities carried out by the Participant to be carried out by anyone; or

(b) the Group Company no longer requires the position held by the Participant to be held by anyone.

Retirement means termination of the employment of a Participant with a Group Company because:

(c) the Participant attains the age that the Board accepts as the retirement age for that individual;

(d) the Participant is unable, in the opinion of the Board, to perform his or her duties because of illness or incapacity.

Share means a fully paid ordinary share in the capital of the Company.

Subsidiary has the meaning given in section 9 of the Corporations Act.

Takeover Bid means a takeover bid (as defined in the Corporations Act) to acquire Shares.

Total and Permanent Disability means, in relation to a Participant, that the Participant has, in the reasonable opinion of the Board, become permanently incapacitated to such an extent as to render the Participant unlikely to engage in the Participant's usual occupation again.

Vesting Conditions means one or more conditions which must be satisfied or waived before the Performance Right vests in the holder, as determined by the Board.

1.2 Interpretations

In this Plan unless the context otherwise requires:

(a) headings are for convenience only and do not affect its interpretation;

(b) any reference in the Plan to any enactment of the Listing Rules includes a reference to that enactment or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced;

(c) any words denoting the singular include the plural and words denoting the plural include the singular;

(d) any words denoting one gender include the other gender;

(e) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;

(f) a reference to **"$"**or "**dollar**" is to Australian currency.

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2. GRANT OF PERFORMANCE RIGHTS

2.1 Offer of Performance Rights

Subject to any necessary approvals from the Company's shareholders or as required by law or by the Listing Rules, the Board may, from time to time, at its absolute discretion, grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and Vesting Conditions as the Board determines.

2.2 Offer Document

An offer of Performance Rights to an Eligible Participant (**Offer**) will be made in writing, and must specify:

(a) the date of the Offer;

(b) the last date for acceptance of the Offer of Performance Rights (**Offer Closing Date**);

(c) the number of Performance Rights being offered;

(d) any Vesting Conditions;

(e) the Expiry Date (if any); and

(f) any other relevant conditions to be attached to the Performance Rights or the Shares.

2.3 Acceptance

To accept an Offer under rule 2.1, the Eligible Participant must submit an acceptance form on or prior to the Offer Closing Date, which acceptance form must be in the form prescribed by the Company, and must include:

(a) a notification that the Eligible Participant accepts the Offer;

(b) confirmation that the Eligible Participant agrees to be bound by the terms of the Plan and the Constitution of the Company; and

(c) where a Holding Lock will be applied to the Shares in accordance with rule 7.2, agreement by the Eligible Participant to the placing of a Holding Lock on any Shares provided on the exercise of the Performance Rights.

2.4 Grant of Performance Rights

(a) If an Eligible Participant has accepted an Offer in accordance with rule 2.3, the Company may at its discretion grant the Performance Rights to the Eligible Participant.

(b) An Eligible Participant will not be required to make any payment in return for the grant of any Performance Right.

2.5 When Offer may not be accepted

An application under rule 2.3 will not be accepted, and no Performance Rights will be issued, if at the date the application would otherwise be accepted:

(a) the applicant is no longer an employee;

(b) the applicant has given notice of his or her resignation as an employee; or

(c) the applicant has been given notice of dismissal from employment.

2.6 Certificate

Following the grant of Performance Rights under rule 2.4, the Company will issue the Eligible Participant with a certificate in respect of the Performance Rights that states:

(a) the number of Performance Rights granted;

(b) the date of grant;

(c) any Vesting Conditions; and

(d) the Expiry Date (if any); and

(e) any other relevant conditions to be attached to the Performance Rights or the Shares.

2.7 Cessation of Membership

A person ceases to be a Participant when all Shares to which the Participant is entitled under the Plan have been issued or transferred in accordance with the Plan rules.

3. NATURE OF PERFORMANCE RIGHTS

(a) Subject to the terms of the Plan, each Performance Right is a right to be issued with or transferred a single Share, free of encumbrances.

