



STOCK EXCHANGE ANNOUNCEMENT

27 August 2007

Tui Oil Area – Reserves Upgrade

Pan Pacific Petroleum NL is pleased to report an interim re-assessment of reserves in the Tui Area oil fields, and also to give an update on recent oil production and sales. Pan Pacific's equity in the project is 10%.

Oil Reserves

An interim post-drilling reserves review indicates that the proved+probable ("2P") developed reserves for the project are 32.0 million barrels of recoverable oil. This compares to the 27.9 million barrels of undeveloped reserves reported prior to drilling the development wells and reflects an increase of approximately 15%. The above developed reserves are assessed to be recovered from the four completed wells within the ten year term of the charter of the Floating Production Storage and Offloading (FPSO) vessel "Umuroa".

In addition, potential for further "undeveloped" reserves has been identified in the Tui Area.

The increase in the recoverable oil reserves is based on the preliminary post-drill mapping of the Tui, Amokura and Pateke oil fields and incorporates data from the four development wells and further interpretation of the seismic data.

A more comprehensive reserve study incorporating production trends from the wells and the re-processed 3D seismic data has also commenced. This study will also evaluate the economic potential of the undeveloped reserves in the area. This study is expected to be completed in 2-3 months and the results will be released after they have been considered by the joint venture partners.

Oil Production Rates

Since the last reported production update on August 16, production rates and facility up-time performance have improved considerably. Currently a production rate of approximately 47,000 barrels of oil per day is being reliably achieved. Further minor debottlenecking is being pursued to endeavour to achieve at least the full 50,000 barrels of oil per day name plate capacity of the Umuroa FPSO.

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All four subsea production wells have been successfully commissioned and are flowing strongly as expected with minimal quantities of water. These four wells, which have a current combined production capacity well in excess of 100,000 barrels/day, are being "choked back" to the rate that can be processed on the FPSO facility.

Cumulative production in the first month since start-up amounts to approximately one million barrels of oil.

Oil Marketing

Oil marketing and shipping are proceeding satisfactorily, with six 300,000 barrel parcels of oil having been sold to refineries in Australia and Southeast Asia. The first two of these have been successfully lifted.

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 Australia Pty Limited	35.0%



K M Ware
Company Secretary

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