Pura Vida Energy NL
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www.puravidaenergy.com.au

ASX Code: PVD

25 October 2012

2012 ANNUAL REPORT & NOTICE OF MEETING

Pura Vida Energy NL (**Pura Vida**) advises that the Annual Report for the year ending 30 June 2012 and the 2012 Notice of Annual General Meeting have been dispatched to the Company's shareholders.

A copy of the 2012 Annual Report is attached and both the Annual Report and Notice of Meeting can also be found on the Company's website www.puravidaenergy.com.au

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

Subscribe to *FRONTIER* - visit our website at www.puravidaenergy.com.au and subscribe to receive *FRONTIER*, our email alert service. *FRONTIER* is the fastest way to receive breaking news about Pura Vida.

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ANNUAL REPORT 2012

puravida energy

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

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

CONTENTS

Chairman's Letter

Dear Shareholder,

Welcome to Pura Vida's maiden annual report.

The year in review saw the achievement of a number of important outcomes for the Company:

- the award of a substantial acreage position offshore Morocco;
- progression of the exploration program on the Mazagan permit;
- a successful listing on ASX followed by strong growth in the Company's share price; and
- maintenance of the Company's Balance Sheet and cash position.

Management has clearly demonstrated Pura Vida's intent and capability to execute its work program over the Mazagan permit well in advance of its commitments.

The importance of the early completion of the work program should be acknowledged as a significant achievement by the Company. It allows the Company to move quickly to advance farmout and drilling on the Mazagan permit which, in turn, will realise significant value.

We face a number of important milestones over the next 12 months, however, our success to date has ensured that we are well positioned to achieve these milestones.

I congratulate my fellow Directors, Damon and David, on the Company's performance to date. I also wish to thank Pura Vida's employees for their valuable contribution during the year.

My thanks also go out to our shareholders for their overwhelming support of Pura Vida through this early stage in the development of the Company. It is pleasing to see that shareholders have been rewarded for their belief in Pura Vida's strategy, and the management team charged with the delivery of that strategy.

The year ahead promises to be an exciting time for Pura Vida, with several near-term high impact activities which have the potential to be catalysts for significant growth in value.

On behalf of the Board, I look forward to reporting our success in achieving the milestones that lay ahead.

Bevan Tarratt
CHAIRMAN

28 September 2012

Review of Operations

Highlights

- The Mazagan permit contains several mature, drill-ready prospects defined on 3D seismic data with total mean prospective resources of 5.3 billion barrels (net to Pura Vida).
- Pura Vida has 13 prospects across 3 independent trends, the chance of success on individual prospects ranges from 19% to 34%.
- Pura Vida's giant Toubkal prospect has been attributed with a mean resource potential of 1.5 billion barrels and given a 31% chance of success.
- Exploration activities for the first phase are now substantially complete and the Company will now focus on securing a farmout to fund the upcoming high-impact drilling program which will test the multi-billion barrel potential of the Mazagan permit.
- Positive results from the 3D seismic reprocessing have confirmed the presence of Direct Hydrocarbon Indicators (DHI's) on key prospects, including the giant Toubkal prospect.
- Pura Vida is fully funded on all its work commitments through to the drilling phase in the Mazagan permit.

Mazagan

Pura Vida Energy operates the Mazagan permit in which it holds a 75% interest. Pura Vida's joint venture partner is ONHYM, the Moroccan National Oil Company. Mazagan is located off the Atlantic coast of Morocco and represents an area of 10,900 km² (refer Figure 1 below).

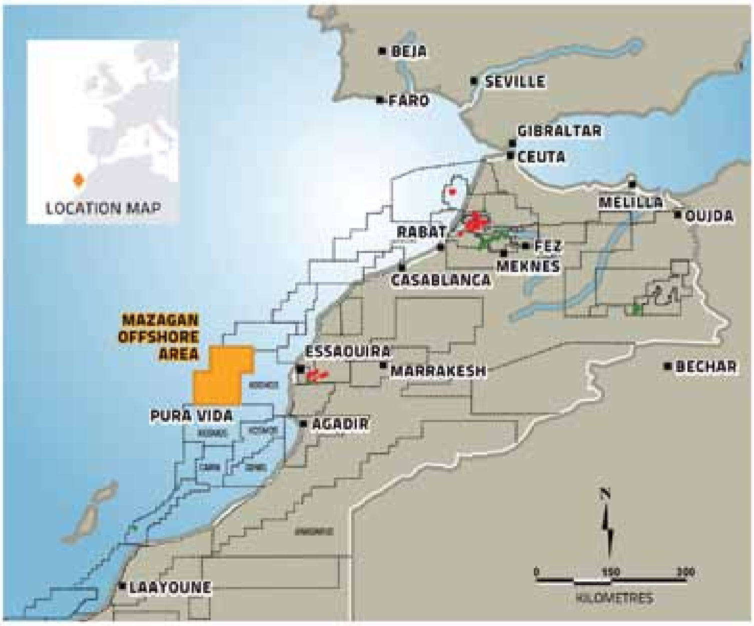


Figure 1: Location of Mazagan permit

Prospectivity – Three Independent Trends

The prospectivity on the Mazagan permit is prolific with three independent trends containing multiple prospects and leads mapped on 2D and 3D seismic data. Pura Vida's drilling inventory consists of 13 prospects and leads representing mean net prospective resources of 5.3 billion barrels (refer Table 1 below). The Toubkal prospect alone has a prospective resource range estimated at 436 million to 3.1 billion barrels, with a mean of 1.5 billion barrels. Toubkal is an analogue of the billion barrel Jubilee field in Ghana, the largest oil discovery made in West Africa in the past decade.

Prospect	Low Estimate (mmbo)	Best Estimate (mmbo)	High Estimate (mmbo)	Mean Estimate (mmbo)	Probability of Geologic Success
Zagora	20	51	132	65	34%
Amchad	22	62	161	80	34%
Tafraoute	294	807	2,114	1,047	32%
Amtoudi East	167	478	1,137	590	32%
Amtoudi West	122	342	869	435	32%
Toubkal	436	1,168	3,074	1,507	31%
Jbel Ayachi	55	157	414	202	19%
Jbel Musa	78	217	570	281	19%
Jbel Lakhdar	58	167	400	208	19%
Jbel Talmest	130	370	953	475	19%
Jbel Aroudane	121	322	851	417	19%
Jbel Tadrart	237	689	1,780	879	19%
Jbel Azavza	229	640	1,687	829	19%
Arithmetic Total	**1,972**	**5,470**	**14,144**	**7,017**	**Avg. 25.9%**
Probabalistic Total	**4,614**	**6,721**	**9,791**	**7,017**	**Avg. 25.9%**

Table 1: Gross prospective resource estimates
Source: DeGolyer & MacNaughton

The information in the table above 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 report in the form and context in which it is included. The resource estimates above 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

Exploration Program

Pura Vida has made significant progress in making ready its targets for drilling. Leading the Company's achievements has been the early delivery of the two-year work program on the Mazagan permit which will be completed during the third quarter of 2012. This exceptional achievement makes it possible for the Company to move toward the drilling phase earlier than expected.

Pura Vida will be seeking a farmin partner to secure funding for the drilling program, which will test the multi-billion barrel potential of the Mazagan permit. The farmout will be a transformational event which is expected to realise significant value for the Company.