(b) Except as expressly provided for in this Plan, nothing in this Plan:

(i) confers on any Eligible Participant the right to receive any Performance Rights;

(ii) confers on any Eligible Participant the right to continue as an employee of a Group Company;

(iii) affects any rights which a Group Company may have to terminate the employment of any Eligible Participant;

(iv) may be used to increase damages in any action brought against a Group Company;

(v) confers on an employee any expectation to become a Participant; or

(vi) gives an Eligible Participant a legal or beneficial interest in any Share by virtue of acquiring or holding a Performance Right. An Eligible Participant's rights under a Performance Right are purely contractual and personal.

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(c) Notwithstanding the terms of this Plan or the terms of any particular Performance Right as granted, no Performance Right may be offered, granted or exercised if to do so would contravene the Corporations Act or the Listing Rules.

4. VESTING OF PERFORMANCE RIGHTS

4.1 Vesting

(a) A Performance Right (which has not otherwise lapsed under rule 5) will vest in a Participant (and become capable of exercise in accordance with rule 6):

(i) where the Vesting Conditions (if any) advised to the Participant by the Board pursuant to rule 2.1 are satisfied or waived by the Board; or

(ii) where the Performance Right vests as a result of a determination by the Board in accordance with rule 4.2.

(b) The Board will promptly notify a Participant when a Performance Right has vested and the date that vesting occurred.

(c) A Participant may only exercise a vested Performance Right (that has not otherwise lapsed under rule 5) within five (5) years of the date that the Performance Right vests as notified by the Board.

4.2 Accelerated Vesting

(a) The Board may, in its absolute discretion, determine that all or a specified number of a Participant's unvested Performance Rights vest where:

(i) (**Death**): the Participant dies;

(ii) (**Employment ceases**): the Participant ceases to be employed by a Group Company by reason of Retirement, Redundancy, or Total and Permanent Disability; or

(iii) (**Winding Up**): the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.

(b) If, within 30 days of an event occurring under rule 4.2(a), the Board determines that any Performance Right does not vest, or no determination is made, the Performance Right will lapse, unless the Board determines otherwise.

4.3 Takeover Bid or Scheme

All of a Participant's unvested Performance Rights vest automatically:

(a) (**Change in Control**): if a Takeover Bid is made, the Takeover Bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or

(b) (**Compromise or Arrangement**): a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or

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arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.

4.4 When employment ceases

(a) If a Vesting Condition attached by the Board to a Performance Right requires a Participant to remain an employee of a Group Company, then the Participant will be treated as having ceased to be an employee of a Group Company at such time the Participant's employer ceases to be a Group Company.

(b) A Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before the exercise of a Performance Right under the Plan will be treated for those purposes as not having ceased to be such an employee.

5. LAPSE OF A PERFORMANCE RIGHT

5.1 Unvested Performance Rights

A Performance Right that has not vested will lapse upon the earlier to occur of:

(a) a failure to meet the Performance Right's Vesting Conditions;

(b) the Expiry Date;

(c) the Participant ceasing to be an employee (unless the Board determines that the Performance Right vests in accordance with rule 4.2(a));

(d) the Performance Right lapsing in accordance with rule 4.2(b) due to the Participant ceasing to be an employee or due to the occurrence of a Takeover Bid, compromise or arrangement or winding up;

(e) the Performance Right lapsing in accordance with rule 8(b) due to an unauthorised transfer, or purported transfer, of the Performance Right;

(f) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty in accordance with rule 10; or

(g) the 7 year anniversary of the date of grant of the Performance Rights.

5.2 Vested Performance Rights

A Performance Right that has vested but not been validly exercised will lapse upon the earlier to occur of:

(a) the Expiry Date;

(b) 6 months after the Participant ceases to be an employee;

(c) the Performance Right lapsing in accordance with rule 8(b) due to an unauthorised transfer, or purported transfer, of the Performance Right;

(d) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty in accordance with rule 10; or

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(e) the 7 year anniversary of the date of grant of the Performance Right.

