

Pan Pacific Petroleum NL



STOCK EXCHANGE ANNOUNCEMENT

27 January 2006

TUI PROJECT

Please find attached announcement of Tui oil field co-venturer released earlier today.

[AWE takes major position in Tui Area oil project in New Zealand – 4 pages]

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ASX Announcement

January 27, 2006

AWE takes major position in Tui Area oil project in New Zealand

Australian Worldwide Exploration Limited ("AWE") is pleased to advise that it has executed a Stock Purchase Agreement ("Agreement") to acquire a further 22.5% interest in PMP 38158 (which includes the Tui Area oil project) and the Hector South sub-block of PEP 38483 ("HSSB") from New Zealand Overseas Petroleum (Holdings) Limited, part of the Transworld Group of Companies ("Transworld").

The acquisition is to be funded through the issue of new AWE shares to Transworld and is subject to completion of a related transaction, whereby Transworld will sell a further 22.5% interest in PMP 38158 and the HSSB to an un-named third party for a comparable value.

It is expected that the Operator of PMP 38158 will remain New Zealand Overseas Petroleum Limited ("NZOP") which will, as a result of this Transaction, be a wholly owned subsidiary of AWE.

The Transaction

AWE is to acquire 100% of the shares in NZOP from Transworld for a consideration of 48.66 million fully paid ordinary shares in AWE plus a minor share of the potential upside from the Tui Area oil project and the HSSB. The acquisition has an effective date of October 31, 2005. Completion of the Agreement remains subject to regulatory approvals.

Following completion of the Transaction, the AWE Group will hold a 42.5% equity in PMP 38158 and the HSSB.

At the completion of the Transaction the assets of NZOP will include:

- A 22.5% interest in Petroleum Mining Permit 38158 ("PMP 38158"), incorporating the Tui Area oil project;
- A 22.5% interest in the HSSB, which as a result of an extension granted by the Ministry of Economic Development on Friday 20th January 2006, is a part of the Petroleum Exploration permit PEP 38483 ("PEP 38483"); and
- From the effective date, cash of approximately US\$49.5 million (subject to an expected tax liability of approximately US\$8.1 million).

At the completion of the Transaction AWE will issue 48.66 million fully paid ordinary shares to Transworld. These shares will represent approximately 11% of the expanded capital of AWE. The principal of Transworld, Mr John Deuss, will be invited to join the board of AWE following completion of the Transaction.

In addition, AWE will pay a Net Cash Interest to Transworld if returns from PMP 38158 exceed certain benchmark levels. AWE will also pay an overriding royalty interest ("ORRI") on any revenue resulting from the development of any future discoveries made within the HSSB.

Rationale for the Transaction

The acquisition of a further 22.5% interest in the Tui Area oil project provides a number of key benefits to AWE, including:

- Further growth in net cashflow in a known project with upside potential;
- Increasing proved and probable oil reserves at an attractive price;
- The ability to have more control over the risks in the Tui Area oil development project by acting as Operator of PMP 38158;
- Providing a "soft" entry into a significant Operatorship role (all material contracts are in place and the Project Management Team ("PMT") in NZ & Houston will continue under the direction of AWE); and
- Materially increasing exploration acreage, in one of AWE's cornerstone asset areas (importantly, New Zealand has an attractive fiscal regime with relatively low political risk).

AWE's purchase of an additional 22.5% equity in the Tui Area oil project will require additional development expenditure of approximately US\$46 million. This added expenditure will be funded largely by the cash remaining in NZOP, with a small additional amount being contributed from AWE's existing cash resources.

It is anticipated that the current Tui Area development Project Management Team ("PMT"), incorporating executives in Houston and New Zealand, will continue to work on the project development under the Operatorship of AWE. This continuity of the PMT will provide added certainty to the delivery of the project on the current timetable. Additionally, all of the existing Tui Area oil project contracts will not be adversely impacted by these transactions.

Commenting on the Transaction, AWE's managing director Mr. Bruce Phillips said:

