PRESS RELEASE

ASX ANNOUNCEMENT – FOR IMMEDIATE RELEASE

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FURTHER HEDGE SALES REDUCE DEBT

Australian oil producer and explorer, Stuart Petroleum Limited (ASX: STU), has announced further sales of oil price hedges, boosting cash flow by A$6.4 million.

This brings the cash realised from hedge sales to a total of A$9.75 million to date during the current half year ending 31 December, 2008.

The Managing Director of Stuart Petroleum, Mr Tino Guglielmo, said proceeds from the latest hedge sales would be used to further pay down debt and prepare for future investment in growth opportunities as they are identified. The sale offsets a significant proportion of the cost of the recent unsuccessful Bazzard well.

"Stuart's remaining oil hedges assure the Company of a minimum average price in excess of US$72.00 per barrel, on around 60% of the balance of production through this current 2008-2009 financial year," Mr Guglielmo said.

"Beyond that, the Company has hedged 81,000 barrels of oil production at a minimum price of US$80.00 per barrel, over the period July 2009 through June 2010," he said.

The hedges sold comprised a series of zero cost collars with a floor price of US$100 per barrel and a ceiling price of US$153 per barrel of oil, covering 139,000 barrels of production over the period January 2010 through to June 2011.

Mr Guglielmo said Stuart's hedging policy had paid dividends in this time of lower oil prices.

"Our remaining hedges will underpin future cash flows or provide an additional opportunity for a cash flow boost if the returns are attractive enough," he said.

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