

PURA VIDA ENERGY NL
(ACN 150 624 169)

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This Supplementary Prospectus is dated 3 February 2012 and is supplementary to the prospectus dated 18 November 2011 (**Original Prospectus**) issued by Pura Vida Energy NL (ACN 150 324 169) (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 3 February 2012. ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Original Prospectus. If there is a conflict between the Original Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Terms and phrases used in this Supplementary Prospectus have the same meaning given to them in the Original Prospectus, unless separately defined.

A copy of this Supplementary Prospectus will be available on the Company's website (www.puravidaenergy.com.au).

2. PURPOSE OF THIS DOCUMENT

The purpose of this Supplementary Prospectus is to:

- (a) confirm that the Offer has been oversubscribed;
- (b) update investors in relation to timing of listing the Company on ASX; and
- (c) update investors on the status of the grant of the Exploration Permits, including the removal of conditions of the Offer.

3. OFFER CLOSED OVERSUBSCRIBED

The Company is pleased to confirm that the Offer has closed oversubscribed.

The maximum subscription of \$4,000,000 has been raised after strong support from both retail and institutional investors.

The Board is encouraged by the broad based support the Company has received and looks forward to progressing its exploration activities to realise the potential of the Mazagan Offshore Area.

4. UPDATE ON TIMING

The Company has now received conditional approval to list on ASX.

Based on this, the Company advises that the revised indicative timetable for listing on ASX is set out below:

Dispatch Holding Statements	3 February 2012
Expected date for quotation on ASX	13 February 2012

5. UPDATE ON GRANT OF EXPLORATION PERMITS

A parliamentary election took place in Morocco on 25 November 2011 and subsequently a new Government of Morocco was formed on 3 January 2012, with the effect that a new Minister in charge of Energy and a new Minister in charge of Economy was appointed.

These Ministers are responsible for signing of the joint orders to approve the Petroleum Agreement and will shortly be empowered to do so. Following this, the order to be issued by the Ministry of Energy (Morocco) confirming the grant of the Exploration Permits to the Company will be published in the official gazette.

The Company has received an updated solicitor's report on title (**Solicitor's Report**) from its Moroccan solicitors (Naciri & Associés Allen & Overy) (**NAAO**) advising that the Office National des Hydrocarbures et des Mines in Morocco (**ONHYM**) has confirmed that the above matters are now administrative acts that will occur as a matter of course. Accordingly, the Company has elected to waive the conditions of the Offer.

The updated Solicitor's Report, included as an Annexure to this Supplementary Prospectus, sets out further information on these matters.

NAAO has provided its consent to be named as the Company's Moroccan solicitors, as well as the inclusion of updated Solicitor's Report as an Annexure to this Supplementary Prospectus and the statements attributed to it in the above paragraphs of this Supplementary Prospectus in the form and context in which they are included.

As the full subscription for the Offer has been reached, and on the basis that the Board now understands that the outstanding matters to vest title in relation to the Petroleum Agreement are administrative acts, the Directors have decided that it is in the interests of the Company and Shareholders to remove the conditions of the Offer and move forward with the listing on ASX. The Company will release an announcement to the market when these administrative acts have occurred.

The matters described above have not affected the progress of the activities of the joint venture between the Company and ONHYM in relation to the Mazagan Offshore Area. The Company has been and will continue to spend funds consistently with the use of funds table set out the Original Prospectus. As at the date of this Supplementary Prospectus, the following obligations and expenditures have been incurred or paid by the Company (as Operator on

behalf of the joint venture) in connection with its activities in the Mazagan Offshore Area:

- The Company has entered into an agreement for the reprocessing, imaging and quantitative interpretation of 3,000km² of 3D seismic data. The services provided under this agreement will satisfy the main component of the minimum exploration work commitments in the initial term at an estimated cost of approximately \$2,000,000. The performance of this work has commenced and approximately \$36,520 has been incurred to date under this agreement.
- The Company engaged a contractor to undertake an integrated seepage detection study over the Mazagan Offshore Area. This work has been completed at a cost of approximately US\$20,000.
- The Company engaged a contractor to prepare an Environmental Impact Study for the acquisition of 50 ocean bed drop cores later this year. The study has been completed and approximately US\$15,000 has been incurred to date under this agreement.

