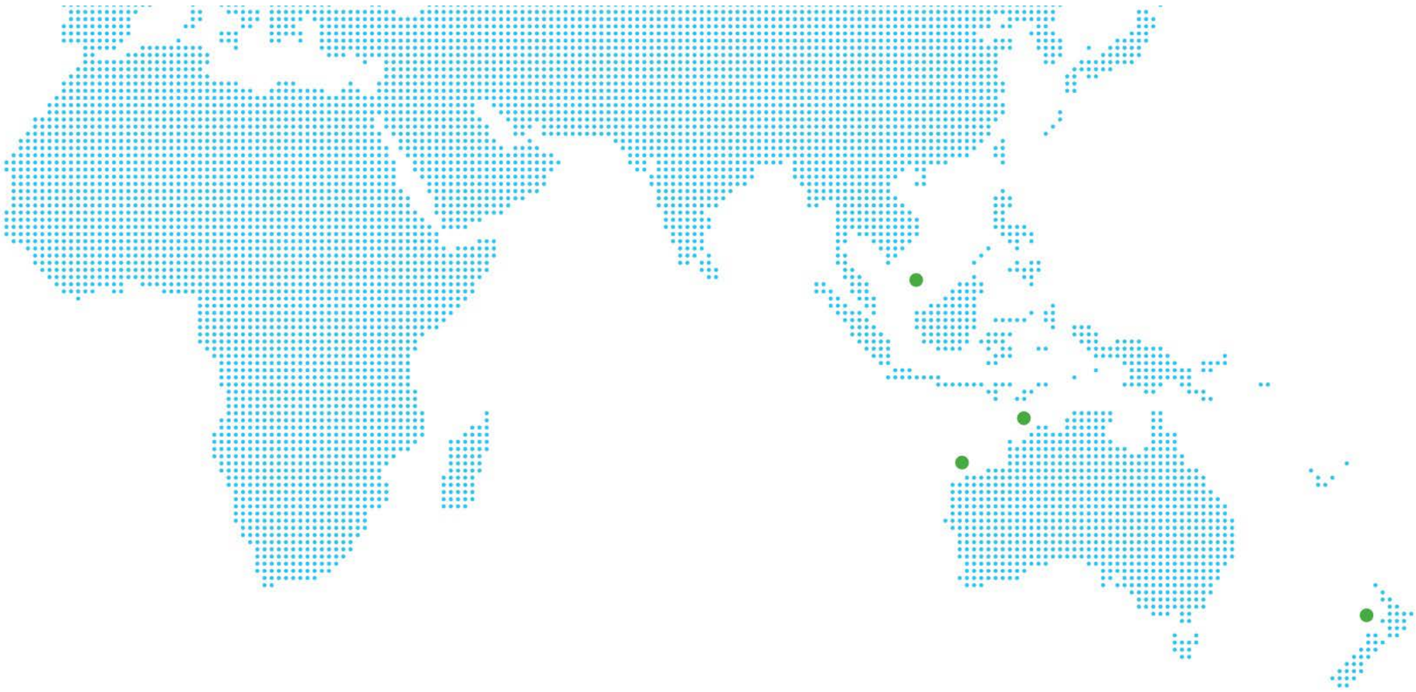
QUARTERLY ACTIVITIES REPORT DECEMBER 2012



Pan Pacific Petroleum

Summary

Pan Pacific Petroleum NL (the "Company") has been working hard to secure rigs to ensure that the program of high potential offshore drilling activity envisaged for New Zealand, Vietnam and the Joint Petroleum Development Area ("JPDA") between Timor-Leste and Australia is carried out. The 2013 drilling programme should see PPP participating in up to 6 wells.

1. In New Zealand the Tui Joint Venture participants have agreed to drill the Pateke-4H infill development well and the Oi exploration well in the second half of 2013 using the Kan Tan IV drilling rig. The Company considers Oi a very attractive prospect and has increased its participating interest in this opportunity to 50%.

2. Offshore Vietnam the Ocean General rig has been contracted by Premier and Origin, the respective operators, to drill Ca Duc-1 (Silver Sillago prospect) in Block 07/03 and Ca Voi-1 (Whale prospect) in Block 121 with spud dates scheduled for the second quarter of 2013, subject to the date of release of the rig from Indonesia to Vietnam waters. Further appraisal of the Cá Rồng Đỏ (CRD) oil and gas discovery in Block 07/03 using the same rig is also under consideration.