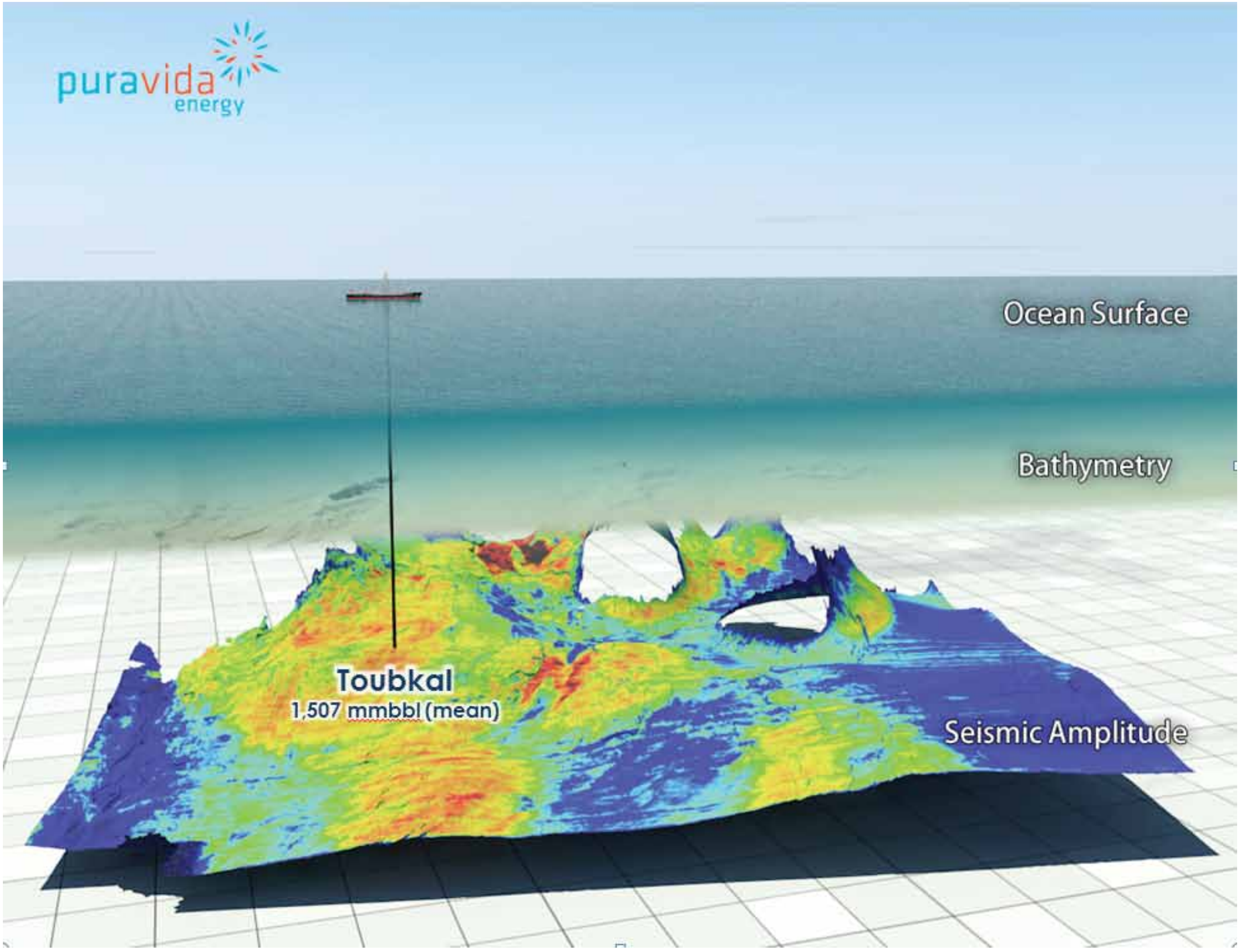


Figure 2: Schematic showing a drill ship on location over the Toubkal prospect

At the time of this Report, a vessel is acquiring sea bed samples from the Mazagan permit with the objective of recovering hydrocarbon samples. If this drop core program is successful, it will prove that hydrocarbons are migrating through the Mazagan permit providing further evidence that the large structures seen on seismic will contain hydrocarbons.

Pura Vida has reprocessed 3,000 km^2 of 3D seismic data over the Mazagan permit. The results of the reprocessing have confirmed the presence of Direct Hydrocarbon Indicators (DHI's) on key drilling targets, including the Toubkal prospect.

The exploration program for the first phase, including the drop core program and reprocessing, will be completed in the third quarter of 2012 within budget and well in advance of the December 2013 commitment date.

Strategy and Near-Term Activity

Two key elements of Pura Vida's forward strategy are:

- To progress activities on the Mazagan permit to optimise the value of the asset for shareholders.
- To build a diversified portfolio of assets through acquisition.

Pura Vida's management team has extensive commercial and technical expertise with a demonstrable track record of exploration success and value accretive acquisitions. The team has the right balance of commercial and technical expertise to successfully deliver the Company's strategic objectives.

A number of high impact events are lined up over the coming months. Events to watch out for include:

- The drop core program, if successful, will recover hydrocarbons from the Mazagan permit and prove the existence of a working hydrocarbon system.
- The data room for the farmout process will formally open on 1 October with the bidding process to be concluded by late 2012/early 2013.

Acquisition opportunities are actively being sought throughout the African region. The Company's primary focus is on opportunities which provide significant leverage through high equity positions and/or opportunities with material resource potential where the Company can utilise its strong technical capability to enhance the value of those opportunities.

Financial

At the end of the reporting period, the Company had net cash of $3.9 million (excluding the $3 million (gross) proceeds of the capital raising announced by the Company on 6 July 2012). Pura Vida is fully funded on all its work commitments through to the drilling phase in the Mazagan permit.

Directors & Management

Mr Tarratt has an extensive background in the accounting industry with over 10 years' experience primarily focused on small cap resource companies. In addition, Mr Tarratt has a comprehensive practical business background having owned various medium sized retail businesses.

Mr Tarratt also has several years' experience in the evaluation of mineral resources acquisitions, principally in Africa, and has previous equity markets experience with Patersons Securities Limited. Mr Tarratt has extensive experience in primary and secondary capital raisings and corporate strategic consulting having managed several initial public and re-compliance offerings on the ASX and having participated in the restructuring and re-compliance of numerous ASX listed companies.

Mr Neaves is a founding Director and shareholder of Pura Vida. He has worked in various commercial, operational and management roles and brings a wealth of international oil and gas expertise. Most recently, he was the Business Development Manager at Tap Oil (ASX: TAP) and his international experience spans countries throughout Africa, Europe, the Middle East and Asia Pacific.

Mr Neaves has extensive commercial experience particularly in commercialisation of gas in Western Australia as well as upstream project management. His primary focus is on acquisitions and divestments in the petroleum industry.

Mr Ormerod is a founding Director and shareholder of the Company. He has over 25 years' experience in the upstream oil and gas sector. Mr Ormerod has participated in several major discoveries over his career and held a number of senior positions in the industry. He was formerly the New Ventures Manager and South America Exploration Manager for Karoon Gas (ASX: KAR) where he was responsible for entry into Brazil and offshore Peru which saw a period of dramatic growth in shareholder value.

Prior to that Mr Ormerod spent 14 years with BHPBP (ASX: BHP) where he gained diverse experience spanning the Gulf of Mexico, West Africa, South East Asia and the North West Shelf. At Woodside (ASX: WPL), he led the Gulf of Mexico exploration team. Mr Ormerod was also the New Ventures Manager at Tap Oil (ASX: TAP) and managed Sterling Oil & Gas' assets in West Africa. Mr Ormerod is a geologist and brings exceptional technical skills to this role along with extensive business development experience.

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) in Perth and brings seven years' experience in listing rules compliance and corporate governance to the Board. Mr Ong was an active member of the ASX JORC Group and has overseen the admission of over 100 companies to the official list of the ASX. Mr Ong is a member of Chartered Secretaries Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Mr Horan is a Senior Geoscientist with Pura Vida. He has 26 years' experience in conventional and unconventional oil and gas exploration and development having worked on projects throughout the Asia Pacific, South East Asia, North America and Africa. He has extensive experience in oil and gas appraisal and development projects including Shell Todd's Maui B Oil Project offshore New Zealand, BHBP's (ASX: BHP) Minerva gas development offshore Australia and BHPB's CBM Pilot Ordos in the Basin China. Mr Horan's former role with Molopo Energy (ASX: MPO) included responsibility for exploration and development activities in southern Africa. Mr Horan is a geologist with a diverse range of exploration, appraisal and development experience.

Glossary

3D seismic	seismic recorded along many closely spaced traverses and processed to form a three dimensional view of the subsurface
A$ or $	Australian dollars
ASX	Australian Securities Exchange Limited
Board	the Board of Directors of the Company
constitution	the constitution of the Company
DHI's	Direct Hydrocarbon Indicators
Director	a director of the Company
financial year	the 12 months ending 30 June 2012
Hydrocarbons	oil, condensate and natural gas
km^2	square kilometres
mmbo	million barrels of oil
ONHYM	the Moroccan National Oil Company
prospect	a geological feature in the subsurface which is a potential trap for petroleum and is sufficiently defined for drilling
prospective resources	quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations
Pura Vida or the Company	Pura Vida Energy NL (ABN 11 150 624 169)
Report	this Annual Report
US$	United States dollars

Directors' Report

Your Directors present their report on Pura Vida Energy NL for the period from the date of incorporation on 28 April 2011 to 30 June 2012.