In addition, in accordance with its obligations under the Petroleum Agreement and Association Contract, the Company has delivered an irrevocable bank guarantee to ONHYM in order to secure the completion of the minimum exploration work commitments set out in the Petroleum Agreement during the initial two (2) year period of that agreement. This bank guarantee is for an amount of US\$3,000,000.

Based on the updated Solicitor's Report (in particular the confirmation from ONHYM), the Directors have formed the view that the risk of the Exploration Permits not being granted is extremely low. However, in the highly unlikely scenario that these administrative acts did not occur, the Company's interest in the Exploration Permits may not be regarded as legally valid and enforceable. Further, if the order issued by the Ministry of Energy (Morocco) confirming the granting of the Exploration Permits is not received by the Company nor published in the Official Gazette, the grant of the Exploration Permits may not be valid. If valid legal title has not been granted to the Exploration Permits, the Company may not be able to exercise its rights under the Petroleum Agreement which will adversely affect the operations and performance of the Company.

6. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Damon Neaves
Managing Director
For and on behalf of
Pura Vida Energy NL

ANNEXURE – SOLICITOR’S REPORT

Naciri & Associés Allen & Overy

MEMORANDUM

To **Damon Neaves**
Managing director
Pura Vida Energy NL

From Naciri & Associés Allen & Overy

Our ref 0102885-0000001 CS:396928.2

Date 1st February 2012

Subject **Moroccan Opinion / Pura Vida Energy**

Dear Sir,

We are acting as Moroccan counsel for Pura Vida Energy NL ("**Pura Vida**") in connection with the review of its percentage interests in the area of interest for oil and gas exploration in Morocco named "Mazagan Offshore" (the "**Area of Interest**").

1. **OPINION DOCUMENTS**

For the purpose of this opinion, we only examined the documents referred to in Schedule 1 (the "**Opinion Documents**") of this opinion and we express herein no other opinion on any matter relating to any agreement, undertaking, obligation or document referred to in the Opinion Documents nor any other agreement, undertaking, obligation or document to which any party to the Opinion Documents may be bound other than the opinions expressly mentioned in this legal opinion.

2. **ASSUMPTIONS**

In rendering this opinion, we have assumed:

- (a) that Pura Vida (i) is an existing legal entity with legal personality in accordance with all applicable laws and (ii) has been validly incorporated with full power to legally carry out its business and to execute and perform its obligations under the exploration permits (the "**Exploration Permits**");
- (b) that the entry into and performance of the petroleum agreement (the "**Petroleum Agreement**") and association contract ("**Association Contract**") and the granting of the Exploration Permits to Pura Vida does not and will not conflict with the constitutional documents of Pura Vida;

Naciri & Associés Allen & Overy is a partnership regulated by the Casablanca Bar.

Naciri & Associés Allen & Overy is affiliated with Allen & Overy LLP, a limited liability partnership registered in England & Wales. Allen & Overy LLP or an affiliated undertaking has an office in each of: Abu Dhabi, Amsterdam, Antwerp, Athens, Bangkok, Beijing, Belfast, Bratislava, Brussels, Bucharest (associated office), Budapest, Casablanca, Doha, Dubai, Düsseldorf, Frankfurt, Hamburg, Hong Kong, Jakarta (associated office), London, Luxembourg, Madrid, Mannheim, Milan, Moscow, Munich, New York, Paris, Perth, Prague, Riyadh (associated office), Rome, São Paulo, Shanghai, Singapore, Sydney, Tokyo, Warsaw and Washington, D.C.

- (c) that the persons authorized to sign the agreements referred to in the Opinion Documents on behalf of Pura Vida and its counterparties were duly appointed by a valid power of attorney and have exercised their powers in accordance with their duties under all applicable laws and constitutional documents of Pura Vida and said counterparties;
- (d) the genuineness of all signatures and the conformity to original documents of all copies provided to us for the purpose of this opinion;
- (e) that there is no, nor will be any, other agreement, undertaking or arrangement, whether oral or in writing, that could change, affect or supersede any of the terms of the Opinion Documents or the performance of their respective obligations by the parties to the Opinion Documents. The Opinion Documents represent and contain the entirety of the rights and undertakings of the parties as to the matters to which the Opinion Documents relate.