3. In the offshore Bonaparte Basin, drilling preparations targeting the drilling of the Bazartete prospect in JPDA 06-103 in 2013 have also continued. The Joint Venture ("JV") was granted a conditional extension to the Production Sharing Contract ("PSC") for this block to enable a rig to be contracted to conduct the drilling of this well.

The Company also continues to pursue attractive new venture opportunities in the Southeast Asia and Australia/New Zealand regions aiming, in particular, at replenishment of the drilling portfolio beyond 2013.

The Company's cash position at the end of the quarter was approximately A$69.8 million equivalent, and represents a cash backing of close to 12 cents per share.

Further details on activities, including the Tui Area Fields are summarised below.

New Zealand

Tui Area Oil Project (PMP 38158) Taranaki Basin (PPP interest 10%)

Production from the Tui Area Fields totalled 430,175 barrels (net PPP 43,017) for the December quarter, averaging 4,676 barrels a day. Cumulative field production to the end of December 2012 was 34.1 million barrels (PPP share 3.4 million barrels). Remaining gross reserves at the end of December based on the operator, AWE's estimated ultimate recovery of 41 million barrels, were 6.9 million barrels, net 6.4 million barrels after deducting a provision of 0.5 million barrels for oil which may be burned as fuel on the FPSO (fuel oil).

PPP's operating revenue from Tui during the quarter was US$4.5 million (year-to-date US$10.98 million; all amounts unaudited).

The Tui JV participants have approved the drilling of two additional wells; Pateke 4H, an infill development well and Oi, an exploration well. AWE, on behalf of the JV, has entered into an agreement to secure the recently overhauled and upgraded Kan Tan IV semi-submersible rig for the drilling of these wells planned for the second half of 2013.

Pateke-4H will target an extension of the Pateke Field, Pateke North, not being accessed by the current producing well, Pateke-3H, and is estimated by the Company to have the potential to recover an additional 2-4 million barrels of oil production from the Pateke Field. If successful, the well will be produced via the Tui FPSO, with first oil expected around the end of 2014-early 2015.

The Oi prospect is a 4-way dip closure similar to the structures at the Tui, Amokura and Pateke Fields, and the exploration well will target the same producing reservoir level (F10 sandstones), estimated by PPP to contain mean recoverable prospective resources of 15 million barrels of oil. In the event of a commercial discovery, the field will be produced by connecting to and using spare capacity at the Tui FPSO at relatively low incremental operating costs.

The Board of Pan Pacific considers the Oi prospect a very attractive opportunity and has authorised an increase in its participating interest in the Oi exploration well to 50% pursuant to the Sole Risk provisions of the Tui Joint Venture Operating Agreement (“JVOA”). AWE and Mitsui have elected to participate in the Oi exploration well at reduced participating interest levels of 25% and 12.5% respectively. NZOG will participate at its existing participating interest level of 12.5%.

AWE will remain the Operator in relation to the drilling of both wells. If drilling at Oi proves successful, both Mitsui and AWE have the option to restore their interest in any subsquent development to their existing PMP 38158 participating interest levels of 35% and 42.5% respectively through the buy back provisons of the JVOA which provide for the reimbursement to PPP of pro-rata costs equating to the restoration of the Mitsui & AWE interests, together with an additional payment to the Company in the form of a buy back premium.

Both of these projects are capable of taking advantage of the existing Tui facilities and if successful would enhance and extend the life of the Tui Area Oil Fields. The Company is very excited at participation in the forthcoming wells and looks forward to the possibility of writing a new chapter in the Tui story.

Vietnam

Block 121 (PPP interest 15%, subject to completion of farmin)

Origin has entered into agreements which will enable the large Ca Voi (Whale) prospect to be drilled by the Ocean General drilling rig. Spud date is scheduled for around April 2013, with timing subject to the date of the release of the rig to Origin from nearby Indonesian waters. The JV had been granted a one year extension to the first exploration phase by PetroVietnam to accommodate the revised spud date which was due to the lack of earlier availability of a suitable rig.

The Company and Origin are working towards satisfaction of the remaining conditions required to complete the farmin, and completion is expected shortly.