6. EXERCISE OF A PERFORMANCE RIGHT

6.1 Right to Exercise

A Participant may exercise a Performance Right that is entitled to be exercised by lodging with the Company:

(a) a notice of exercise of the Performance Right in the form (if any) prescribed by the Company; and

(b) the certificate for the Performance Right.

6.2 Shares

Within 10 days of receipt of a valid notice of exercise for Performance Rights, the Board will issue or transfer one (1) Share, free of encumbrances, to the Participant (or its Associate) for each Performance Right exercised.

6.3 Share ranking

All Shares allotted under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue.

6.4 Listing of Shares on ASX

If Shares of the same class as those allotted under the Plan are listed on the ASX the Company will apply to the ASX as soon as practicable after they are allotted for those Shares to be listed.

6.5 Acquisitions of shares in Acquiring Company

If a company (**Acquiring Company**) obtains control of the Company as a result of:

(a) a Takeover Bid; or

(b) a proposed scheme of arrangement between the Company and its shareholders,

and both the Company and the Acquiring Company agree, a Participant may, in respect of any vested and exercised Performance Rights, be provided with shares of the Acquiring Company or its parent in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Shares, but with appropriate adjustments to the number and kind of shares.

7. RESTRICTION ON DISPOSAL OF SHARES

7.1 Request for waiver

Shares issued or transferred on exercise of Performance Rights are subject to the restrictions under rule 7.2, unless the Participant requests that the Company waives those restrictions under rule 7.2 and that request is approved by the Company.

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7.2 Restriction

Subject to rule 7.1, any Share acquired by a Participant on the exercise of a Performance Right must not be disposed of, or dealt with in any way, by that Participant until the earlier of:

(a) the time when the Participant is not employed by any of:

(i) any Group Company; and

(ii) the company which employed the Participant at the time the Participant acquired the Performance Right, whether or not that company is still a Group Company;

(b) the Board, in its sole and absolute discretion, approving that the restriction on disposal in this rule 7.2 be released; and

(c) the 7 year anniversary of the date of grant of the Performance Rights.

7.3 Enforcing the disposal restriction

The Company may make such arrangements as it considers necessary to enforce the restriction on disposal of Shares under rule 7.2 and Participant's must agree to such arrangements.

7.4 Holding Locks

Without limiting rule 7.3, and subject to the Listing Rules, the Company may procure that a Holding Lock be put on those Shares while the Shares are subject to the restriction on disposal under rule 7.2.

7.5 Removing the restriction

As soon as reasonably practicable after the restriction on disposal of a Shares under rule 7.2 no longer applies, the Company must procure that any restriction on dealing with that Share pursuant to these rules no longer applies.

7.6 Removing Holding Locks

Without limiting rule 7.5, when a Share is no longer subject to the restriction on disposal in rule 7.2, the Company must, as soon as reasonably practicable, procure that any Holding Lock on that Share is removed.

8. TRANSFER OF PERFORMANCE RIGHTS

(a) A Performance Right granted under the Plan is only transferable:

(i) with the consent of the Board; or

(ii) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.

(b) Where the Participant purports to transfer a Performance Right other than in accordance with rule 8(a) the Performance Right immediately lapses.

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9. BONUS ISSUES, RIGHTS ISSUES, RECONSTRUCTION

9.1 Adjustment for bonus issues

If Shares are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation or reserves or distributable profits, the number of Performance Rights to which each Participant is entitled, will be adjusted in the manner determined by the Board to ensure that no advantage accrues to the Participant as a result of the bonus issue.

9.2 Adjustment for reorganisation

In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

9.3 No other participation

Subject to rules 9.1 and 9.2, during the currency of any Performance Rights and prior to vesting, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights. In addition, Participants are not entitled to vote nor to receive dividends as a result of their holding Performance Rights.

