PRESS RELEASE
ASX ANNOUNCEMENT – FOR IMMEDIATE RELEASE

Thursday 10 September 2009

The Manager
Company Announcements
Australian Securities Exchange Limited

Dear Sir,

SEAAOC 2009 Conference

Australian oil producer and explorer, Stuart Petroleum Limited (ASX code: STU) advises the attached document is to be presented at the SEAAOC conference in Darwin at 4.30 pm today.

The document contains information about Stuart and its current portfolio of growth projects.

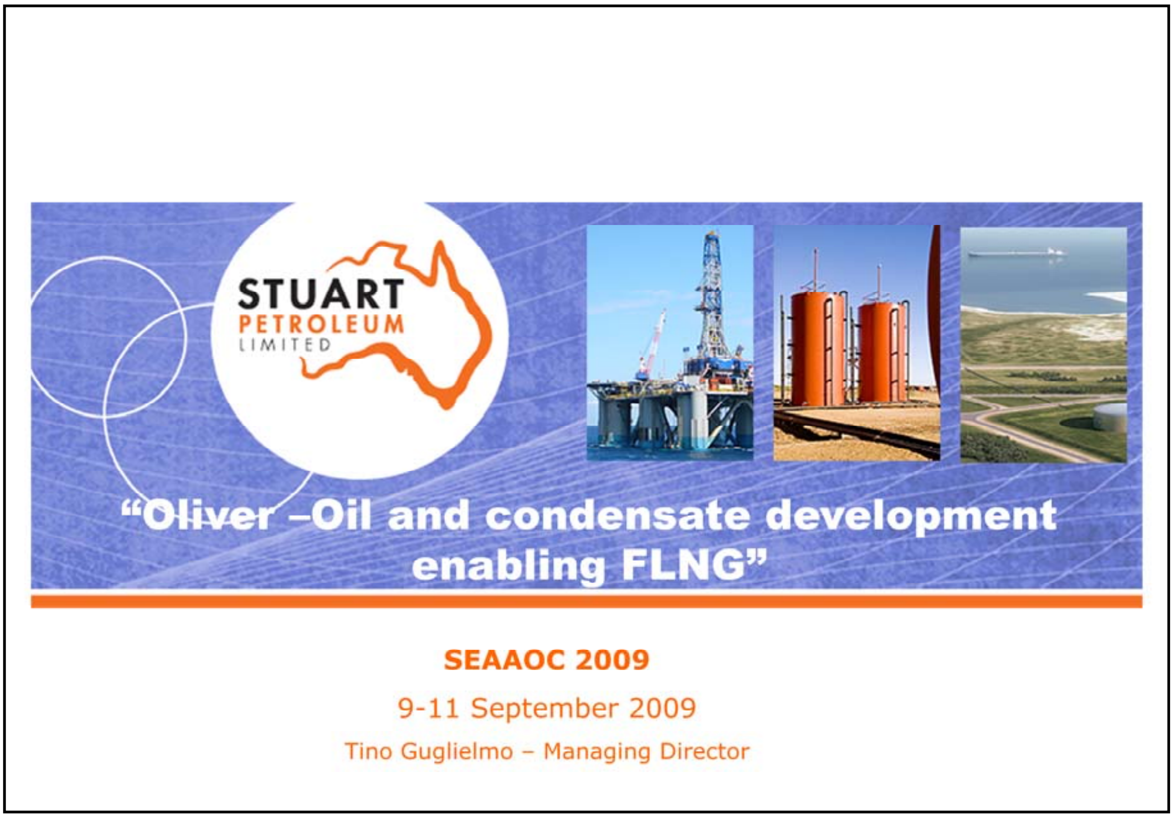
A printed copy of the document is available by contacting the office of Stuart Petroleum on 08 8410 0611 or e-mail info@stuartpetroleum.com.au.

Yours faithfully,

John F. McRae
Company Secretary

Attachments:
Presentation

For further information please contact: Managing Director Tino Guglielmo on (08) 8410 0611 or Email: guglielmo.t@stuartpetroleum.com.au



Ladies and gentlemen good afternoon.

Stuart is a successful South Australian based oil producer and explorer that has grown from its roots onshore in the Cooper/Eromanga Basin.