Block 07/03 (PPP interest 5%)

The JV partners have approved the Silver Sillago prospect as the remaining Block 07/03 exploration wildcat commitment well, and the operator, Premier, has on behalf of the JV contracted the Ocean General drilling rig to drill this well, named Ca Duc-1, with a spud date currently scheduled for May-June 2013.

Assessment of whether additional appraisal drilling is required to resolve resource uncertainties in the Cá Rồng Đỏ (CRD) oil and gas/condensate discovery is ongoing. The JV will firm up future drilling plans based on the results of this work. There is a possibility that, subject to PetroVietnam approval, a CRD appraisal well could be drilled on the Ocean General sequence this year should the JV participants agree that this is warranted at this time.

Joint Petroleum Development Area: Timor-Leste and Australia

JPDA 06-103 (PPP interest 15%)

The Autoridade Nacional do Petróleo of Timor-Leste ("ANP"), the Designated Authority has granted the JPDA 06-103 JV a conditional extension to the current PSC term which was due to expire on the 15th January, 2013 to enable the JV to drill the Bazartete prospect. The JV was unable to spud the well before the 15th January, 2013 due to a lack of rig availability.

The ANP has granted the extension on the condition that the JV:

- secures by the 15th June, 2013, either a contract for a drilling facility or a letter of intent to award/sign a contract for a suitable drilling facility to test the Bazartete prospect by 15th January 2014; and
- provides to the ANP written monthly reports on the progress to secure a suitable drilling facility.

The JV has identified several promising rig options which are being pursued with the aim of entering into a binding agreement as soon as possible.

The Operator, Oilex, estimates gross, unrisked mean prospective resources for the Bazartete prospect of about 65 million barrels within the JPDA 06-103 PSC area.

Australia

The Company is finalising divestment of the Company's Carnarvon Basin assets TL/2, TP/7, WA-33-R, WA-45-R, WA-46-R, and WA-47-R, to Hydra Energy (WA) Pty Ltd ("Hydra"). All of the documentation has been completed and has been submitted for approval to the DMP and NOPTA respectively and upon approval and payment of the relevant registration fees to effect the transfer of titles to Hydra, the Company will complete the transaction and receive payment from Hydra.

The assets contain a number of small undeveloped oil and gas discoveries which are not considered a fit with the Company's focus on high potential exploration and acquisition growth opportunities in the South East Asia, Australia/New Zealand region.

A proposal to drill a Taunton-5/5H appraisal well is currently under consideration by the TL/2 and TP/7 JV's. The Company's interests in these permits are subject to the sale and purchase agreement entered into with Hydra.

Financial Highlights (unaudited)

Assets include:	
Cash held*	A$69.8m
Receivables for oil sales (gross)	A$4.4m
Tui oil inventory (WMP share)	14,257 barrels
Liabilities include:	
Accrued royalty taxes	A$0.66m

*Cash at 31 December 2012 excludes cash deposited A$2.5 m in support of the Tui FPSO lease contract. PPP is free of any debt.

An Extraordinary General Meeting ("EGM") of Pan Pacific Petroleum (the "Company") held on the 16th October approved a 5 cent per share payment to shareholders of which 58% took the form of a capital return which will not attract income tax in Australia or New Zealand whilst 42% was classed as an unfranked dividend and in the hands of Australian tax residents will be taxable.

Production & Reserves

Tui Area Fields (PPP 10%)	Year ended 30/06/2012 MMbbls	Year-to-date 30/09/2012 MMbbls
PPP total net production	0.22	0.09
PPP remaining net reserves*	0.73	0.64

Notes:

1. References to Pan Pacific, *PPP,* and *the Company,* are to be read as inclusive of the subsidiary companies within the consolidated PPP group.
2. Where appropriate activities and events occurring after 31 December 2012 have been recorded in this report.
3. Except where otherwise stated, dollar amounts are in AUD currency.
4. Remaining reserves based on 41 MMbbls EUR are subject to an ongoing review and exclude 0.05 MMbbls net to PPP which have been allocated as potential fuel oil.

The reserves and resource information contained in this section of the Report are based on information compiled by Tom Prudence (Chief Executive Officer). Mr Prudence has a BSc (Hons) in Geological Geophysics and an MSc in Petroleum Geology. He is also a Fellow of the Geological Society of London. Mr Prudence has consented in writing to the inclusion of this information in the format and context in which it appears.

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