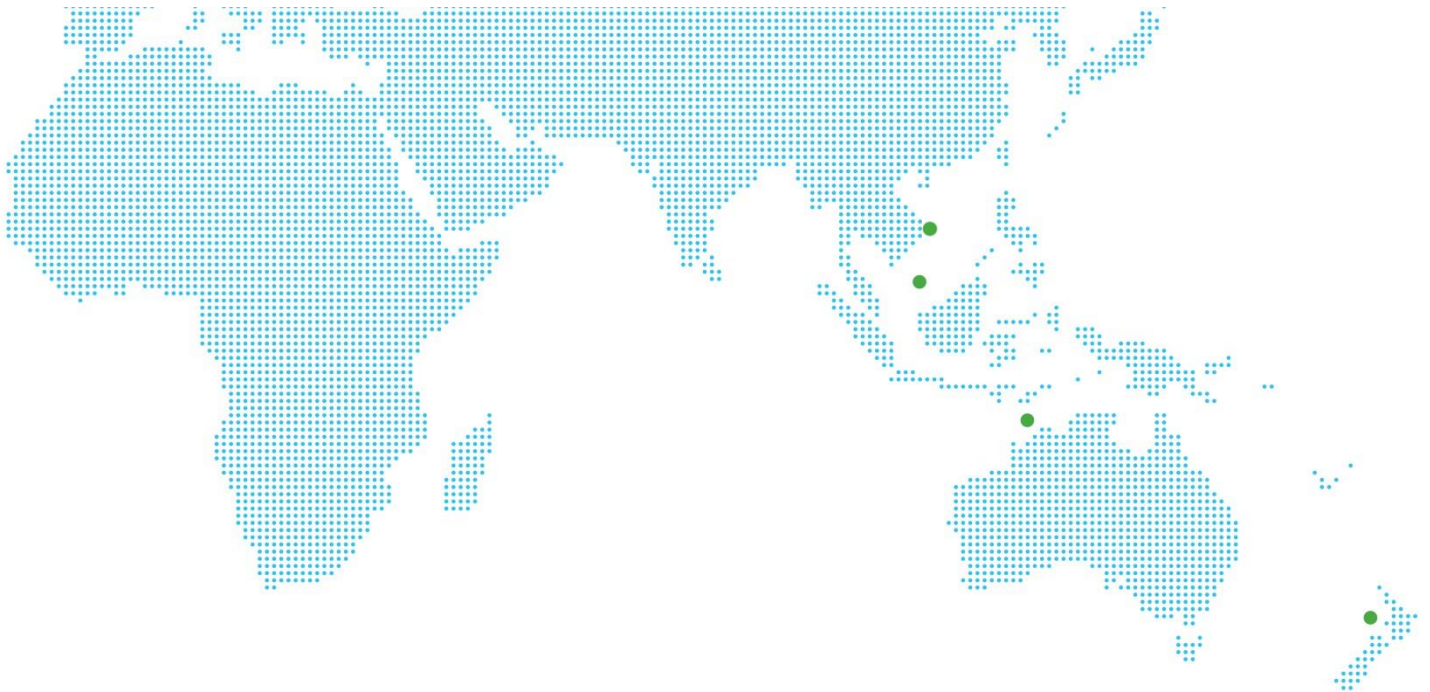


QUARTERLY ACTIVITIES REPORT

March 2017



Pan Pacific Petroleum

Highlights

- At 31 March 2017, Pan Pacific Petroleum NL (PPP / Company) held cash of US\$12.5 million (unaudited) and liquid investments of US\$2.8million.
- During the quarter PPP sold its 15% interest in the Tui area fields for a net payment by PPP of US\$5.45 million and is now no longer liable for decommissioning which was provisioned at US\$15.5 million.
- In mid-April PPP announced that subject to shareholder approval, the Company will sell its 5% interests in block 07/03 in Vietnam for US\$5 million.
- These transactions allow the Company to allocate capital to a range of growth opportunities rather than to restoration activities or embarking on a capital raise program and committing all of the funds to a single project where PPP has little influence.
- The Joint Venture parties continued discussions with the authorities to reach an amicable settlement on the disputed financial liabilities for exiting the Timor Leste JPDA licence.

New Zealand

Tui Area Oil Project (PMP 38158) Taranaki Basin (PPP interest 15%)

On 14th February 2017 PPP announced its intention to sell its 15% interests in the Tui Area Oil Project for a net payment of US\$5.45 million. The sale completed on 13th March 2017 and at that time PPP's restoration provision of US\$15.5 million was reversed and the Company was released from the environmental, decommissioning, and abandonment obligations.

Vietnam

Block 07/03 (PPP interest 5%)

On 18th April 2017 PPP announced its intention to sell its 5% interests in Block 07/03 located in the Nam Con Son Basin, which includes the Cá Rồng Đỏ (CRD) oil and gas discovery, for US\$5 million.

The sale is subject to shareholder approval and if it proceeds the Company will be in a very strong financial position with no debts and estimated cash of circa US\$16 million (unaudited) and liquid investments of US\$3 million (unaudited). The Company will have the freedom to deploy its capital in a range of affordable investment opportunities rather than being forced into a single investment that is significantly larger than its current market capital.

The alternative was for PPP to raise more than four times its market capitalisation and invest its entire capital into a single project where the Company has minimal influence and will be dependent on others to ensure project budgets and schedules are adhered to in order to receive first revenues near the turn of the decade.

On 26th April 2017 the Government of Vietnam granted approval to the CRD Field Development Plan.

Timor-Leste and Australia

Joint Petroleum Development Area (JPDA) 06-103 (PPP interest 15%)

As previously reported on 12 July 2013 Oilex, the Operator of JPDA06-103, submitted a request to the designated authority, the Autoridade Nacional do Petróleo (“ANP”), to terminate the Production Sharing Contract (PSC) by mutual agreement in accordance with its terms and without penalty or claim.

In May 2015 the ANP rejected the Joint Venture’s 2013 request to terminate and on 15 July 2015 the ANP terminated the PSC and sought a payment from the JV of approximately US\$17 million (net US\$2.6m to PPP).

The JV has disputed the financial claim of US\$17 million (net US\$2.6m to PPP) sought by the ANP and the parties are attempting to reach an amicable settlement.

Corporate:

The Company has invested in Australian and New Zealand listed companies as part of a strategy to diversify its treasury holdings. At the end of December the Company had US\$2.8 million of liquid investments in ASX and NZX listed companies.

For further information please contact:

Grant Worner
Director
Pan Pacific Petroleum NL
Telephone: + 61 2 9957 2177
www.panpacificpetroleum.com.au

Notes:

1. References to *PPP* and *the Company* are to be read as inclusive of the subsidiary companies within the consolidated PPP group.
2. Except where otherwise stated, dollar amounts are in US currency.