Our growth portfolio now includes a significant position in the Timor Sea, an area which has a link in the recent push to commercialise Floating LNG.

Along with our Diesel terminal project at Port Bonython we are making good progress towards our goal of becoming an integrated oil Company.

Disclaimer

This presentation may contain forward looking statements that are subject to risk factors associated with oil and gas businesses.

It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to:

- Price fluctuations, actual demand, currency fluctuations, drilling and production results,
- Reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, and
- Economic and financial markets, project delay or advancement, approvals and cost estimates.

All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated.

Shareholders and potential investors should consult their financial advisors before acting on any information contained in the presentation.

Stuart – a brief overview

Established base in Cooper Basin:

- Strong cash flow
- Excellent record as Operator
- 14 oilfields in production

Harvest production for growth

Material project upside

Strong balance sheet and share register

Issued Shares	63,082,422
Options issued (unlisted)	4,250,000
Market Capitalisation	~$45 million

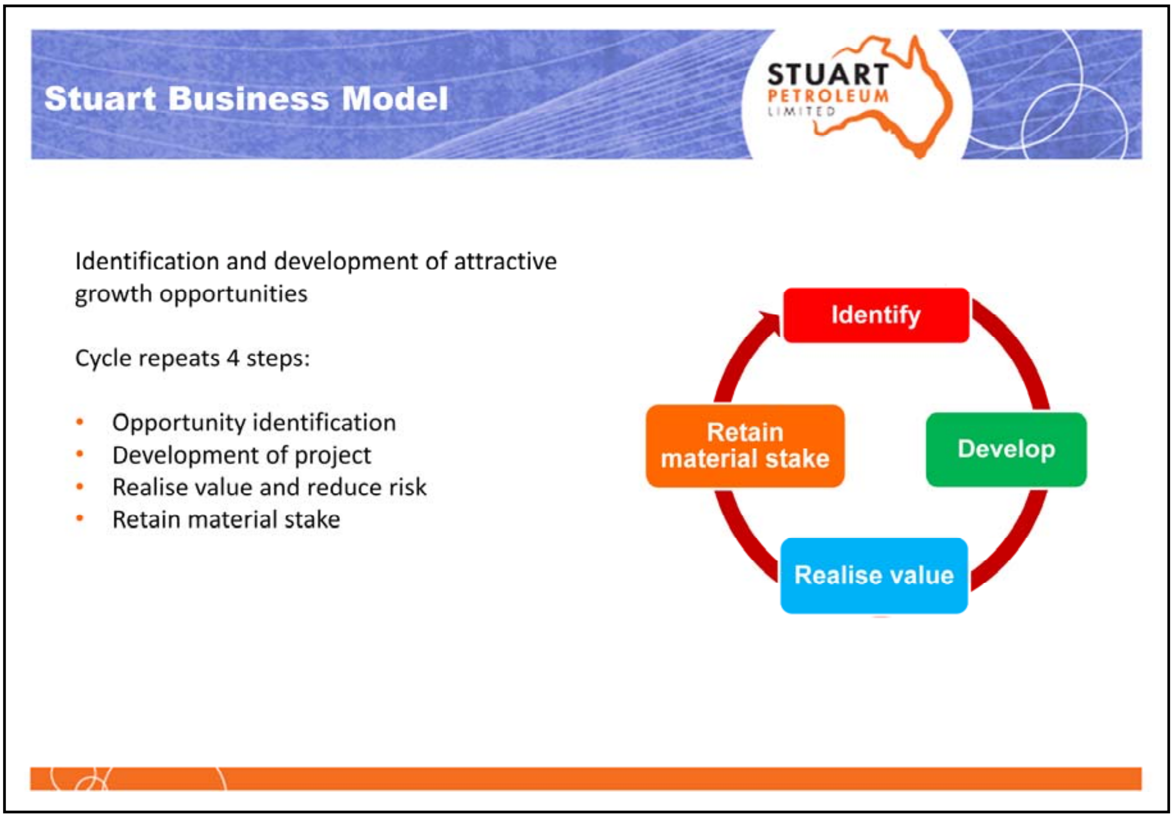
Stuart is secure in all material ways having emerged from the downturn in equity markets well positioned to realise the full potential of its existing and growth assets.