10. FRAUDULENT OR DISHONEST ACTIONS

10.1 Fraud or dishonesty by Participant

Where, in the opinion of the Board, a Participant:

(a) acts fraudulently or dishonestly; or

(b) is in breach of his or her obligations to any Group Company,

then the Board may:

(c) deem any unexercised Performance Rights of the Participant to have lapsed;

(d) deem all or any Shares allotted under the Plan and held by the Participant to be forfeited – in which event the Participant is deemed to have agreed to sell his Shares to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for no consideration or be deemed to have appointed any officer of the Company as his or her agent to sell the Shares on market; and/or

(e) where any Shares allotted under the Plan have been sold by the Participant, require the Participant to pay all or part of the net proceeds of that sale to the Company.

10.2 Fraud or dishonesty by third party

Where, in the opinion of the Board, a Participant's Performance Rights vest as a result of the fraud, dishonesty, or breach of obligations of another person and, in

the opinion of the Board, the Performance Rights would not otherwise have vested, the Board may determine that the Performance Rights have not vested and, subject to applicable laws:

(a) where Shares have not been issued or transferred upon the exercise of a vested Performance Right, that the Performance Rights have not vested and reset the Vesting Conditions applicable to the Performance Rights; or

(b) where Performance Rights have vested and have been exercised by the Participant, that the Shares are forfeited by the Participant (as described in rule 10.1(d)) and may, at the discretion of the Board, reissue any number of Performance Rights to the Participant, subject to new Vesting Conditions in place of the forfeited Shares; or

(c) any other treatment in relation to Performance Rights or Shares to ensure no unfair benefit is obtained by a Participant as a result of such actions of another person.

11. AMENDMENTS

11.1 Power to amend Plan

Subject to rule 11.2 and the Listing Rules, the Board may at any time by resolution amend or add to ("amend") all or any of the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan.

11.2 Restrictions on amendments

Without the consent of the Participant, no amendment may be made to the terms of any granted Performance Right which reduced the rights of the Participant in respect of that Performance Right, other than an amendment introduced primarily:

(a) for the purpose of complying with or conforming to present or future State or Commonwealth legislation, the Listing Rules or relevant instruments of relief granted by the ASIC governing or regulating the maintenance or operation of the Plan or like plans including to enable a trustee (under a trust established to acquire, hold and deliver Shares under the Plan) to comply or conform;

(b) to correct any manifest error or mistake; or

(c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

11.3 Notice of amendment

As soon as reasonably practicable after making any amendment under rule 11.1, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

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12. MISCELLANEOUS

12.1 Rights and obligations of Participant

(a) The rights and obligations of Eligible Participant under the terms of their office, employment or contract with a Group Company are not affected by their participating in the Plan.

(b) These rules will not form part of and are not incorporated into any contract of any Eligible Participant (whether or not they are an employee of a Group Company). No Participant will have any rights to compensation or damages in consequence of the termination of their office, employment or other contract with a Group Company for any reason whatsoever in so far as those rights arise or may arise their ceasing to have rights under this Plan as a result of such termination.

12.2 Power of the Board

(a) The Plan is administered by the Board which has power to:

(i) determine appropriate procedures for administration of the Plan consistent with these rules;

(ii) establish a trust to acquire, hold and deliver Shares under the Plan and appoint a trustee for that trust; and

(iii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions arising under the Plan.

(b) Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Performance Rights under the Plan and in the exercise of any power or discretion under the Plan.

12.3 Waiver of terms and conditions

Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions (including any Vesting Conditions) in relation to any Performance Rights granted to any Participant.

12.4 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Performance Rights granted under it, the decision of the Board is final and binding.

12.5 Non-residents of Australia

(a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which rights offered under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the rights. Any additional rule must conform to the basic principles of the Plan.

(b) When a Performance Right is granted under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities, exchange control or taxation laws or regulation or similar factors which may apply to the Participant or to any Group Company in relation to the Performance Right.

12.6 Communication

(a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or facsimile, in the case of a company to its registered office, and in the case of an individual to the individual's last notified address, or, where a Participant is a director or employee of a Group Company, either to the Participant's last notified address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office of employment.

(b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile, it is deemed to have been received on completion of transmission.

12.7 Laws governing Plan

This Plan and any Performance Rights issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.

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