



ASX Code: PVD

30 January 2017

SETTLEMENT COMPRISING DRILLING EQUIPMENT & US\$7 MILLION CASH

Pura Vida Energy NL (**Pura Vida** or **Company**) (ASX: PVD) is pleased to announce that all conditions for completion of the settlement agreement with a subsidiary of Freeport-McMoRan Oil & Gas, PXP Morocco B.V. (**PXP**), in relation to the second well obligation under the farm-in agreement have been satisfied, including the signing of a settlement agreement with the regulator (**ONHYM**).

Under the terms of the settlement, Pura Vida has or will receive:

- (a) a cash settlement sum of US\$7 million (approximately A\$9.36 million), inclusive of a deposit of US\$1.5 million received by Pura Vida in September 2016, with the balance payable by PXP ; and
- (b) a substantial amount (2,376 metric tons) of drilling equipment left over from drilling operations (see picture over page). This equipment was acquired by PXP in relation to the second well and a relief well and includes two well heads, casings, tubulars and associated drilling equipment. This equipment is sufficient to drill two wells each to a depth of approximately 3,000m.

Pura Vida and PXP have elected not to continue into the next optional phase the Mazagan permit and have withdrawn from the permit. As previously announced, Pura Vida is focussing its efforts on activities in our Nkembe block offshore Gabon, in particular, the commercialisation of the Loba discovery as well as the near term exploration potential around Loba. To this end, the drilling equipment has been shipped to Gabon where we intend to use it for drilling operations in the Nkembe block (subject to securing a partner to fund those activities and receiving the necessary regulatory approvals).

PVD estimates that the cost to acquire the casing and tubulars (excluding the well heads) potentially required for two wells in Gabon to be over US\$3 million. Being able to use some of the drilling equipment received from PXP for the planned three well program offshore Gabon, together with the commitment under the conditional term sheet with the rig contractor announced on 19 January 2017, reduces the funding to be secured from a project partner for the Nkembe block to approximately US\$17 million.

Managing Director, Damon Neaves, said:

"I would like to express our gratitude to the regulator, ONYHM, the Government of the Kingdom of Morocco as well as our joint venture partner, PXP, for their efforts in relation to the Mazagan permit culminating in the drilling of a deep water well last year which tested multiple exploration plays. We have

made the decision to exit Mazagan in order to focus our strategy on near term, lower risk opportunities such as the commercialisation of the Loba discovery in Gabon.”



Pictured in foreground and circled: Pura Vida's casing located in a storage yard in the Port of Agadir in Morocco which has now been shipped to Port Gentil, Gabon.

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