



STOCK EXCHANGE ANNOUNCEMENT

2 January 2007

TUI DEVELOPMENT DRILLING UPDATE

Pan Pacific Petroleum N.L. ("PPP") reports that the development drilling programme for the Tui Area Development has progressed satisfactorily during the past two weeks. During this period, the surface casing has been run and cemented on the Pateke-3H, Tui 2H and Tui-3H production wells.

The Pateke-3H well was cased and temporarily suspended after successfully running and cementing surface casing at a depth of 1,500 metres. Following the installation of the subsea tree, the rig was released from Pateke-3H on December 22, 2006.

The Tui-2H well started drilling on December 23, 2006 and the surface section of the well was drilled to a measured depth of 1,502 metres, where surface casing was successfully run and cemented. The well was temporarily suspended on December 28, 2006 and the rig was released to the Tui-3H location.

Tui-3H has been drilled to a measured depth of 1,500 metres and at 0600 hours today, preparations were being made to run the subsea tree after having run and cemented the surface casing. Following completion of these activities at Tui-3H, the well will be temporarily suspended and the rig will be relocated to the adjacent Tui-2H well for the installation of the subsea tree followed by the drilling of the deeper section of the well, including the horizontal reservoir section.

The Tui Area Development is located within PMP 38158, in the Taranaki basin, approximately 50 kilometres offshore of the west coast of the North Island of New Zealand. First oil is expected from the development by June 30, 2007, and when fully commissioned, a production rate peaking at 50,000 barrels of oil per day is anticipated.

Participants in Tieke-1 and PMP 38158 are:

Pan Pacific Petroleum NL (through its subsidiary WM Petroleum Ltd)	10.0%
Stewart Petroleum Company Ltd (through New Zealand Oil & Gas Ltd)	12.5%
AWE New Zealand Pty Limited ("AWE")	20.0%
New Zealand Overseas Petroleum Pty Ltd ("AWE")	22.5%
Mitsui E & P New Zealand Limited	35.0%

A handwritten signature in black ink, appearing to read 'K M Ware'.

K M Ware
Company Secretary

Notes:

I. References to *PPP*, and *the company*, are to be read as inclusive of the subsidiary companies within the consolidated PPP group.