

## **CHAIRMANS ADDRESS**

Good Morning Everyone

Welcome to the 2016 Annual General Meeting for Pan Pacific Petroleum.

It has been a positive year for Pan Pacific Petroleum. We have continued to consolidate our business to ensure that we can ride out this period of lower oil and gas prices. In doing this we have endeavoured to position ourselves to benefit from any upturn in the sector. Our two key assets remain the focus.

At Tui the Operator continues to examine ways to reduce costs. Production is cash positive although it is an ongoing challenge to maintain this position. While there are reserves for several more years the decommissioning plans are receiving more attention. Tui is expected to be the first production operating facility in New Zealand to go through this process and therefore the Operator is working closely with the relevant stakeholders and authorities in developing the optimal decommissioning plans. It is important that we have an appropriate balance that addresses all stakeholder issues therefore a lot of thought and care is going into this process.

The CRD development is a significant oil and gas project for Vietnam. It is a potential significant growth opportunity for Pan Pacific Petroleum. The Field Development Plan is in its final stages and the Operator is planning for a Final Investment Decision in the current financial year. In addition the Operator is considering an appraisal well on the Cobia project, adjacent to CRD as any resultant success would benefit from the CRD infrastructure. It is an exciting time for this project as it moves forward. Our involvement would represent a major corporate commitment and we are evaluating a number of options to ensure we achieve the best outcome for the company.

In addition, the company has over US\$20 million in cash and liquid investments to support these two assets. We have been actively seeking other project opportunities with limited success to date. Oil and gas has been the prime focus but given the subdued outlook we have also started considering opportunities in other resource sectors.

We have two board changes that will see a leaner Board emerge with a slight shift in its skills base but more than capable of dealing with the challenges ahead. I would like to acknowledge long term director Allan Tattersfield who is retiring at this Annual General Meeting and thank him for his strong input to the company over the years and wish him well with his future endeavours. The board has recommended the election of Pat Burke as a new independent director and we would welcome him to the company. Subject to Pat's election, Dugald Morrison has advised he will step down following this Annual General Meeting. We are very appreciative to Dugald too, he has made a very active contribution to the company during his period as a director.

We will now move on with the business of the meeting.

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