We have a strong production base and cash flow from our Cooper Basin operations which funds our growth ambitions.

We have an excellent record as an operator with first class systems.

We have a portfolio of growth projects the equal of companies many times our size and over the past 12 months, we have utilised surplus funds to reduce debt and strengthen our balance sheet.

Stuart has a committed share register with the Board and management holding some 30% of the shares on issue.

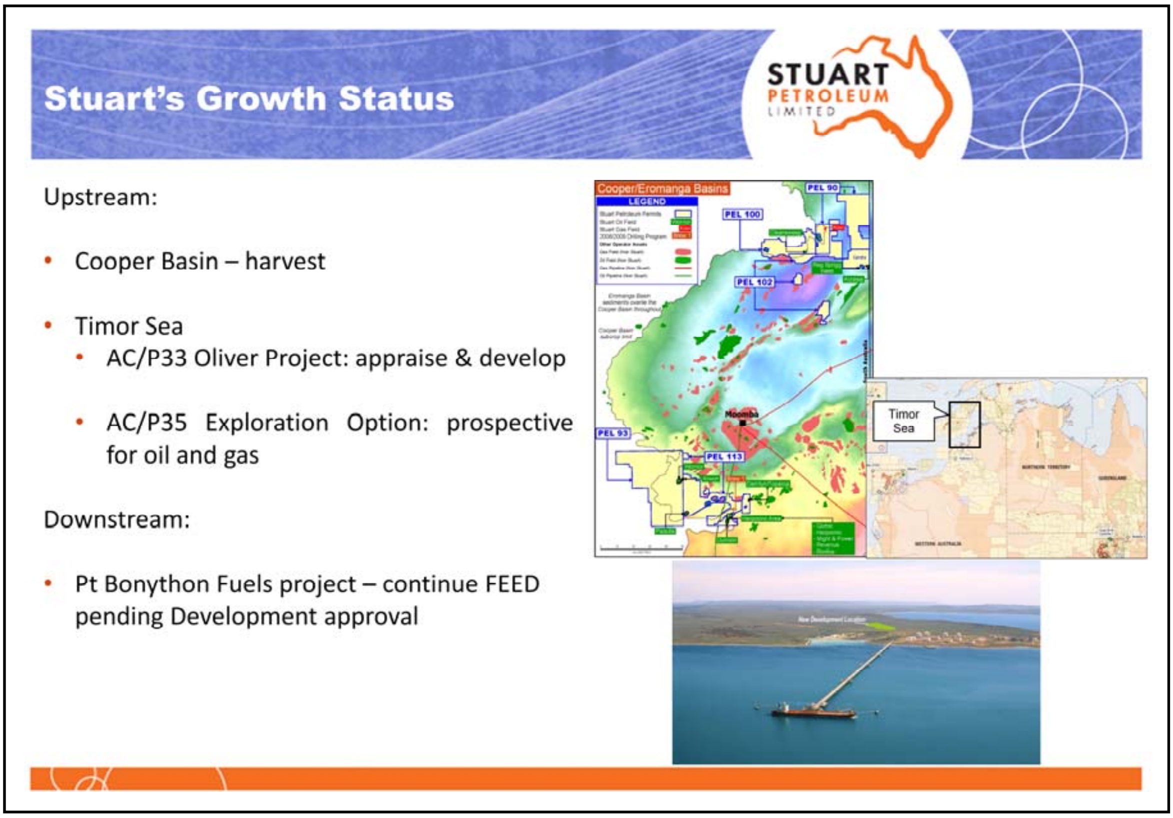


Stuart's business model is focused on the utilisation of funds generated by Cooper Basin production to invest in new growth opportunities.

The model is designed to be a continuous and repeatable process and follows a structured approach ultimately leaving Stuart with a material stake in a number of significant growth projects.

The Oliver appraisal and development project is one example of our approach and we have recently identified the next of these investment opportunities in the Timor Sea adjacent to the Oliver project.

More on this in a moment.

