



ASX Code: PVD

3 January 2013

FARMOUT SECURES FUNDING FOR MULTI-WELL DRILLING PROGRAM OFFSHORE MOROCCO

Highlights

- **Pura Vida has signed a farmout agreement in relation to the Mazagan permit, offshore Morocco.**
- **The farmout will provide funding for various exploration operations up to a maximum of US\$215 million, including a firm commitment to fund and drill two exploration wells.**
- **Drilling will test multiple play types, including the giant Toubkal prospect that has a mean resource potential of 1.5 billion barrels.**
- **At closing (following receipt of all governmental approvals) Pura Vida will receive an upfront cash payment of US\$15 million.**

Pura Vida Energy NL (“Pura Vida” or the “Company”) (ASX: PVD) is pleased to announce that it has entered into a farmout agreement with Plains Exploration & Production Company (NYSE: PXP) (“PXP”) whereby PXP will acquire a 52% interest in the Mazagan permit and be appointed Operator. Completion of the transaction is subject to customary closing conditions, including Moroccan Government approvals.

Pura Vida will receive a cash payment of US\$15 million upon completion of the transaction (expected in the first half of 2013) and PXP will fund 100% of the costs of various exploration operations up to the greater of agreed AFE costs or US\$200 million, subject to a maximum of US\$215 million. The carried costs include:

- a firm commitment by PXP to fund and drill two wells as follows:
 - an exploration well primarily targeting the Toubkal prospect; and
 - a second exploration well targeting a prospect to be mutually agreed; and
- the following additional operations, as may be agreed by PVD and PXP:
 - any sidetrack of either of the two firm wells;
 - any deepening of either of the two firm wells; and
 - any 3D seismic survey over an area of up to 2,500 km².

The carried costs to be funded by PXP includes ONHYM’s 25% share of exploration costs.

Pura Vida’s Managing Director, Mr Damon Neaves, said:

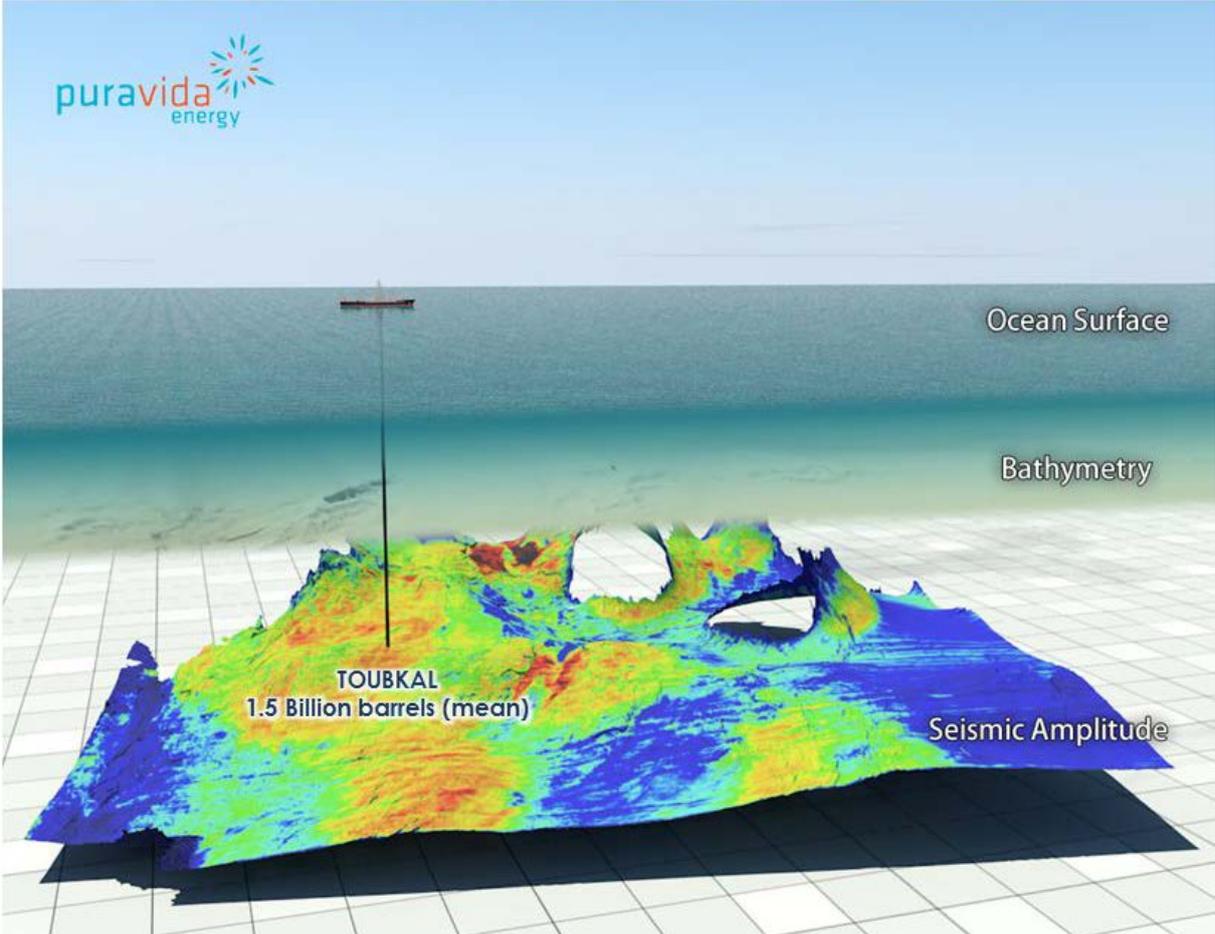
“We are very pleased to welcome PXP as Operator and our co-venturer in the Mazagan permit. PXP brings extensive offshore exploration and development experience to the venture, and has made a firm commitment to fund and drill two exploration wells. This will allow us to test independent play types, which significantly increases our chance of success. These wells will test the multi-billion barrel potential of Mazagan. This transaction secures the funding and expertise required for drilling in our deep water block. This is a giant leap forward for Pura Vida.

Amongst the Mazagan joint venture and our nearest neighbours, we expect at least five exploration wells in the locality of Mazagan to be drilled in 2014. This represents an unprecedented investment in exploration offshore Morocco which will target significant resources and has the potential to alter the energy landscape in Morocco.”

Drilling & Operations

It is expected that Pura Vida will shortly handover operatorship to PXP who will commence planning for the drilling program. The first well in the program will target the Toubkal prospect, which has a mean resource potential of 1.5 billion barrels.

The Toubkal well is likely to be drilled in 2014. This coincides with forecast rig availability and the drilling programs being planned by the operators of neighbouring blocks.



Schematic: Drill ship on location for the first well in the drilling program targeting the giant Toubkal prospect

About PXP

PXP is an independent oil and gas company primarily engaged in the activities of acquiring, developing, exploring and producing oil and gas in California, Texas, Louisiana, and the Gulf of Mexico. PXP is headquartered in Houston, Texas.

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 and is fully funded for a multi-well drilling program.

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