DIRECTORS AND COMPANY SECRETARY

The names and particulars of the Directors of the Company during or since the end of the financial year are:

NAME	EXPERIENCE
Current Directors	
Bevan Tarratt Non-Executive Chairman Appointed 1 August 2011	Mr Tarratt has an extensive background in the accounting industry with over 10 years' experience primarily focused on small cap resource companies. Refer to page 8 of the Annual Report for a complete biography of Mr Tarratt.
Damon Neaves Managing Director Appointed 17 August 2011	Mr Neaves is a founding Director and shareholder of the Company. Mr Neaves has worked in various commercial, operational and management roles in the petroleum industry and brings a wealth of international oil and gas expertise. Refer to page 8 of the Annual Report for a complete biography of Mr Neaves.
David Ormerod Technical Director Appointed 21 July 2011	Mr Ormerod is a founding Director and shareholder of the Company. He has over 25 years' experience in the upstream oil and gas sector. Refer to page 9 of the Annual Report for a complete biography of Mr Ormerod.
Previous Directors	
Benjamin Bussell Non-Executive Director Appointed 28 April 2011 Resigned 1 August 2011	Mr Bussell is a Senior Accountant with over 12 years' experience in public accounting, corporate accounting and taxation.
Daniel Smith Non-Executive Director Appointed 28 April 2011 Resigned 25 May 2011	Mr Smith is a member of Chartered Secretaries Australia with a background in finance. Initially a retail broker at Patersons Securities Limited, he has more recently been involved with a corporate finance firm assisting with negotiations, technical due diligence and business development. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. Mr Smith is actively involved in the junior resource sector working with ASX-listed ZYL Limited and Terranova Minerals NL

NAME	EXPERIENCE
Previous Directors (Cont)	
Matthew Foy Non-Executive Director Appointed 28 April 2011 Resigned 25 May 2011	Matthew Foy was a Senior Adviser at the Australian Securities Exchange with four years experience in facilitating the compliance of listed companies. Mr Foy has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr Foy has been involved in a number of seed capital raisings and initial public offerings and possesses significant commercial and corporate experience.
Chen Chik Ong Non-Executive Director Appointed 25 May 2011 Resigned 1 August 2011	Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) in Perth and brings seven years' experience in listing rules compliance and corporate governance to the Board. Mr Ong was an active member of the ASX JORC Group and has overseen the admission of over 100 companies to the official list of the ASX. Mr Ong is a member of Chartered Secretaries Australia. Mr Ong holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Directorships of Other Listed Companies

Directorships of other listed companies held by Directors of the Company in the three years immediately before the end of the financial year are as follows:

NAME	COMPANY	POSITION	COMMENCED	CEASED
Bevan Tarratt	Stonehenge Metals Limited	Director	12 June 2007	-
	Minerals Corporation Limited	Director	17 February 2011	-
	ZYL Limited	Director	2 December 2009	-
	Agri Energy Limited	Director	23 July 2009	21 April 2011
	Excelsior Gold Limited	Director	8 February 2010	21 May 2010
Benjamin Bussell	Terranova Minerals Limited	Director	25 January 2011	-
	Red October Resources Limited	Director	27 February 2012	-
	SWW Energy Limited	Director	24 September 2010	-
Matthew Foy	Terranova Minerals Limited	Director	25 January 2011	-
	SWW Energy Limited	Director	16 June 2011	-

Directors' Meetings

During the period of 28 April 2011 to 30 June 2012 three formal meetings of Directors were held together with a number of informal meetings as required.

Attendances by each Director at formal meetings during the period were as follows:

	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Bevan Tarratt	3	3
Damon Neaves	3	3
David Ormerod	3	3

Director's Shareholdings

The following table sets out each Director's relevant interest in shares and options to acquire shares of the Company as at the date of this Report:

DIRECTORS	FULLY PAID ORDINARY SHARES	PARTLY PAID SHARES	OPTIONS	PERFORMANCE RIGHTS
Bevan Tarratt	800,000	4,550,000	-	-
Damon Neaves	1,250,000	5,000,000	2,500,000	5,000,000
David Ormerod	-	5,000,000	2,500,000	5,000,000

During the reporting period, the Company issued 2,500,000 options exercisable at $0.40 each expiring 6 September 2016 each to Mr Neaves and Mr Ormerod on the following terms and conditions:

(a) Each option gives the optionholder the right to subscribe for one share.

(b) The options shall vest (whichever occurs first):

(i) after the Company has successfully completed an acquisition or acquisitions by the Company with a total transaction value (including without limitation acquisition price, spending requirements and/or deferred or contingent payments) of at least $10,000,000 and in any event no earlier than that date which is 12 months after the commencement date (in relation to Mr Damon Neaves, the "commencement date" being 17 August 2011 and in relation to Mr David Ormerod, the "commencement date" being 26 August 2011); or

(ii) in the event that the Company terminates the optionholder's employment with the Company without cause, except where notice of termination is given within the first twelve (12) months in which case the options shall be forfeited by the optionholder.

During the reporting period, the Company issued 5,000,000 performance rights each to Mr Neaves and Mr Ormerod with the following terms and conditions:

(a) Subject to the satisfaction of the vesting condition set out in paragraph (b) and (c) below, each performance right vests and converts to one share.

(b) Subject to paragraph (c) below, the performance rights shall vest and convert to shares as follows:

(i) 50% will vest upon completion of an acquisition or acquisitions by the Company with a total transaction value (including without limitation acquisition price, spending requirements and/or deferred or contingent payments) of at least $10,000,000; and

(ii) 50% will vest upon the Company's market capitalisation exceeding $30,000,000 for a period of 20 consecutive trading days based on the closing price of the shares on ASX.

(c) Notwithstanding paragraph (b) above, each performance right shall vest and convert to one share in the event that the Company terminates the holder's employment with the Company without cause, except where notice of termination is given within the first twelve (12) months in which case the performance rights shall be forfeited by the holder.

Company Secretary

The names of the secretaries in office at any time during or since the end of the period are:

NAME	POSITION	DATE APPOINTED	DATE RESIGNED
Matthew Foy	Company Secretary	28 April 2011	25 May 2011
Chen Chik Ong	Company Secretary	25 May 2011	-

PRINCIPAL ACTIVITIES

The Company has an interest in acreage known as the Mazagan permit with significant exploration potential off the Atlantic coast of Morocco, Africa. The Company's strategy is to explore for oil in the Mazagan permit and to build a diversified portfolio of oil and gas assets over time.

SUMMARY OPERATIONS & FINANCIAL

Operations

The Company has achieved a number of important milestones since its formation in 2011. Management has clearly demonstrated Pura Vida's intent and capability to execute its work program on the Mazagan permit well in advance of its commitments.

The importance of the early completion of the work program should be acknowledged as a significant achievement by the Company. It allows the Company to move quickly to advance farmout and drilling on the Mazagan permit which, in turn, will realise significant value.

CALENDAR OF EVENTS	
October 2011	The award of the Mazagan permit, offshore Morocco
December 2011	Commencement of 3D reprocessing with DownUnder Geosolutions
February 2012	Initial Public Offering and admission to the official list of the ASX
March 2012	Contracted TDI-Brooks for drop core program and geochemical analysis of cores
April 2012	Recognition of additional prospects on 2D seismic in the Lower Cretaceous inversion anticline trend
June 2012	Appointment of EZDataRoom to manage the Mazagan farmout process
July 2012	Announcement that work program significantly ahead of schedule and targeting completion in September 2012
July/August 2012	Completion of placement to raise $3 million
August 2012	Mobilisation of vessel for drop core program
September 2012	Completion of reprocessing of 3D seismic confirming DHI's on key prospects
September 2012	Announcement of significant resource upgrade to 5.3 billion barrels (net to Pura Vida)

Whilst the Company's achievements to date are pleasing, important tasks lay ahead which will result in the delivery of the key objectives of the Company's strategy to generate value and growth. The most important of these tasks are:

- To secure a partner and funding for the high-impact drilling program on the Mazagan permit by completing a farmout.
- To build a diversified portfolio of assets through acquisition.

Financial

The loss for the period from the date of incorporation on 28 April 2011 to 30 June 2012 after providing for income tax amounted to $2,954,489.

DIVIDENDS

No dividends were paid or declared since the start of the period.

OPTIONS ON ISSUE

The Company has the following options on issue as at the date of this report.

- 5,000,000 options exercisable at $0.40 expiring 6 September 2016 (these options are under escrow until 31 January 2014); and
- 3,000,000 options exercisable at $0.35 expiring on 20 August 2017.

INDEMNIFYING OFFICERS

The Company has entered into Indemnity Deeds with each Director and Secretary. Under the Deeds, the Company indemnifies each Director and Secretary to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the Directors or the Secretary in connection with being a Director or Secretary of the Company, or breach by the Company of its obligations under the Deed. During the period the amount paid for Directors and Officers insurance was $19,980.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

REMUNERATION REPORT (Audited)

This Report details the nature and amount of the remuneration for each key management person of Pura Vida Energy NL for the period ended 30 June 2012.

Remuneration policy

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed and approved by the Board. All executive Directors receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Board reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies. The Board is responsible for assessing the performance of executives and the appropriateness of the remuneration levels at least annually. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value. The Company has adopted a long-term incentive plan (LTIP) comprising the "Performance Rights Plan" (the Plan) to reward key management personnel and key employees for long-term performance. Shareholders approved the Plan at a General Meeting of Shareholders and performance rights were issued under the Plan in September 2011. The Plan provides for the issuance of unlisted performance share rights (performance rights) which, upon satisfaction of the relevant performance conditions attached to the performance rights, will result in the issue of an ordinary share for each performance right. Performance rights are issued for no consideration and no amount is payable upon conversion thereof. Performance rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the performance rights to vest. Upon performance rights vesting, ordinary shares are automatically issued for no consideration. If a performance condition of a performance right is not achieved by the expiry date then the performance right will lapse.