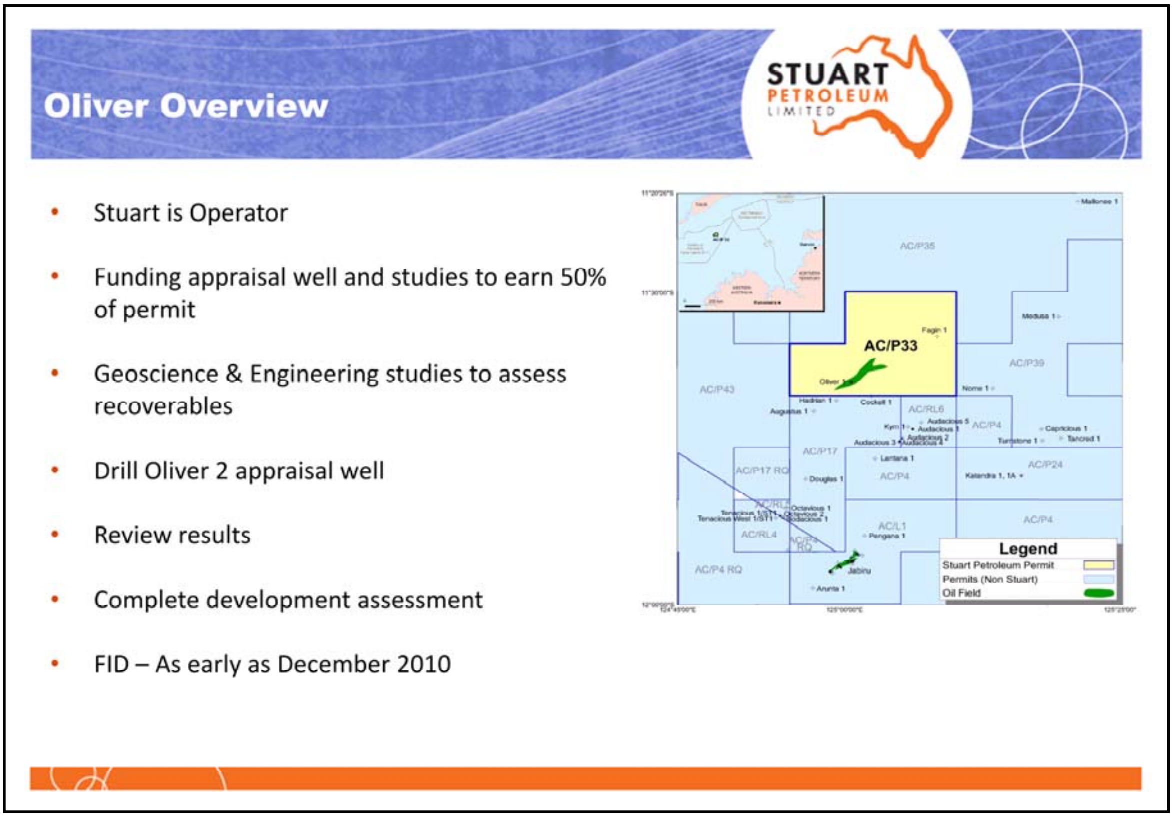


Our preference is to maintain operatorship of our exploration and production assets to allow us to manage our cash flow and set our own business priorities.

We know the Cooper/Eromanga Basin well, and it will form a strong productive base for years to come.

Our farm in to the Oliver oilfield appraisal and development project in the Timor sea is a key platform of our growth strategy. Stuart is earning a 50% interest in this project which contains mean recoverable oil and condensate in excess of 32 million barrels and 550 BCF of gas.

Our fuels venture at Port Bonython is progressing well. This is a once only opportunity to secure a key piece of infrastructure to service the South Australian mining industry for decades.



A BHP Petroleum led joint venture discovered the Oliver field in 1988, in the midst of historically low oil prices. The well discovered a 170 metre column of oil and gas in the Plover formation at a depth of 3000 metres and in 300 metres of water.

The Oliver field is 700 km west of Darwin, 30 km north of the Jabiru field and some 7 km NW of the Audacious discovery.

Stuart commenced its investment in 2008 after signing agreements with the Albers Group.

