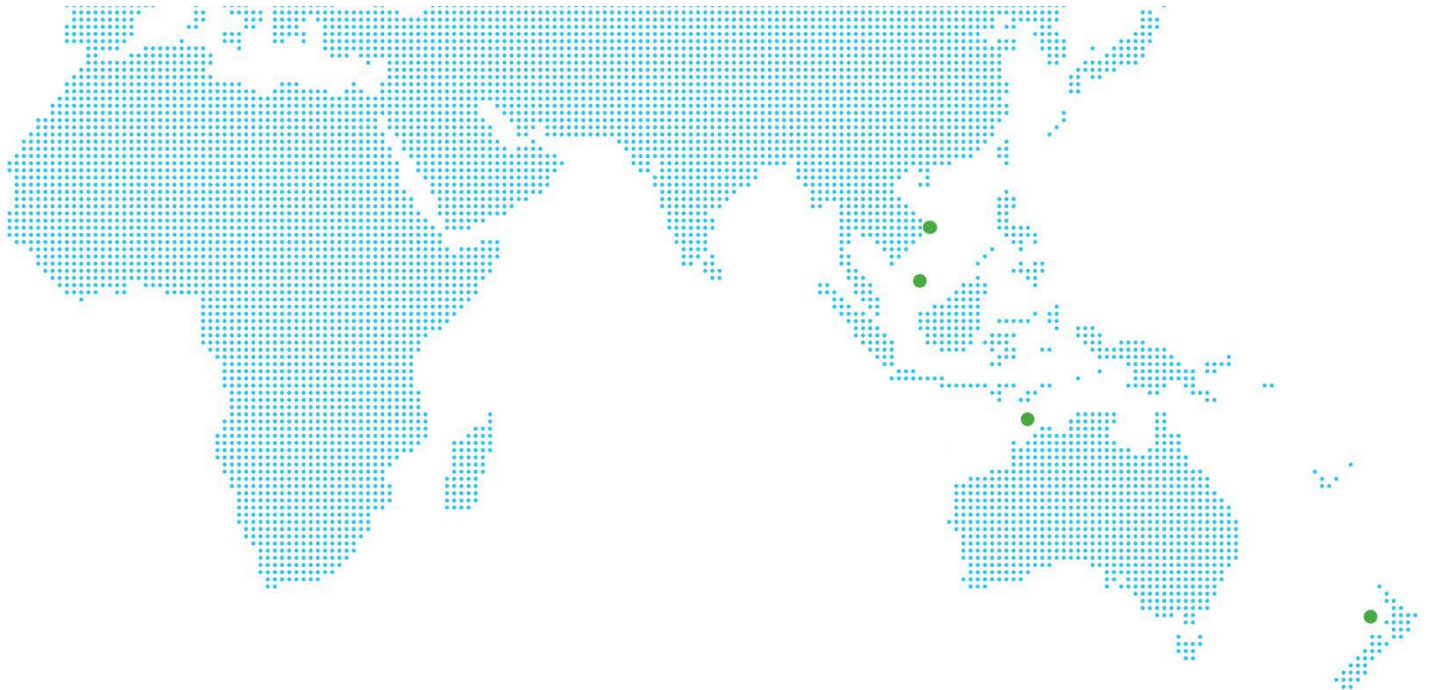


QUARTERLY ACTIVITIES REPORT

December 2016



Pan Pacific Petroleum

Highlights

- At 31 December 2016, Pan Pacific Petroleum NL (PPP / Company) held cash of US\$15.8 million (unaudited) and liquid investments of US\$2.9 million (unaudited).
- Revenue from the Tui sales in late September funded the bulk of the expenses in the quarter.
- PPP's average net production from the Tui area fields in New Zealand was 413 barrels per day.
- Block 07/03 Vietnam activities continue to finalise the Field Development Plan (FDP) to enable a Final Investment Decision (FID) to commercialise the discovery and a FDP decision is expected within the next quarter.
- 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%)

Production from the Tui area fields for the September quarter was 253,149 barrels Gross (PPP share 37,972 barrels) with the Pateke 4-H well continuing to perform above original expectations. There were no liftings during the quarter however revenue of US\$1.3 million was received in October following the sale of 27,352 barrels in late September.

Vietnam

Block 07/03 (PPP interest 5%)

PPP has a 5% interest in Block 07/03 located in the Nam Con Son Basin, which includes the Cá Rồng Đỏ (CRD) oil and gas discovery that has been successfully appraised and flow tested. Over the last 2 years the Operator, Repsol (Talisman), has undertaken a structured program of activities to finalise the Field Development Plan (FDP) to enable a Final Investment Decision (FID) to commercialise the discovery. Negotiations on the major contracts continued throughout the quarter and on 23 January 2017 Malaysia's Yinson Holdings Berhad announced they had entered into exclusive negotiations with Repsol for the supply of an FPSO vessel for the CRD Field.

The decision on whether to approve the FDP is expected within the next quarter. PPP is evaluating the potential benefits, risks, and costs of this opportunity and considering options to fund the Company's 5% share of the US\$1.1 billion required over the next four years to drill development wells and build infrastructure, targeting first oil and gas production in the second half of 2019.

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\$2.9 million of liquid investments in ASX and NZX listed companies.

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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.
3. Production includes production from Pateke-4H and includes crude burned as fuel oil.