The performance hurdles that linked to incentive securities issued to the executive directors are as follows:

PERFORMANCE INDICATORS	LINK TO EXECUTIVE REWARD
Market Capitalisation	50% of Performance Rights: 50% will vest upon the Company's market capitalisation exceeding $30,000,000 for a period of 20 consecutive trading days based on the closing price of the Shares on ASX.
Acquisition(s)	Incentive Options: After the Company has successfully completed an acquisition or acquisitions by the Company with a total transaction value (including without limitation acquisition price, spending requirements and/or deferred or contingent payments) of at least $10,000,000 and in any event no earlier than that date which is 12 months after the commencement date (in relation to Mr Damon Neaves, the "commencement date" being 17 August 2011 and in relation to Mr David Ormerod, the "commencement date" being 26 August 2011). 50% of Performance Rights: Vest upon completion of an acquisition or acquisitions by the Company with a total transaction value (including without limitation acquisition price, spending requirements and/or deferred or contingent payments) of at least $10,000,000.

All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black Scholes methodology.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the Company. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria.

The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

The remuneration policy has been tailored to increase goal congruence amongst shareholders, Directors and executives. This will be achieved via offering performance incentives based on key performance indicators.

The aggregate amount remuneration of directors, other than salaries paid to executive directors, is $150,000 per year.

Details of remuneration for the period ended 30 June 2012

2012											
Key Management Personnel	Short-term Benefits				Post-employment Benefits	Other long-term Benefits	Shared based payment		Total	Total Remune - ration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Directors											
B Tarratt	12,528	-	-	-	1,128	-	-	-	13,656	0%	0%
D Neaves	206,900	-	-	-	18,621	-	72,125	187,500	485,146	38.6%	38.6%
D Ormerod	272,778	-	-	-	24,550	-	72,125	187,500	556,953	33.7%	33.7%
B Bussell	-	-	-	-	-	-	-	-	-	0%	0%
D Smith	-	-	-	-	-	-	-	-	-	0%	0%
M Foy	-	-	-	-	-	-	-	-	-	0%	0%
C Ong	6,828	-	-	-	-	-	-	-	6,828	0%	0%
	499,034	-	-	-	44,299	-	144,250	375,000	1,062,583		

SERVICES AGREEMENTS

Mr Bevan Tarratt (Non-Executive Chairman)
Term of Agreement – commencing 1 August 2011

Agreement for the provision of board services to the Company for a standard remuneration fee of $3,000 plus GST per calendar month. Additional intermittent consulting fees may be charged as required. The additional consulting fee service agreement stipulates a one month notice period. Either party may terminate the additional consulting services agreement without cause by providing one month's written notice and no termination benefits are payable.

Mr Damon Neaves (Managing Director)
Term of Agreement – commencing 17 August 2011

In November 2011 and as varied in June 2012, the Company and Mr Damon Neaves entered into a service agreement whereby Mr Neaves was engaged as Managing Director of the Company. The term of the service agreement is ongoing until the Company gives 3 months' notice to Mr Neaves terminating his engagement, or Mr Neaves gives notice to the Company, subject to other standard termination provisions.

Mr Neaves' salary is $315,000 per annum excluding mandatory superannuation contributions this will be reviewed annually by the Company in accordance with the policy of the Company. The Company will reimburse Mr Neaves for all reasonable expenses incurred for general expenses incurred in the performance of his duties. The agreement contains standard confidentiality, termination and other clauses expected to be included in an agreement of this type.

Mr David Ormerod (Technical Director)
Term of Agreement – commencing 26 August 2011

In November 2011 and as varied in June 2012, the Company and Mr David Ormerod entered into a service agreement whereby Mr Ormerod was engaged as Technical Director of the Company. The term of the service agreement is ongoing until the Company gives 3 months' notice to Mr Ormerod terminating his engagement, or Mr Ormerod gives notice to the Company, subject to other standard termination provisions.

Mr Ormerod's salary is $315,000 per annum excluding mandatory superannuation contributions this will be reviewed annually by the Company in accordance with the policy of the Company. The Company will reimburse Mr Ormerod for all reasonable expenses incurred for general expenses incurred in the performance of his duties. The agreement contains standard confidentiality, termination and other clauses expected to be included in an agreement of this type.

SHARE-BASED COMPENSATION

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price	Value per Option at Grant Date	Performance Achieved	% Vested
Bevan Tarratt	-	-	-	-	-	-
Damon Neaves	06/09/2016	06/09/2016	$0.40	$0.09	No	-
David Ormerod	06/09/2016	06/09/2016	$0.40	$0.09	No	-

Options granted under the plan carry no dividend or voting rights.
The options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
Further information on the options is set out in note 17 of the financial statements.

Name	Number of Options Granted During the Year	Value of Options at Grant Date*	Number of Options Vested During the Year	Number of Options Yet to Vest	Number of Options Lapsed During the Year	Value at Lapse Date
Bevan Tarratt	-	-	-	-	-	-
Damon Neaves	2,500,000	$225,000	-	2,500,000	-	-
David Ormerod	2,500,000	$225,000	-	2,500,000	-	-

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price	Value per Performance Right at Grant Date	Performance Achieved	% Vested
Bevan Tarratt	-	-	-	-	-	-
Damon Neaves Tranche A	06/09/2014	06/09/2014	-	$0.10386	No	-
Damon Neaves Tranche B	06/09/2014	06/09/2014	-	-	No	-
David Ormerod Tranche A	06/09/2014	06/09/2014	-	$0.10386	No	-
David Ormerod Tranche B	06/09/2014	06/09/2014	-	-	No	-

Performance rights granted under the plan carry no dividend or voting rights.
Each performance right is convertible into one ordinary share upon satisfaction of performance hurdles.
Further information on the options is set out in note 17 of the financial statements.

Name	Number of Performance Rights Granted During the Year	Value of Performance Rights at Grant Date*	Number of Performance Rights Vested During the Year	Number of Performance Rights Yet to Vest	Number of Performance Rights Lapsed During the Year	Value at Lapse Date
Bevan Tarratt	-	-	-	-	-	-
Damon Neaves Tranche A	2,500,000	-	-	2,500,000	-	-
Damon Neaves Tranche B	2,500,000	$259,650	-	2,500,000	-	-
David Ormerod Tranche A	2,500,000	-	-	-	-	-
David Ormerod Tranche B	2,500,000	$259,650	-	2,500,000	-	-

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this Report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company has a policy of exceeding or at least complying with its environmental obligations. During the financial year, the Company was not aware of any material breach of any particular or significant Commonwealth, State, Territory or other regulation in respect to the environmental management.

EVENTS AFTER THE REPORTING PERIOD

On 20 August 2012, the Company announced that it has successfully completed a $3 million placement for the issue of 12 million shares at $0.25 per share to institutional and sophisticated investors. The Company has also allotted 100,000 partly paid shares and 3 million options exercisable at $0.35 each on or before 20 August 2017 as part consideration for the provision of corporate advisory and capital raising services to the Company, in accordance with shareholder approval obtained on 17 August 2012.

The Company has engaged Cunningham Peterson Sharbanee Securities Pty Ltd ("CPS") as its corporate advisor assisting on marketing and promotion of the Company. CPS will be issued 1,500,000 options exercisable at $0.25 each expiring 2 years from date of issue. Grant of options is subject to (i) completion of an acquisition or award of an interest in a petroleum permit directly or indirectly) by Pura Vida; or (ii) the Company's market capitalisation exceeding $30,000,000 for a period of 20 consecutive trading days based on the closing price of the shares on ASX. These options are yet to be issued as at the balance date.

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

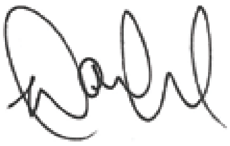
During the period ended 30 June 2012, the following amounts were paid or payable for non-audit services provided to the Company by the auditors of the Company:

	2012 $
Amounts received or due and receivable at 30 June 2012 by the auditors for:	
Audit services: BDO Audit (WA) Pty Ltd - Audit and review of financial reports under the Corporations Act 2001	16,000
Non-audit services	13,014
	29,014

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2012 has been received and can be found on page 28.

Signed in accordance with a resolution of the Board of Directors.



