



STOCK EXCHANGE ANNOUNCEMENT

23 January 2007

Tui-2H Drilling Update

Pan Pacific Petroleum N.L. ("PPP") reports that as at 0600 hours today, the pilot hole for the Tui-2H well had been drilled to a measured depth of 4,144 metres. The top of the oil reservoir was encountered at 4073 metres measured depth and an oil column of 6.3m (vertical) was established.

The pilot hole has been plugged back, and preparations are currently underway to drill the main horizontal production well bore into the oil reservoir as planned.

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 bopd is anticipated.

Participants in Tui-2H 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:

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