3. SCOPE OF OPINION

- (a) **Scope of opinion:** As requested by Pura Vida, this opinion shall assess the validity and the extent of Pura Vida's percentage interests in the Exploration Permits held in the Area of Interest.
- (b) **Express matters:** this legal opinion is strictly limited to the matters expressly referred to in section 4 of this legal opinion, subject to the assumptions expressed in section 2 of this legal opinion construed as extending to any other matters whatsoever in connection with the legal rights referred to in the Opinion Documents or otherwise.
- (c) **Moroccan Law:** this legal opinion is strictly limited to Moroccan law and is subject to and must be construed in accordance with the provisions of Moroccan law, as applied and interpreted by the case law of the Moroccan Supreme Court in force and published as of the date hereof.
- (d) **Facts:** we do not express any opinion as to any matters of fact or the reasonableness of any statements of opinion or intention contained in the Opinion Documents. In particular, no opinion is given on any facts or events of any nature, or any actions undertaken by any person, in relation whether directly or not with the Opinion Documents or any facts, events, actions which may have an impact or an effect on the validity, enforceability (including against third parties) or binding nature of the Opinion Documents.
- (e) **Technical matters, scope of works:** we do not express any opinion as to any data, information, calculation and details of a factual, financial, accountancy, economic, technical or statistical nature in the Opinion Documents including their schedules, and in particular the technical matters and scope of works referred to in the Opinion Documents.
- (f) **No up-dating:** This opinion is given only as to Moroccan law as at the date of this opinion. We assume that no foreign law, procedure or rules affects the conclusions of this opinion. We shall have no duty to inform the above named-addressees or any other person of any changes in Moroccan law, or any other circumstance of which we would be informed or become aware, that would occur after the date of this legal opinion and that would impact the matters addressed herein.

4. OPINION

4.1 Surface areas covered by the Exploration Permits and respective percentage interests

Pursuant to Appendix 2 of the Petroleum Agreement, of the 6 Explorations Permits granted in respect of the Area of Interest, the surface areas covered by said permits is 10,896.6 sq/km.

Pursuant to clause 3.1 of the Petroleum Agreement dated 20 October 2011 relating to the Area of Interest, the parties agreed that their respective percentage interests in the 6 Exploration Permits were as follows:

- 25% for ONHYM;
- 75% for Pura Vida.

4.2 Legal requirements for the granting and the validity of an Exploration Permit and Outstanding Steps

Under Moroccan law, the granting of Exploration Permits ("*permis de recherche*") and the validity of said permits is governed by the Law n°21-90 dated 1st April 1992 relating to the exploration and the operation of hydrocarbon deposits as amended and completed (the "**Hydrocarbon Code**") and the Decree n°2-93-786 dated 3 November 1993 for the application of the Law n°21-90 relating to the exploration and the operation of hydrocarbon deposits as amended and completed (the "**Decree**").

Section 4 paragraph 4 of the Hydrocarbon Code provides that: "*The granting of exploration permits shall be preceded by the conclusion of a petroleum agreement with the State.*"

Namely, the Petroleum Agreement and the Association Contract relating to the Area of Interest referred to as Mazagan Offshore have been entered into between *Office National des Hydrocarbures et des Mines* ("**ONHYM**") and Pura Vida on 20 October 2011.

At this very stage, the outstanding procedural steps (the "**Outstanding Steps**") in order for the Petroleum Agreement and related Exploration Permits to be valid and effective are as follows:

- (a) Joint order to be issued by the Ministry in charge of Energy and Ministry of Economy

Pursuant to **Section 34 of the Hydrocarbon Code:** "*The petroleum agreement shall be approved by the administration*".

Moreover, **Section 60 of the Decree provides that** "*The petroleum agreement shall be approved by a joint order issued by the Ministry in charge of Energy and the Ministry of Economy*".

In the absence of a joint order issued by the Ministry in charge of Energy and the Ministry of Economy in order to approve the Petroleum Agreement, said Petroleum Agreement shall not be construed as binding and enforceable among the parties.