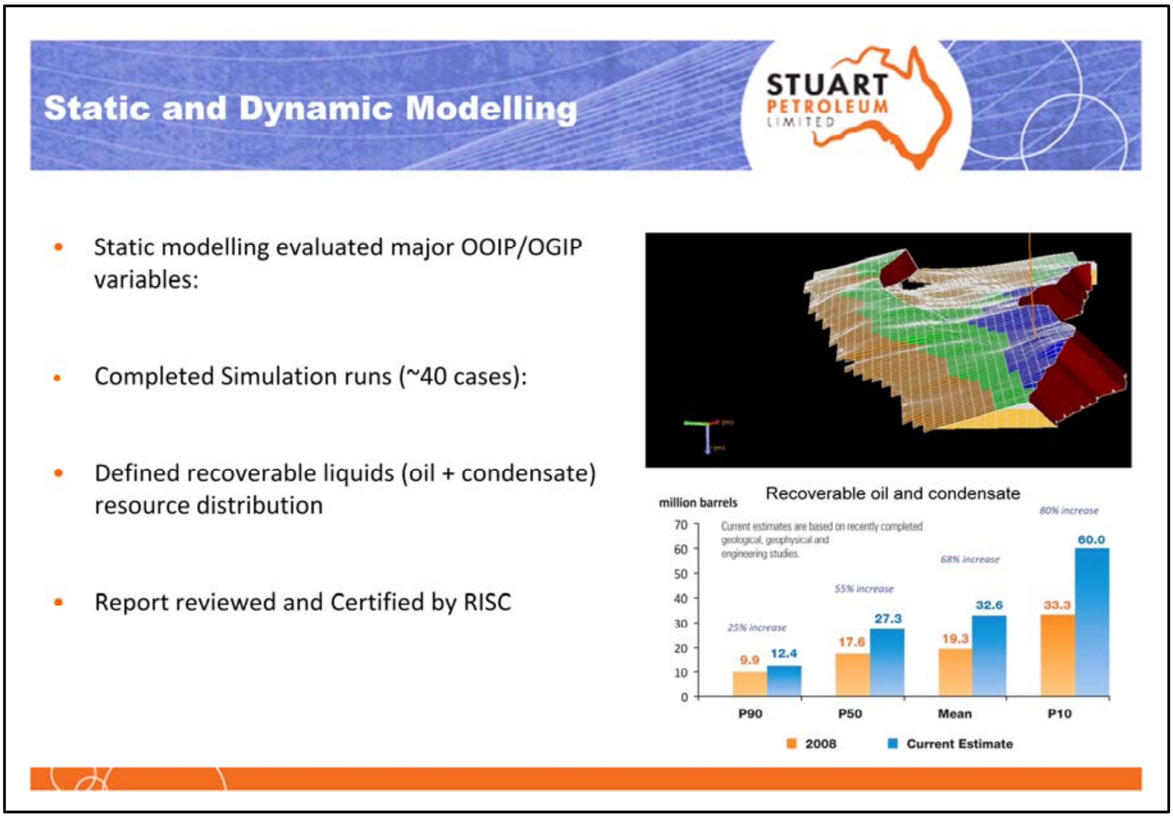
Stuart is the designated Operator for the project and is earning a 50% equity.

We recently announced to the ASX that, following extensive geological, geophysical and reservoir engineering studies of the field, the mean recoverable oil and condensate estimates had been increased to 32 million barrels, a 68% increase on previous estimates.

These estimates were prepared by Stuart and reviewed by internationally recognised oil and gas consultants, RISC Pty Ltd. The field has an upside (P10) potential of 60 million barrels of recoverable oil and condensate and over 1 TCF of gas.

Stuart's economic modelling demonstrates that just over 20 million barrels is a minimum economic field size for this type of development utilising the current forward oil price.

Our modelling results in a recovery of over 30 million barrels of oil and condensate. On this basis, Oliver would be economic to develop and would add significant value to Stuart.



Following the acquisition, and reprocessing of 3D seismic over the Oliver field a geophysical interpretation was completed earlier this year.

Static modelling of the data was then performed to define a resource distribution for the **Oil and Gas in place** variables including Structure, the Oil Water Contact, the Reservoir net to gross ratio, and the Condensate to Gas ratio.