Damon Neaves
Managing Director

28th day of September 2012, at Perth, Western Australia

Corporate Governance Statement

This statement outlines the main Corporate Governance practices that were in place during the period from the date of incorporation on 28 April 2011 to 30 June 2012. The Directors' of Pura Vida are responsible for Corporate Governance of the Company and support the principles of the Australian Securities Exchange Corporate Governance Guidelines. To date, due to the size of the Company, the Board has not formally adopted all policies or guidelines required for complete compliance with ASX guidelines. The Board considers that where a policy or guideline has not been adopted completely that alternate policies adopted would be considered appropriate under the circumstances.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
1	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The chair will monitor the Board and the Board will monitor the performance of any senior executives who are not Directors, including measuring actual performance against planned performance.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	Explanation of departures from Principles and Recommendations 1.1 and 1.2 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 1.1 and 1.2 (if any) in its future annual reports. No performance evaluation of senior executives has taken place to date as this process is conducted annually and the first period has not been completed. Future annual reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed. The Corporate Governance Plan, which includes the Board Charter, is available on the Company's website.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
2.	Structure the board to add value	
2.1	A majority of the board should be independent directors.	The majority of the Board are not independent Directors. The composition of the Board is considered appropriate for this stage in the Company's development and will be reviewed as the Company grows.
2.2	The chair should be an independent director.	The chair is an independent Director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company has a Managing Director who is separate from the chair.
2.4	The board should establish a nomination committee.	No formal nomination committee has been established by the Company as yet. The Board, as a whole, currently serves as the nomination committee. The Company's Corporate Governance Plan includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee. Where necessary, the Board seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The chair will review the performance of the Board, its committees (if any) and individual Directors to ensure that the Company continues to have a mix of skills and experience necessary for the conduct of its activities.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	The Company has provided details of each Director, such as their skills, experience and expertise relevant to their position in this annual report and provides these details on its website. Explanation of departures from Principles and Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 (if any) in its annual report. The chair has reviewed the performance of the Board and individual Directors in accordance with the process disclosed. The Corporate Governance Plan, which includes the Nomination Committee Charter, is available on the Company's website.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
3.	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: → the practices necessary to maintain confidence in the company's integrity → the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders → the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company's Corporate Governance Plan includes a Diversity Policy, which provides a framework for establishing measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	As at 30 June 2012, 28.6% of the Company's employees are female employees. The Company presently does not have a female Board member.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	Explanation of departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) in its future annual reports. The Corporate Governance Plan, which includes the Corporate Code of Conduct and Diversity Policy, is available on the Company's website.
4	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	No formal audit committee has been established by the Company as yet. The Board, as a whole, currently serves as the audit committee.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
4.2	The audit committee should be structured so that it: → consists only of non-executive directors → consists of a majority of independent directors → is chaired by an independent chair, who is not chair of the board → has at least three members	Whilst the audit committee is not structured in the manner set out in the Principles and Recommendations, the Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive. As the operations of the Company develop the Board will reassess the formation of the audit committee.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses its specific responsibilities.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	Explanation of departures from Principles and Recommendations 4.1, 4.2 and 4.3 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 4.1, 4.2 and 4.3 (if any) in its future annual reports. The Corporate Governance Plan, which includes the Audit & Risk Committee Charter, is available on the Company's website.
5.	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure compliance with ASX Listing Rule disclosure obligations and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in *Guide to reporting on Principle 5*.	The Company has not currently departed from Principle and Recommendation 5.1. The Company will provide an explanation of any departures from Principle and Recommendation 5.1 (if any) in its future annual reports. The Corporate Governance Plan, which includes a continuous disclosure program, is available on the Company's website.
6	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Plan includes a shareholders communication strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6*.	The Company has not currently departed from Principle and Recommendation 6.1. The Company will provide an explanation of any departures from Principle and Recommendation 6.1 (if any) in its future annual reports. The Corporate Governance Plan, which includes a shareholders communication strategy, is available on the Company's website.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
7.	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company's Corporate Governance Plan includes a risk management policy. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Company's Corporate Governance Plan includes a risk management policy. The Board will require either the Managing Director or the Chief Financial Officer at the relevant time to design and implement the risk management and internal control systems.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will seek the relevant assurance from the Managing Director or Chief Financial Officer at the relevant time.
7.4	Companies should provide the information indicated in *Guide to reporting on Principle 7*.	The Company has not currently departed from Principle and Recommendation 7.1, 7.2 and 7.3. The Company will provide an explanation of any departures from Principle and Recommendation 7.1, 7.2 and 7.3 (if any) in its future annual reports. The Corporate Governance Plan, which includes a risk management policy, is available on the Company's website.
8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	The Board has not established a formal remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the Board, acting without the affected Director participating in the decision making process, currently serves as a remuneration committee. The Company's Corporate Governance Plan includes a Remuneration Committee Charter, which discloses its specific responsibilities.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
8.2	The remuneration committee should be structured so that it: → consists of a majority of independent directors → is chaired by an independent director → has at least three members	Although no formal remuneration committee has been established, the Board currently serves as the remuneration committee. The Board is not comprised of a majority of independent Directors, but is chaired by an independent Director.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board has distinguished the structure of Non-executive Director's remuneration from that of executive Directors and senior executives. The Company's constitution provides that the remuneration of Non-executive Directors will be not be more than the aggregate fixed sum set by the constitution and subsequently varied by resolution at a general meeting of shareholders. The Board is responsible for determining the remuneration of executive Directors and senior executives (without the participation of the affected Director). It is the Board's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating executive Directors and senior executives fairly and appropriately with reference to relevant employment market conditions and by linking the nature and amount of executive Directors' and senior executives emoluments to the Company's financial and operational performance.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	Explanation of departures from Principles and Recommendations 8.1, 8.2 and 8.3 (if any) are set out above. The Company will also provide an explanation of any departures from Principles and Recommendations 8.1, 8.2 and 8.3 (if any) in its future annual reports. The Corporate Governance Plan, which includes the Remuneration Committee Charter, is available on the Company's website.

Auditor's Independence Declaration

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

28 September 2012

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 of Pura Vida Energy NL for the period 28 April 2012 to 30 June 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

STATEMENT OF COMPREHENSIVE INCOME

For The Period From The Date of Incorporation on 28 April 2011 to 30 June 2012

	Note	2012 $
Revenue from continuing operations – interest received		29,963
Audit expenses		(16,000)
Consulting fees		(216,386)
Corporate advisory fees		(201,000)
Depreciation expenses		(20,789)
Employee benefits expense		(612,350)
Legal fees		(53,652)
Project evaluations		(225,875)
Share based payments expense		(519,250)
Travel and accommodation		(390,559)
Other administrative expenses		(535,140)
Unrealised foreign exchange loss		(193,452)
Loss before income tax		**(2,954,490)**
Income tax expense	4	-
Loss for the period		**(2,954,490)**
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		**(2,954,490)**
Basic loss per share (cents per share)	**5**	**($0.1427)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 $
CURRENT ASSETS		
Cash and cash equivalents	6	3,737,685
Trade and other receivables	7	93,788
Total Current Assets		**3,831,473**
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	8	992,293
Property, plant and equipment	9	89,398
Total Non-Current Assets		**1,081,691**
TOTAL ASSETS		**4,913,164**
CURRENT LIABILITIES		
Trade and other payables	10	630,049
Provisions	10	22,495
Total Current Liabilities		**652,544**
TOTAL LIABILITIES		**652,544**
NET ASSETS		**4,260,620**
EQUITY		
Issued capital	11	6,695,859
Reserves	12	519,250
Accumulated losses	13	(2,954,489)
TOTAL EQUITY		**4,260,620**

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

STATEMENT OF CHANGES IN EQUITY

For The Period From The Date of Incorporation on 28 April 2011 to 30 June 2012

	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve	Total Equity $
Balance at 28 April 2011	-	-	-	-
Loss for the period	-	(2,954,489)	-	(2,954,489)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	(2,954,489)	-	(2,954,489)
Transactions with owners in their capacity as owners				
Shares/options issued during the period	7,379,181	-	519,250	7,898,431
Share issue expenses	(683,322)	-	-	(683,322)
Balance at 30 June 2012	**6,695,859**	**(2,954,489)**	**519,250**	**4,260,620**

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

STATEMENT OF CASH FLOW

For The Period From The Date of Incorporation on 28 April 2011 to 30 June 2012

	Note	2012 $
Cash flows from operating activities		
Payments to suppliers and consultants		(1,928,809)
Interest Received		29,963
Interest Paid		(17,360)
Other payments - GST		(33,254)
Net cash outflow from operating activities	14	(1,949,460)
Cash flows from investing activities		
Payments for exploration, evaluation and development expenditure		(698,229)
Payments for property, plant and equipment		(117,033)
Net cash outflow from investing activities		(815,262)
Cash flows from financing activities		
Proceeds from issue of shares and options net of transaction costs		6,695,859
Net cash inflow from financing activities		6,695,859
Net (decrease)/ increase in cash and cash equivalents		**3,931,137**
Cash and cash equivalents at the beginning of the period		**-**
Effects of exchange rate changes on cash and cash equivalents		**(193,452)**
Cash and cash equivalents at the end of the period	**6**	**3,737,685**

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

Notes to the Financial Statements

For The Period From The Date of Incorporation on 28 April 2011 to 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Company Interpretations and the Corporations Act 2001.

Compliance with IFRS

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparatives

This is the first set of financial statements prepared by the Company and there are no comparative figures included.

(b) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(c) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Company as the Managing Director and other members of the Board.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(e) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%. Assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(f) Income tax and other taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Company may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(g) Goods and services tax (Cont)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Exploration and evaluation expenditure

The Company's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs; and
- exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(j) Investments and other financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivable are included in trade and other receivables in the statement of financial position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(j) Investments and other financial assets (Cont)

Recognition and de-recognition

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(k) Employee entitlements

The Company's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

(l) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

(m) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(n) Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

(o) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(p) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(q) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the period.