Thus, the Exploration Permits shall not be regarded as legally valid and enforceable until the joint order is obtained.

In addition, the official granting of the Exploration Permits is also subject to the completion of the following procedural step:

- (b) Order to be issued by the Ministry in charge of Energy

Section 22 of the Hydrocarbon Code provides that: *"The exploration permit shall only be granted to a sole legal entity or, in common, to several legal entities. It is granted by an administrative act notified to the petitioner and published in the Official Gazette."*

In the absence of an order issued by the Ministry in charge of Energy in the conditions set out in the above Sections, the Exploration Permit shall not be regarded as legally valid and enforceable.

Section 7 of the Decree further provides that: *"The exploration permit is granted within sixty days following the date of filing of the application, by order of the Ministry in charge of energy, notified to the petitioner and published in the Official Gazette."*

Given the above, we will only be in a position to confirm the actual validity of the Exploration Permits after the completion of the Outstanding Steps which include :

- the approval of the Petroleum Agreement by joint order of the Ministry of Energy and Ministry of Finance ; and
- the notification to Pura Vida and publication in the Official Gazette of the order to be issued by the Ministry of Energy confirming the granting of the Exploration Permits to Pura Vida.

Pursuant to Section 7 of the Decree, the Outstanding Steps shall normally be completed within a maximum sixty (60) days period as from the filing of the application made by Pura Vida.

5. EXECUTIVE SUMMARY

Based upon the foregoing, it is our opinion, so far as the Laws of Morocco at the date hereof are concerned and subject to the assumptions set out below and to any matters not disclosed to us, that the Petroleum Agreement entered into between ONHYM and Pura Vida is valid and that subject to the completion of the Outstanding Steps defined in paragraph 4.2 above, Pura Vida will be the valid holder of the Exploration Permits relating to the Area of Interest.

6. COMMUNICATION FROM ONHYM

Notwithstanding the foregoing and further to our previous exchanges with Pura Vida concerning the administrative orders to be executed by both the Moroccan Ministry of Finance and Ministry of Energy (the "**Orders**") in view of the granting of Mazagan Offshore I, Mazagan Offshore II, Mazagan Offshore III, Mazagan Offshore IV, Mazagan Offshore V and Mazagan Offshore VI Exploration Permits, we held discussions with the Moroccan Office National des Hydrocarbures et des Mines ("ONHYM") to clarify the status and expected timelines for the final awarding of the Exploration Permits to Pura Vida Energy.

In response to our request, we have received a written communication from ONHYM on 23rd January 2012 confirming the fact that the Petroleum Agreement entered into between ONHYM and Pura Vida on October 20th 2011 and the related application for the granting of the Exploration Permits were filed in accordance with Moroccan applicable laws and regulations.

ONHYM's communication further confirms that regardless of the administrative delays incurred recently, the signing of the Orders and subsequent gazettal are, in ONHYM's view, administrative acts that will occur as a matter of course (following which we confirm that, as per our legal opinion, Pura Vida will have valid title to the Exploration Permit).

7. BENEFIT

This opinion is based upon the Moroccan laws and regulations as of the date hereof, which are subject to any amendment, repeal or other modification of the applicable laws, regulations hereafter enacted or published.

Our engagement with respect to this opinion does not require and shall not be construed to constitute a continuing obligation on our part to update our opinions or notify or otherwise inform you of the amendment, repeal or other modification of the applicable laws, or regulations that served as basis for our opinion or laws and regulations hereafter enacted or published and which impact on this opinion.

This opinion is given for the sole benefit of Pura Vida. It is not assignable.

Yours faithfully,

Naciri & Associés Allen & Overy

SCHEDULE 1

LIST OF OPINION DOCUMENTS

- the **Petroleum Agreement** entered into between ONHYM (acting on behalf of the Moroccan State (“**ONHYM**”) and Pura Vida NL (“**Pura Vida**”) on 20 October 2011 relating to the area of interest referred to as Mazagan Offshore;
- the **Association Contract** entered into between ONHYM (acting on behalf of the Moroccan State (“**ONHYM**”) and Pura Vida NL (“**Pura Vida**”) on 20 October 2011 relating to the area of interest referred to as Mazagan Offshore.