The results of this work increased mean Hydrocarbon In Place estimates by 50% for oil and condensate and 166% for gas.

Dynamic modelling or reservoir simulation, was then used to evaluate the **Oil and Condensate recovery** distribution, the optimal placement of the Oliver 2 appraisal well as well as to commence the work aimed at optimising the development.

This modelling resulted in 68% increased in recoverable oil and gas over the previous estimate.

Oliver Resource Upgrade
Appraisal Well Location

STUART PETROLEUM LIMITED

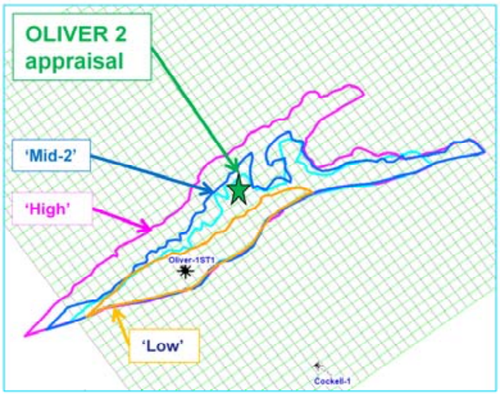
Reviewed by RISC Pty Ltd

- HIP:

		P90	P50	Mean	P10
Oil	*MMB*	19.6	44.5	**52.7**	99.6
Gas	*BCF*	348	708	**810.4**	1441
Condensate	*MMB*	14.0	27.8	**31.3**	54.6
LPG	*MMB*	8.8	17.4	**19.4**	33.7

- Recoverables:

		P90	P50	Mean	P10
Liquids: Oil + Condensate	*MMB*	12.4	27.3	32.6	60.0



Mean Recoverable Resource of 32.6 MMB *(Oil + Condensate)*

The upgrade to Recoverable volumes flowed from revised Hydrocarbon In Place estimates and reflected the mapping , interpretation and modelling of previously acquired 3D seismic which gave a much clearer structural picture of the field's potential.

The upgrades were primarily due to a mapped increase in the areal extent of the field which was recognised after 3D seismic reprocessing.

The site of the Oliver-2 appraisal well, scheduled for drilling late 2009/early 2010 has been determined. The well will target the upside reserve by confirming the field areal extent and by intersecting the oil water contact which was not intersected by the Oliver-1 discovery well.

Development Concept

STUART PETROLEUM LIMITED

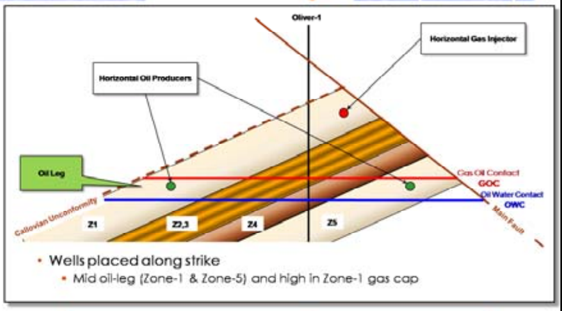
2 x dual lateral oil & gas producers
2 x horizontal gas injectors along strike

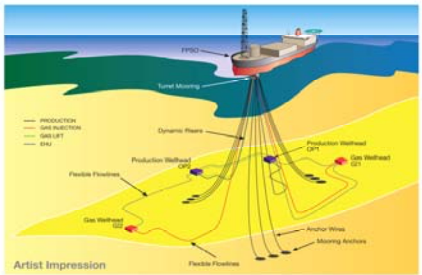
FPSO

• Oil Production:	30,000 bopd
• Gas Production:	300 mmscfd
• Water Handling:	100,000 bwpd
• Water Injection:	Not required
• Gas Lift:	10 million scfd
• Storage capacity:	900 kbbls

Production profile:
- 32.6 million barrels oil & condensate
- 11 year life

Tie-back of stranded assets possible





The development case has been modelled on assumptions made during the evaluation conducted so far.

One possible scenario comprises the stripping of oil and condensate from the gas, the delivery of oil and condensate to market via an FPSO, and the reinjection of gas and LPG for later production as a separate project.

