



STOCK EXCHANGE ANNOUNCEMENT

22 May 2007

Tui Development Drilling update

Pan Pacific Petroleum NL ("PPP") reports that the Pateke-3H well had been re-entered and that drilling has recommenced. At 0600 hours today, the well was at a measured depth of 1,540 metres.

During the week, the *Ocean Patriot* rig completed operations at Amokura-2H and the rig was released at 1700 hours on May 17, 2007. Amokura-2H has been suspended in a state ready for production, along with the other two completed development wells, Tui-2H and Tui-3H. The rig was subsequently relocated to the Pateke-3H location and the well was re-entered on May 21, 2007.

A contract for first oil deliveries has been entered into by the Tui Joint Venture, with pricing being based on TAPIS, which in recent months has attracted a substantial premium over WTI (range USD\$70-USD\$77 since 2 April 2007).

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/day is anticipated.

Participants in PMP 38158 are:

Pan Pacific Petroleum NL (through its subsidiary WM Petroleum Ltd)	10.0%
New Zealand Oil & Gas Ltd (through Stewart Petroleum Company 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.