



## **STOCK EXCHANGE ANNOUNCEMENT**

16 January 2009

### **FIRB Approval for New Zealand Oil & Gas Ltd To Acquire Pan Pacific Petroleum NL Shares**

On 15 January 2009, New Zealand Oil and Gas Limited (NZOG) announced that it had received Foreign Investment Review Board approval to acquire up to 19.99% and/or all of Pan Pacific Petroleum NL (PPP).

NZOG also advised that, in due course, it would assess its position to determine what, if any, further steps might be taken.

As previously advised, PPP has appointed Origin Securities Pty Limited to assist with an assessment of PPP's assets and in the formulation of a strategy to maximise value for shareholders so that PPP is fully prepared if a bid or any other proposal for its issued capital eventuates from whatever source. Additionally, Allens Arthur Robinson has been appointed as legal adviser.

As at 31 December, PPP has no debt and a strong cash position totalling A\$153 million (equivalent) comprising A\$55 million, NZ\$38 million and US\$46 million. This excludes US\$7 million deposited as collateral to support Tui lease arrangements. PPP's cash backing per share is now 26 cents and will continue to increase in the financial year to 30 June 2009 in the absence of a significant acquisition.

Shareholders should therefore note that, given this significant cash backing, current market trading prices continue to place nominal value on the Company's most significant asset, its 10% interest in The Tui Area Oil Fields, and exploration upside potential. Remaining Tui reserves net to PPP at 31 December 2008 comprised 3 MMbbls.

Profit outlook advised at November 2008 AGM remains broadly on track in the range A\$50- A\$55 million, given higher oil prices in the first quarter of the financial year, and assuming an average oil price of US\$50-60 per barrel and an A\$ exchange rate of US\$0.65 for the remainder of the financial year.

PPP remains committed to its growth strategy, and is continuing to progress attractive opportunities in the oil and gas business currently in hand. PPP's strong cash position is a substantial competitive advantage given current global credit constraints.

The Company will continue to keep shareholders fully informed.



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