(r) New accounting standards and interpretations

In the current period, the Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Company's financial statements:

REFERENCE	TITLE	NATURE OF CHANGE	APPLICATION DATE OF STANDARD	IMPACT ON COMPANY FINANCIAL STATEMENTS
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Company has not yet made an assessment of the impact of these amendments.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: → Power over investee (whether or not power used in practice). → Exposure, or rights, to variable returns from investee. → Ability to use power over investee to affect the entity's returns from investee. → Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Company does not have any special purpose entities. The Company does not have 'defacto' control of any entities with less than 50% ownership.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(r) New accounting standards and interpretations (Cont)

REFERENCE	TITLE	NATURE OF CHANGE	APPLICATION DATE OF STANDARD	IMPACT ON COMPANY FINANCIAL STATEMENTS
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(r) New accounting standards and interpretations (Cont)

REFERENCE	TITLE	NATURE OF CHANGE	APPLICATION DATE OF STANDARD	IMPACT ON COMPANY FINANCIAL STATEMENTS
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporations Act 2001	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Company will show reduced disclosures under the key management personnel note to the financial statements.
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: → 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income'. → 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. → OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(s) Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of standards and interpretations including those standards and interpretations issued by the IASB/IFRIC, where an Australian equivalent has not been made by the AASB, were in issue but not yet effective for which the Company has considered it unlikely for there to be a material impact on the financial statements.

REFERENCE	TITLE	NATURE OF CHANGE	APPLICATION DATE OF STANDARD	IMPACT ON COMPANY FINANCIAL STATEMENTS
AASB 127 (issued August 2011)	Separate Financial Statements	Requirements for consolidation removed and inserted into AASB 10 Consolidated Financial Statements. Disclosures removed and inserted into AASB 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 128 (issued August 2011)	Investments in Associates and Joint Ventures	Disclosures removed and inserted into AASB 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2010-7 (issued December 2010)	Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127)	Mainly editorial changes.	Periods commencing on or after 1 January 2013	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(s) Standards and interpretations in issue not yet adopted (Cont)

REFERENCE	TITLE	NATURE OF CHANGE	APPLICATION DATE OF STANDARD	IMPACT ON ENTITY FINANCIAL STATEMENTS
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2012-3 (issued June 2012	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements.	Annual periods commencing on or after 1 January 2013	1 July 2013

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(a) Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Deferred tax assets

The Company expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT)

(b) Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes or Monte-Carlo model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

In relation to the valuation of the performance rights, judgements are used to assess the probability of meeting non-market based conditions.

Details of estimates used can be found in note 17.

3. EXPENSES

	2012 $
Loss includes the following specific expenses:	
Bank fees and charges	58,455
Investor relations	35,072
Rent	37,453
Seminars and conferences	22,733
Telephone	34,572

4. TAXATION

	2012 $
(i) Reconciliation The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:	
Loss before income tax at 30% tax rate	(886,347)
Tax effect of amounts which are not deductible in calculating taxable income:	
Share-based payments	155,775
Other	3,552
Deferred tax assets relating to tax losses not recognised	727,020
Timing differences previously unrecognised now recognised to reduce deferred tax liabilities	-
Total income tax expense	-
The franking account balance at period end was $nil.	

Deferred tax assets and liabilities not recognised relate to the following:	
Deferred tax assets	
Tax losses	1,065,707
Deferred tax liabilities recognised	(297,688)
Other temporary differences	3,552
Net deferred tax assets unrecognised	**771,571**

5. LOSS PER SHARE

	2012 $
(a) Loss per share	
Loss attributable to the ordinary equity holders of the Company	(2,954,489)
(b) Reconciliations of loss used in calculated loss per share	
Basic and diluted loss per share	(0.1427)
(c) Weighted average number of shares used as a denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	21,347,547
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	41,065,030
Partly paid shares and options have not been included in the calculation of diluted loss per share as they are not considered dilutive because they decrease the loss per share.	

6. CASH AND CASH EQUIVALENTS

	2012 $
Cash at bank	880,164
Term deposits	30,000
Restricted cash (e)	2,827,521
	3,737,685

(a) Reconciliation to cash at end of period

The above figures are reconciled to cash at the end of the period as shown in the statement of cash flows as follows:

	2012 $
Balances above	3,737,685
Balance per statement of cash flows	3,737,685

6. CASH AND CASH EQUIVALENTS (CONT)

(b) Cash at bank

These are not interest bearing.

(c) Deposits at call

The deposits are at call and are bearing floating interest rates between 4.0% and 5.5%.

(d) Interest rate risk exposure

The Company's exposure to interest rate risk is discussed in note 17.

(e) Restricted cash

Pursuant to the Petroleum Agreement and Association Agreement, Pura Vida is required to provide ONHYM with an irrevocable bank guarantee 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 initial bank guarantee is for an amount of US$3,000,000 upon signing the Petroleum Agreement. Pura Vida has provided ONHYM with this bank guarantee.

The bank guarantee will be reduced by US$1,000,000 after the operator pursuant to the Association Agreement (initially the Company) has provided ONHYM with all the reports and documents produced as a result of the completion of the drop core exploration program on the exploration permits as set out in the Petroleum Agreement. The bank guarantee will be further reduced or released (as the case may be) upon completion of the remaining work commitments in the initial two (2) year period of the Petroleum Agreement.

If the Company opts to enter into further extension periods of the Petroleum Agreement, at the time of applying for that further period the Company will be required to provide further irrevocable bank guarantees to ONHYM in order to secure the completion of its minimum exploration work commitments during those further periods. The amount of those further bank guarantees is equal to twenty-five per cent (25%) of the estimated cost of work commitments to be completed during the period of the extension. The bank guarantees may be further reduced or released (as the case may be) upon completion of the relevant work commitments and otherwise in accordance with the terms contained in the Petroleum Agreement.

7. TRADE AND OTHER RECEIVABLES

	2012 $
Other receivables	93,788

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company.

(b) Ageing of receivables past due not impaired

As at 30 June 2012 there were no receivables past due not impaired.

8. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION EXPENDITURE

	2012 $
Balance at beginning of the period	-
Tenement acquisition costs	-
Exploration expenditure incurred	992,293
Balance at the end of the period	992,293

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2012 $
Office equipment - at cost	726
Accumulated depreciation	(200)
Net book value	526
Computer equipment - at cost	31,016
Accumulated depreciation	(7,525)
Net book value	23,491
Computer software - at cost	78,445
Accumulated depreciation	(13,064)
Net book value	65,381
Reconciliation of the carrying amount of office equipment:	
Carrying amount at 28 April 2011	-
Additions	726
Depreciation expense for the period	(200)
Carrying amount at 30 June 2012	526
Reconciliation of the total carrying amount of computer equipment:	
Carrying amount at 28 April 2011	-
Additions	31,016
Depreciation expense for the period	(7,525)
Carrying amount at 30 June 2012	23,491
Reconciliation of the carrying amount of computer software:	
Carrying amount at 28 April 2011	-
Additions	78,445
Total depreciation expense for the period	(13,064)
Total carrying amount at 30 June 2012	65,381
Reconciliation of the total carrying amount of property, plant and equipment:	
Carrying amount at 28 April 2011	-
Additions	110,187
Depreciation expense for the period	(20,789)
Carrying amount at 30 June 2012	89,398

10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2012 $
Trade payables	630,049
Other payables	22,495
	652,544

All current liabilities are expected to be settled within 12 months.

11. ISSUED CAPITAL

(a) Share capital	2012 Shares
Fully paid	40,250,000
Partly paid	22,918,133
Performance rights	10,000,000
(b) Movements in ordinary share capital	**2012 $**
Fully paid ordinary shares	7,150,000
Partly paid shares	229,181
Capital raising costs	(683,322)
	6,695,859

11. ISSUED CAPITAL (CONT)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 30 June 2012 there are 1,470,000 ordinary shares subject to escrow.

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE $	2012 $
24/04/11	Issue to set up Company	1	-	-
16/11/11	Placement of shares	18,750,000	0.16	3,000,000
16/11/11	Placement of shares	1,500,000	0.10	150,000
03/02/12	Placement of shares	20,000,000	0.20	4,000,000
		40,250,001		7,150,000

(d) Partly paid shares

Partly paid shares have an issue price of $0.20 of which $0.01 is paid. The balance of the issue price is payable at the election of the holder at any time by the issue of a payment notice in writing and delivered to the registered office of the Company; or the Directors can make a call on the partly paid shares up to one day before five years from the date of issue of the partly paid shares. If a call is not paid when made, the partly paid shares shall be subject to forfeiture. Partly paid shares participate in any dividends on the same basis as if the partly paid share were fully paid. Partly paid shares are not listed.

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE $	2012 $
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	2,918,133	0.20	29,181
30/06/12	Balance at end of period	22,918,133		229,181

(e) Options

Options issued on 6 September 2011 and exercisable at $0.40 before 6 September 2016 have not been brought to account as they are in escrow until 31 January 2014.