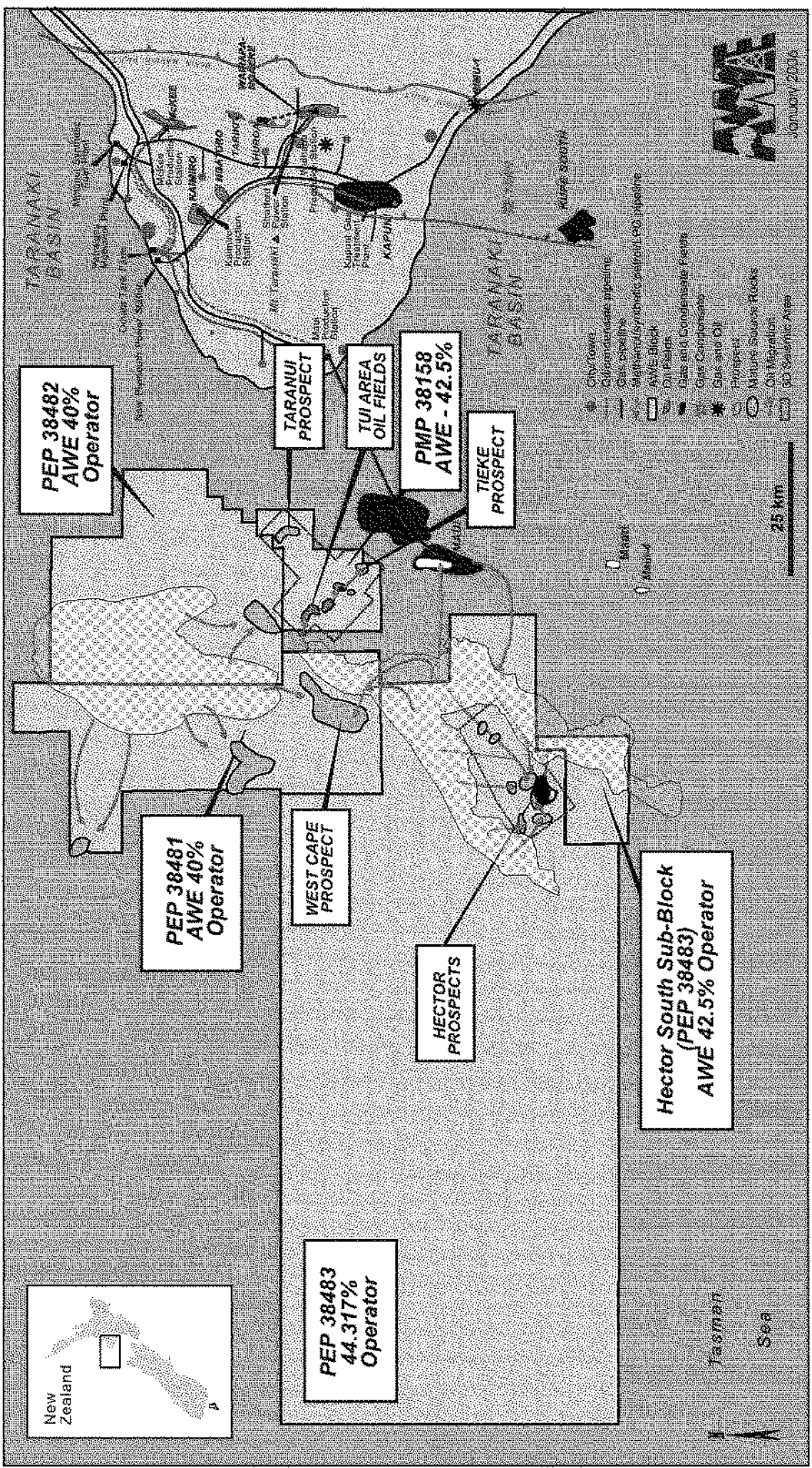
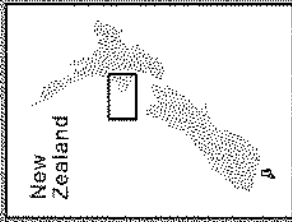
"The acquisition of an additional interest in the Tui Area oil project is a significant step forward in AWE's evolution as an oil and gas producer. The purchase aims to provide further growth in production for the Company as well as providing our first operating role for a major oil development.

"Following the discovery of the Tui, Amokura and Pateke oil fields and the latest seismic results across our acreage portfolio, we are increasingly encouraged by the potential of the emerging Western Taranaki oil province.

"This transaction strengthens our acreage position in the area and will make AWE the pre-eminent Operator in the Western Taranaki, operating joint ventures on behalf of international participants such as Shell, Mitsui and OMV.

"We will also be pleased to welcome the Transworld appointee, Mr John Deuss to the board of AWE. Mr Deuss' proposed appointment is a clear demonstration of the commitment to AWE by the Transworld Group. His extensive international oil industry experience will be an asset to the AWE board."

**For further information please contact Mr. Bruce Phillips or Mr. Garry Marsden
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**PEP 38482
AWE 40%
Operator**

TARANUI PROSPECT

TUI AREA OIL FIELDS

**PMP 38158
AWE - 42.5%**

TIEKE PROSPECT

**PEP 38481
AWE 40%
Operator**

WEST CAPE PROSPECT

HECTOR PROSPECTS

**Hector South Sub-Block
(PEP 38483)
AWE 42.5% Operator**

**PEP 38483
44.317%
Operator**

Tasman Sea



January 2000