



STOCK EXCHANGE ANNOUNCEMENT

31 July 2007

Tui Oil Starts Flowing

Pan Pacific Petroleum NL announces that the Tui Area oil fields, in which PPP owns a 10% interest, successfully commenced oil production overnight.

The Tui oilfields are located 50 kilometres offshore in the Taranaki Basin. Initial production is anticipated to ramp up to 50,000 barrels of oil per day from 2P reserves (proved and probable) estimated at 27.9 million barrels of oil. PPP's 10% share of the project gives the company 2.8 million barrels of oil over the project life, 30% of which or 840,000 barrels will be recovered in the next 12 months.

The Tui Area project incorporates three adjacent oil fields, with four sub-sea production wells tied back to the *Umuroa*, a leased Floating Production Storage and Offloading vessel.

The four wells were drilled and completed with extended horizontal production sections ranging from 819 metres to 1,850 metres in the oil reservoirs.

The pre-drill 2P reserve estimate for the three fields was 27.9 million barrels. This figure will be updated based on the post-drill remapping of the fields and early well production performance.

The first three shipments for early production are in place. Tui crude oil will attract a slight initial discount to the Tapis crude oil benchmark which has traded in the range US\$70 - \$80 since April.

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

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