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE $	2012 $
06/09/11	Options exercisable at $0.40 before 6 September 2016	5,000,000	0.09	450,000
30/06/12	Balance at end of period	5,000,000		450,000

11. ISSUED CAPITAL (CONT)

The Company has engaged Cunningham Peterson Sharbanee Securities Pty Ltd ("CPS") as its corporate advisor assisting on marketing and promotion of the Company. CPS will be issued 1,500,000 options exercisable at $0.25 each expiring 2 years from date of issue. Grant of options is subject to (i) completion of an acquisition or award of an interest in a petroleum permit directly or indirectly) by Pura Vida; or (ii) the Company's market capitalisation exceeding $30,000,000 for a period of 20 consecutive trading days based on the closing price of the shares on ASX. These options are yet to be issued as at the balance date.

(f) Performance rights

Employee performance rights are issued at the discretion of the Board to any full time or part time employee of the Company. Each performance right will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

DATE	DETAILS	NUMBER OF RIGHTS	ISSUE PRICE $	2012 $
06/09/11	Performance rights issued – Tranche A	5,000,000	-	-
06/09/11	Performance rights issued – Tranche B	5,000,000	0.10386	519,300
30/06/12	Balance at end of period	10,000,000		519,300

(g) Capital risk management

The Company's objective when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Company defines capital as cash and cash equivalents plus equity.

The Board monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Company has not derived any income from their mineral exploration and currently has no debt facilities in place.

12. RESERVES

SHARE BASED PAYMENTS RESERVE	2012 $	2011 $
Share based payments reserve – balance 28 April 2011	-	-
Performance shares issued to Directors/management	144,250	-
Options issued to Directors/management	375,000	-
Share based payments reserve – balance 30 June 2012	519,250	-

The purpose of the reserve is to record share based payment transactions.

13. ACCUMULATED LOSSES

	2012 $
Accumulated losses at the beginning of the period	-
Net loss attributable to members of the Company	(2,954,489)
Accumulated losses at the end of the period	(2,954,489)

14. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 $
Loss for the period	(2,954,489)
Depreciation and amortisation	20,789
Provision for employee benefits	22,495
Share based payments	519,250
Unrealised foreign exchange loss	193,452
Movements in trade debtors and other receivables	(44,273)
Movements in trade creditors and other payables	293,316
Net cash outflow from operating activities	(1,949,460)

15. COMMITMENTS

Expenditure contracted for at the reporting date but not recognised as liabilities are as follows:

	2012 $
Within one year	906,774
Later than one year but no later than five years	-
Later than five years	-
	906,774

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names and positions held of key personnel in office at any time during the period from the date of incorporation 28 April 2011 to 30 June 2012

Key Management Person	Position
Bevan Tarratt	Chairman – Non-Executive Director
Damon Neaves	Managing Director
David Ormerod	Technical Director
Chen Chik Ong	Company Secretary
Mr Benjamin Bussell	Director appointed 28 April 2001 resigned 1 August 2011
Mr Daniel Smith	Director appointed 28 April 2011 resigned 25 May 2011
Mr Matthew Foy	Director appointed 28 April 2011 resigned 25 May 2011
Chen Chik Ong	Director appointed 25 May 2011 resigned 1 August 2011

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

(b) Equity instrument disclosures relating to key management personnel

30 JUNE 2012	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS AND CONVERSION OF PERFORMANCE RIGHTS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
Fully Paid Shares					
Bevan Tarratt	-	-	-	175,000	175,000
Bevan Tarratt via Fluffy Duck Pty Ltd <Fluffy Duck Super Fund A/C>	-	-	-	625,000	625,000
Damon Neaves	-	-	-	1,250,000	1,250,000
David Ormerod	-	-	-	-	-
Benjamin Bussell	-	-	-	-	-
Daniel Smith	-	-	-	-	-
Matthew Foy	-	-	-	-	-
Chen Chik Ong	-	-	-	17,500	17,500
	-	-	-	2,067,500	2,067,500

30 JUNE 2012	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
Partly Paid Shares				
Bevan Tarratt	-	-	2,000,000	2,000,000
Bevan Tarratt via Fluffy Duck Pty Ltd <Fluffy Duck Super Fund A/C>	-	-	2,550,000	2,550,000
Damon Neaves	-	-	5,000,000	5,000,000
David Ormerod	-	-	5,000,000	5,000,000
Benjamin Bussell	-	-	-	-
Daniel Smith	-	-	-	-
Matthew Foy	-	-	-	-
Chen Chik Ong	-	-	-	-
	-	-	14,550,000	14,550,000

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

(b) Equity instrument disclosures relating to key management personnel (Cont)

30 JUNE 2012	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
Options				
Bevan Tarratt	-	-	-	-
Damon Neaves	-	2,500,000	-	2,500,000
David Ormerod <Ormerod Family Investments>	-	2,500,000	-	2,500,000
Benjamin Bussell	-	-	-	-
Daniel Smith	-	-	-	-
Matthew Foy	-	-	-	-
Chen Chik Ong	-	-	-	-
	-	5,000,000	-	5,000,000

30 JUNE 2012	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
Performance rights				
Bevan Tarratt	-	-	-	-
Damon Neaves	-	5,000,000	-	5,000,000
David Ormerod	-	5,000,000	-	5,000,000
Benjamin Bussell	-	-	-	-
Daniel Smith	-	-	-	-
Matthew Foy	-	-	-	-
Chen Chik Ong	-	-	-	-
	-	10,000,000	-	10,000,000

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

Other key management personnel transactions

Director, Bevan Tarratt, is a shareholder and a director of Hemisphere Corporate Services Pty Ltd ("Hemisphere"). During the 2012 year, Hemisphere was providing tenancy and administration services to the Company. No formal contract is in place in regard to these transactions. All transactions were conducted on normal commercial terms.

Aggregate amounts of each of the above types of other transactions with key management personnel of the Company are as follows:

	2012 $
Office management	9,813
Consultancy fees	162,795
Accounting & bookkeeping expenses	23,012
	195,620
Balance outstanding at year end	
Trade payables	48,882

(c) Remuneration of key management personnel	2012 $
The total remuneration paid to key management personnel of the Company during the period as follows:	
Short-term employee benefits	499,034
Share based payments	519,250
Post employment benefits	44,299
	1,062,583

17. SHARE BASED PAYMENT TRANSACTIONS

(a) Employee share option plan

The Employee Share Option Plan ("Plan") is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place, other than those already issued to Mr Neaves and Mr Ormerod. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share based payments listed below have been issued to the Company directors under the terms of the Plan.

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2011							
06/09/2011	06/09/2016	$0.40	-	5,000,000	-	5,000,000	-

In September 2011, numerous share based payments to Directors were resolved by shareholders at a general meeting.

Fair value of options and assumptions

The fair value of services received in return for share options granted to consultants is measured by reference to the fair value of options granted. 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 Director options valuation for options issued in 2012 are as follows:
Exercise price - $0.40
Expected life - 5 years
Share price at time of issue - $0.16
Expected volatility - 90%
Dividend yield - 0%
Risk free interest rate - 4.02%
Option value - $0.09

The total expense recognised in the current period was $375,000.

(b) Performance rights plan

The Performance Rights Plan ("Plan") is used to reward executive Directors for their performance and to align their remuneration with the creation of shareholder wealth. There are performance requirements to be met before the performance rights can be converted. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share based payments listed below have been issued to the Company directors under the terms of the Plan.

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

17.SHARE BASED PAYMENT TRANSACTIONS (CONT)

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2011							
06/09/2011	06/09/2014	N/A	-	10,000,000	-	10,000,000	-

Fair value of performance rights and assumptions

The fair value of services received in return for performance rights granted to is measured by reference to the fair value of rights granted. The estimate of the fair value of the services is measured based on a monte carlo valuation methodology.

The assumptions used for the Director performance rights valuation for performance rights issued in 2012 are as follows:
Expected life - 3 years
Share price at time of issue - $0.16
Expected volatility - 90%
Dividend yield - 0%
Risk free interest rate - 4.02%
Performance rights value - $0.10386

The total expense recognised in the current period was $144,250.

18. REMUNERATION OF AUDITORS

	2012 $
Amounts received or due and receivable at 30 June 2012 by the auditors for:	
Audit services:	
BDO Audit (WA) Pty Ltd - Audit and review of financial reports under the Corporations Act 2001	16,000
Non audit services	13,014
	29,014

19. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from their use of financial instruments:

(a) credit risk;

(b) liquidity risk; and

(c) market risk.

19. FINANCIAL RISK MANAGEMENT (CONT)

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and for the Company arises principally from cash and cash equivalents.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2012 $
Cash and cash equivalents	3,737,685
	3,737,685

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

	2012 $
Financial assets - counterparties without external credit rating	
Financial assets with no defaults in past	-
Cash and cash equivalents	
AA S&P rating	3,737,685
	3,737,685

19. FINANCIAL RISK MANAGEMENT (CONT)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Company has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	LESS THAN 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT (ASSETS)/ LIABILITIES
	$	$	$	$	$	$	$
As at 30 June 2012							
Trade and other payables	652,544	-	-	-	-	652,544	652,544

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company does not currently have any formal policies in place regarding currency risk as it is not considered significant.

