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Report for quarter ended 30 September 2012

The third quarter of 2012 has seen the delivery of positive results on a number of fronts ensuring a strong performance in the market. Importantly, the combination of these outcomes leaves the Company well-placed to meet one of its key strategic growth outcomes – to secure a farmin partner and funding for the drilling program on the Mazagan permit. This will be a transformational event for the Company and is expected to realise significant value for Pura Vida's shareholders.

HIGHLIGHTS

- **Work commitments on the Mazagan permit were completed ahead of schedule and within budget**
- **Reprocessing of 3D seismic confirms the presence of direct hydrocarbon indicators on key drilling targets, including the largest prospect, Toubkal, which has a mean resource potential of 1,507 mmbo**
- **Leading independent expert DeGolyer & MacNaughton provided a prospective resource estimate of 5.3 billion barrels net to Pura Vida**
- **Encouraging preliminary results from analysis of drop cores**
- **Proximate farmout activity implies high value for Pura Vida's acreage**
- **Significant drilling activity offshore Morocco anticipated in 2013/14**
- **Farmout process for Pura Vida's Mazagan permit gets underway**

OPERATIONS

MAZAGAN PERMIT, OFFSHORE MOROCCO

Satellite map of the Mazagan permit, offshore Morocco

During the quarter, Pura Vida completed the drop core program and reprocessing of 3D seismic. As a result the Company has now performed all of its work commitments on the Mazagan permit within budget and 15 months ahead of the required timetable for completion.

Early completion of the work program is an exceptional achievement which will allow Pura Vida to move quickly to advance the farmout and secure funding for the drilling program, to test the multi-billion barrel potential of this highly prospective permit. To this end, the Company has appointed industry-leading EZDataRoom to conduct a farmout process for Pura Vida which commenced with opening of the data room on 1 October.

3D seismic reprocessing

In September, Pura Vida completed the reprocessing of 3D seismic data over the Mazagan permit. These results were positive, confirming the presence of Direct Hydrocarbon Indicators (DHI's) on key drilling targets, including the Toubkal prospect, which has a mean resource potential of 1,507 mmbo.

Prospective resource estimates

During the quarter, Pura Vida announced the findings of an independent report by DeGolyer & MacNaughton, covering 13 prospects in the Mazagan permit. The key findings of the report included:

- total mean prospective resources of 7.0 billion barrels - 5.3 billion barrels net to Pura Vida's 75% interest in the permit;
- the chance of success across all prospects range from 19% to 34%; and
- the giant Toubkal prospect has been attributed a mean resource potential of 1.5 billion barrels (high estimate of 3.1 billion barrels) and given a 31% chance of success.

Results of drop core program

Preliminary analysis on the cores acquired by Pura Vida's drop core program has identified several cores that require further analysis to verify micro seepage of hydrocarbons.

Many of the cores requiring further analysis are clustered around the location of our Amchad prospect, as well as the Toubkal prospect.

Further analysis, including biomarker analysis for hydrocarbons, will now be undertaken and these results are expected to be available within 2 months.

Proximate farmout activities

During September, two farmouts occurred in acreage to the south of the Mazagan permit. Genel Energy plc farmed into the Sidi Moussa permit and Cairn Energy plc farmed into the adjacent Foum Draa permit.

These farmouts have positive implications for Pura Vida. Firstly, they imply a high value for Pura Vida's Mazagan permit. Secondly, they provide a signal that there is strong demand for acreage offshore Morocco which gives confidence that Pura Vida's farmout efforts will be successful.

Planned drilling activity offshore Morocco

As a result of the significant activity occurring around the Mazagan permit, we now expect that at least 6 wells will be drilled in 2013/14 by Pura Vida and our immediate neighbours (Kosmos, Genel and Cairn).

The planned drilling operations represent a substantial and unprecedented investment in exploration offshore Morocco. The heightened level of drilling activity has very positive implications for the Mazagan permit and validates Pura Vida's early entry into a substantial acreage position offshore Morocco.

New venture opportunities

Consistent with the Company's strategy to build a diversified portfolio of oil and gas assets, Pura Vida is continuously reviewing new venture opportunities. The Company's focus is on early entry opportunities onshore and offshore Africa with significant growth potential.

CORPORATE & FINANCIAL

CASH

At the end of September 2012, the Company had closing net cash of $4.5 million including US$3 million of bank guarantee.

CHANGES IN CAPITAL

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

- the Company issued 12 million ordinary shares at $0.25 per share to raise $3 million; and
- the Company allotted 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.

ISSUED CAPITAL AS AT 30/09/12

Security	Number
Ordinary Shares	52,250,001
Unlisted Partly Paid Shares	23,018,133
Unlisted Performance Rights	10,000,000
Unlisted Options	8,000,000

Events subsequent to the end of the quarter:

1. On 19 October 2012, 5,000,000 ordinary shares were issued upon the satisfaction of vesting conditions for performance rights held by management. These rights vested upon the Company's market capitalisation exceeding $30 million, based on the closing price of the Company's shares on ASX for 20 consecutive trading days.

2. On 19 October 2012, 250,000 employee incentive options were issued to an employee who joined the Company in September 2012.

Persons compiling information about hydrocarbons

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

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

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

PURA VIDA ENERGY NL

ABN	Quarter ended ("current quarter")
11 150 624 169	30 SEPT 2012

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration & evaluation	(1,726)	(1,726)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(464)	(464)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		16	16
1.5	Interest and other costs of finance paid		(1)	(1)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	Net Operating Cash Flows		(2,175)	(2,175)
	Cash flows related to investing activities			
1.8	Payment for purchases of:			
		(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	(12)	(12)
1.9	Proceeds from sale of:			
		(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (provide details if material)		-	-
	Net investing cash flows		(12)	(12)
1.13	Total operating and investing cash flows (carried forward)		(2,187)	(2,187)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,187)	(2,187)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,001	3,001
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(208)	(208)
	Net financing cash flows	2,793	2,793
	Net increase (decrease) in cash held	606	606
1.20	Cash at beginning of quarter/year to date	3,863	3,863
1.21	Exchange rate adjustments to item 1.20	63	63
1.22	**Cash at end of quarter**	4,532	4,532

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	238
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of Director fees and salaries $177,675.

Payments made to Hemisphere Corporate Services Pty Ltd for the provision of consultancy, administrative and tenancy related services of $60,432. Bevan Tarratt is a Director of Pura Vida Energy NL and shareholder of Hemisphere Corporate Services Pty Ltd.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	950
4.2	Development	-
4.3	Production	-
4.4	Administration	450
	Total	1,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,596	-
5.2	Deposits at call	40	880
5.3	Bank overdraft	-	-
5.4	Other (Bank Guarantee)	2,896	2,983
	Total: cash at end of quarter (item 1.22)	4,532	3,863

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -	- -	- -
7.3	**+Ordinary securities**	52,250,001	50,780,001	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,000,000 -	12,000,000 -	25 cents -	Fully Paid -
7.5	**+Convertible debt securities** *Unquoted Partly Paid Securities*	23,018,133	-	20 cents	1 cent
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	100,000 -	- -	20 cents -	1 cent -
7.7	**Options** (description and conversion factor)	5,000,000 3,000,000	- -	*Exercise price* 40 cents 35 cents	*Expiry date* 6 September 2016 20 August 2017
7.8	Issued during quarter	3,000,000	-	35 cents	20 August 2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		
7.13	**Performance Rights**	10,000,000	-		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: (lodged electronically) Date: 31 OCTOBER 2012
(Company secretary)

Print name: Nicholas Ong

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.