19. FINANCIAL RISK MANAGEMENT (CONT)

Cashflow and interest rate risk

The Company's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Company to cash flow interest rate risk. The Company does not consider this to be material to the Company and have therefore not undertaken any further analysis of risk exposure.

The following sets out the Company's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

30 JUNE 2012	WEIGHTED AVERAGE INTEREST RATE $	1 YEAR OR LESS $	2-5 YEARS $	TOTAL $
Financial assets				
Deposits at call	1.19%	3,737,685	-	3,737,685

(d) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example investments in unlisted subsidiaries) is determined using valuation techniques.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

20. 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 off the Atlantic coast of Morocco, Africa, which is based on the internal reports that are reviewed and used by the Board (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 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 off the Atlantic coast of Morocco, Africa.

20. SEGMENT INFORMATION (CONT)

2012	2012 $
Revenue from external sources	-
Reportable segment profit / (loss)	-
Reportable segment assets	992,293
Reportable segment liabilities	209,142
Reconciliation of reportable segment profit or loss	
Reportable segment profit /(loss)	-
Other income	29,963
Unallocated:	
Employee benefits	(1,131,600)
Other expenses	(1,852,852)
Loss before tax	(2,954,489)
Other segment information	
Total segment revenue	-
Interest revenue	29,963
Total revenue from continuing operations	29,963
Segment assets are reconciled to total assets as follows:	
Segment assets	992,293
Unallocated:	
Cash and cash equivalents	3,737,685
Trade and other receivables	93,787
Property plant & equipment	89,398
Total assets as per the statement of financial position	4,913,163
Segment liabilities are reconciled to total liabilities as follows:	
Segment Liabilities	209,142
Unallocated:	
Trade and other payables	443,402
Total liabilities as per the statement of financial position	652,544

21. DIVIDENDS

There were no dividends paid or declared by the Company during the period.

22. EVENTS OCCURRING AFTER REPORTING DATE

On 20 August 2012, the Company announced that it has successfully completed a $3 million placement for the issue of 12 million shares at $0.25 per share to institutional and sophisticated investors. The Company has also allotted 100,000 partly paid shares and 3 million options exercisable at $0.35 each on or before 20 August 2017 as part consideration for the provision of corporate advisory and capital raising services to the Company, in accordance with shareholder approval obtained on 17 August 2012.

The Company has engaged Cunningham Peterson Sharbanee Securities Pty Ltd ("CPS") as its corporate advisor assisting on marketing and promotion of the Company. CPS will be issued 1,500,000 options exercisable at $0.25 each expiring 2 years from date of issue. Grant of options is subject to (i) completion of an acquisition or award of an interest in a petroleum permit directly or indirectly) by Pura Vida; or (ii) the Company's market capitalisation exceeding $30,000,000 for a period of 20 consecutive trading days based on the closing price of the shares on ASX. These options are yet to be issued as at the balance date.

23. CONTINGENCIES

The Company currently has no contingent assets or liabilities.

Directors' Declaration

PURA VIDA ENERGY NL
ACN 150 624 169

DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements, comprising the statement of 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 Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

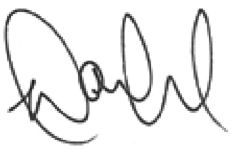
(b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the period ended on that date of the Company.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The Company has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.

4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

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



Damon Neaves
Managing Director
28th day of September 2012, at Perth, Western Australia

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Fax: +8 6382 4601
www.bdo.com.au

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Subiaco, WA 6008
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Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Pura Vida Energy NL, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Pura Vida Energy NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Pura Vida Energy NL for the period ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 28th day of September 2012

Additional Information

The following additional information is required by the ASX in respect of listed public companies only.

Information as at 25 September 2012

1	DISTRIBUTION OF SHAREHOLDERS	
		Number
	Category (size of holding)	Ordinary
	1 - 1,000	8
	1,001 - 5,000	98
	5,001 - 10,000	118
	10,001 - 100,000	366
	100,001 and above	106
		696

The number of shareholdings held in less than marketable parcels is 5.

2 VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

Fully Paid Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Partly Paid Shares

The holder will be entitled to exercise any vote attaching to a Partly Paid Share at general meetings of members in accordance with the Constitution of the Company. Under the Constitution, on a poll, partly paid shares have a vote pro rata to the proportion of the total issue price paid up. Amounts paid in advance of a call will be ignored when calculating the proportion.

Performance Rights

There are no voting rights attached to any class of options that is on issue.

Options

There are no voting rights attached to any class of options that is on issue.

3 20 LARGEST SHAREHOLDERS — ORDINARY SHARES AS AT 25 SEPTEMBER 2012

NAME		NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1.	Okwechime Jewel + Rose	1,812,500	3.47%
2.	HSBC Custody Nominee Australia Ltd	1,805,360	3.46%
3.	Stone Axe Pty Ltd <Carmody Baird S/F >	1,265,000	2.42%
4.	Mimo Strategies Pty Ltd <Mimo A/C>	1,250,000	2.39%
5.	Neaves Damon <DA Neaves Family A/C >	1,250,000	2.39%
6.	National Nominee Ltd	1,094,580	2.09%
7.	Fitel Nominee Ltd	1,062,500	2.03%
8.	J P Morgan Nominee Australia Ltd	1,002,083	1.92%
9.	Crescent Nominee Ltd	1,000,000	1.91%
10.	Brijohn Nominee Pty Ltd <Nelsonio A/C>	890,000	1.70%
11.	McCubbing Brian <Brian McCubbing S/F A/C>	800,000	1.53%
12.	Mulato Nominee Pty Ltd	750,000	1.44%
13.	Whiddon Glenn Ross	700,000	1.34%
14.	Fluffy Duck Pty Ltd <Fluffy Duck Super A/C>	625,000	1.20%
15.	Citicorp Nominee Ltd	599,000	1.15%
16.	Black Michael F + L R <Pe Sur Supp Co Stf S/F 2 A/C>	583,750	1.12%
17.	Celtic Cap Pte Ltd <Trading A/C 1>	525,000	1.00%
18.	Waller Michael + Lawes S <Waller S/F A/C>	522,900	1.00%
19.	Chancery Holdings Pty Ltd <Mckenzie No2 S/F A/C>	520,000	1.00%
20.	Magnum Capital Pty Ltd	510,000	0.98%
Total top 20 holders of ordinary fully paid shares		**18,567,673**	**35.54%**
Remaining Holders Balance		**33,682,328**	**64.46%**
TOTAL SHARES		**52,250,001**	**100.00%**

4 THE NAME OF THE COMPANY SECRETARY IS MR CHEN CHIK ONG.

5 THE ADDRESS OF THE PRINCIPAL REGISTERED OFFICE IS LEVEL 1, 89 ST GEORGES TERRACE, PERTH WA 6000. TELEPHONE (08) 9226 2011.

6 REGISTERS OF SECURITIES ARE HELD AT SECURITY TRANSFER REGISTRARS PTY LTD, 770 CANNING HIGHWAY, APPLECROSS WA 6153 AUSTRALIA.

7 STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

8 USE OF FUNDS FROM IPO RAISING

The Company used its cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

9 UNQUOTED SECURITIES

1. 23,018,133 Partly Paid Shares with an issue price of $0.20 of which $0.01 was paid upon issue.
2. 10,000,000 performance rights.

Options over Un-issued Shares

1. 5,000,000 options exercisable at $0.40 expiring 6 September 2016.
2. 3,000,000 options exercisable at $0.35 expiring 20 August 2017.

10 SECURITIES SUBJECT TO ESCROW

1. 1,470,000 fully paid ordinary shares.
2. 22,918,133 partly paid shares.
3. 5,000,000 options exercisable at $0.40 expiring 6 September 2016.
4. 10,000,000 performance rights.

11 UNQUOTED EQUITY SECURITIES HOLDERS WITH GREATER THAN 20% OF AN INDIVIDUAL CLASS

As at 25 September 2012, the following classes of unquoted securities had holders with greater than 20% of the class on issue:

Partly Paid Shares

PERCENTAGE HELD	NAME	NUMBER OF SECURITIES HELD
21.72%	Damon Neaves	5,000,000
21.72%	David Ormerod <Ormerod Family Investment A/C>	5,000,000

Performance Rights

PERCENTAGE HELD	NAME	NUMBER OF SECURITIES HELD
50%	Damon Neaves	5,000,000
50%	David Ormerod	5,000,000

Options exercisable at $0.40 expiring 6 September 2016

PERCENTAGE HELD	NAME	NUMBER OF SECURITIES HELD
50%	Damon Neaves	2,500,000
50%	David Ormerod	2,500,000

Options exercisable at $0.35 expiring 20 August 2017

PERCENTAGE HELD	NAME	NUMBER OF SECURITIES HELD
100%	Zenix Nominees Pty Ltd	3,000,000