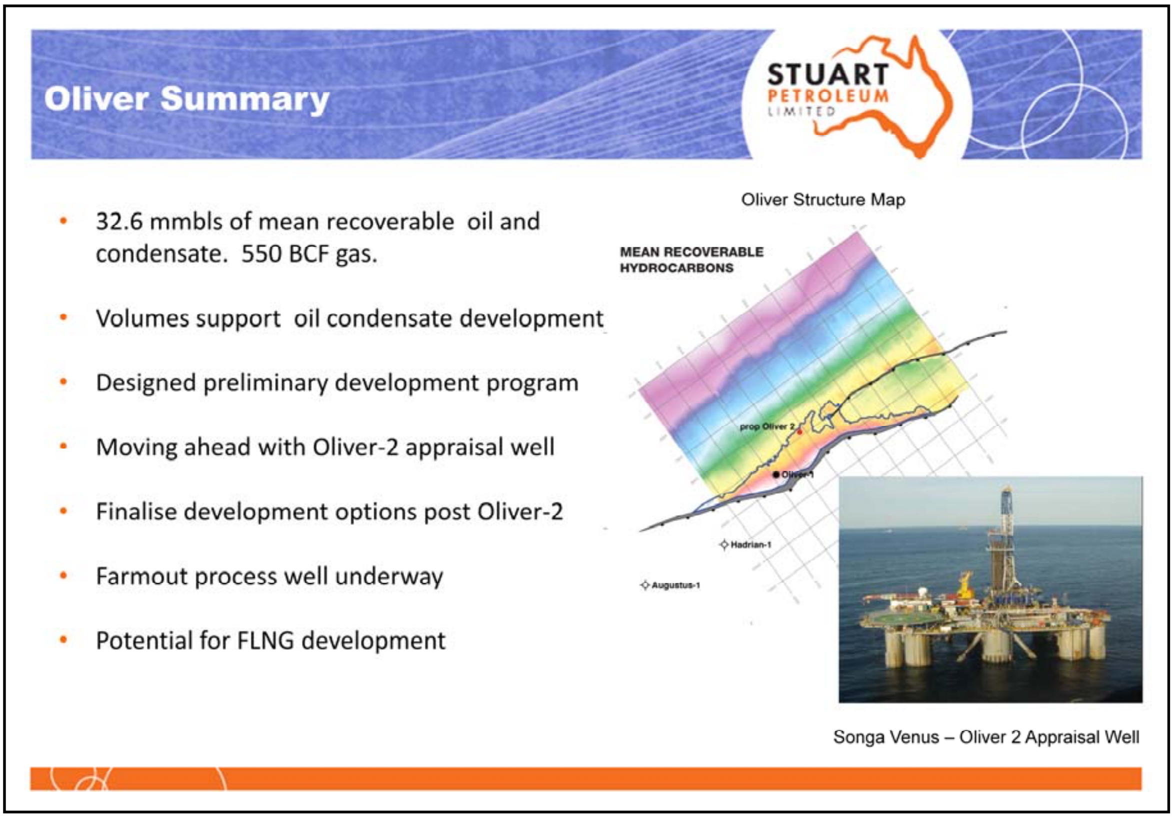
Development of the Oil will use dual lateral horizontal wells to minimise water coning, maximise recovery from the oil leg, and enable co-production of the gas.

Condensate would be stripped from the gas and the dry gas cycled back into the reservoir via two horizontal injectors to maintain pressure and minimise any Gas Oil Contact movement.

Gas would be produced at a rate sufficient to cycle the entire gas cap in the same time frame as the oil is produced.

This type of development is similar in concept to the Basker/Manta development in Bass Strait and the Vincent development in WA.

Facilities planning and preliminary engineering studies, including consideration of the potential for an FLNG development, are ongoing.



It is difficult to overstate the impact of the Oliver project on Stuart Petroleum. This project, comprising the drilling of the Oliver 2 appraisal well, reserves assessment and development engineering studies **could result in a 6 to 7 fold increase in oil and condensate reserves for Stuart.**

Recent evaluation work has resulted in significant upgrades to the recoverable oil and condensate which are now assessed at 32 million barrels with an upside of 60 million barrels, and with strong potential for development.

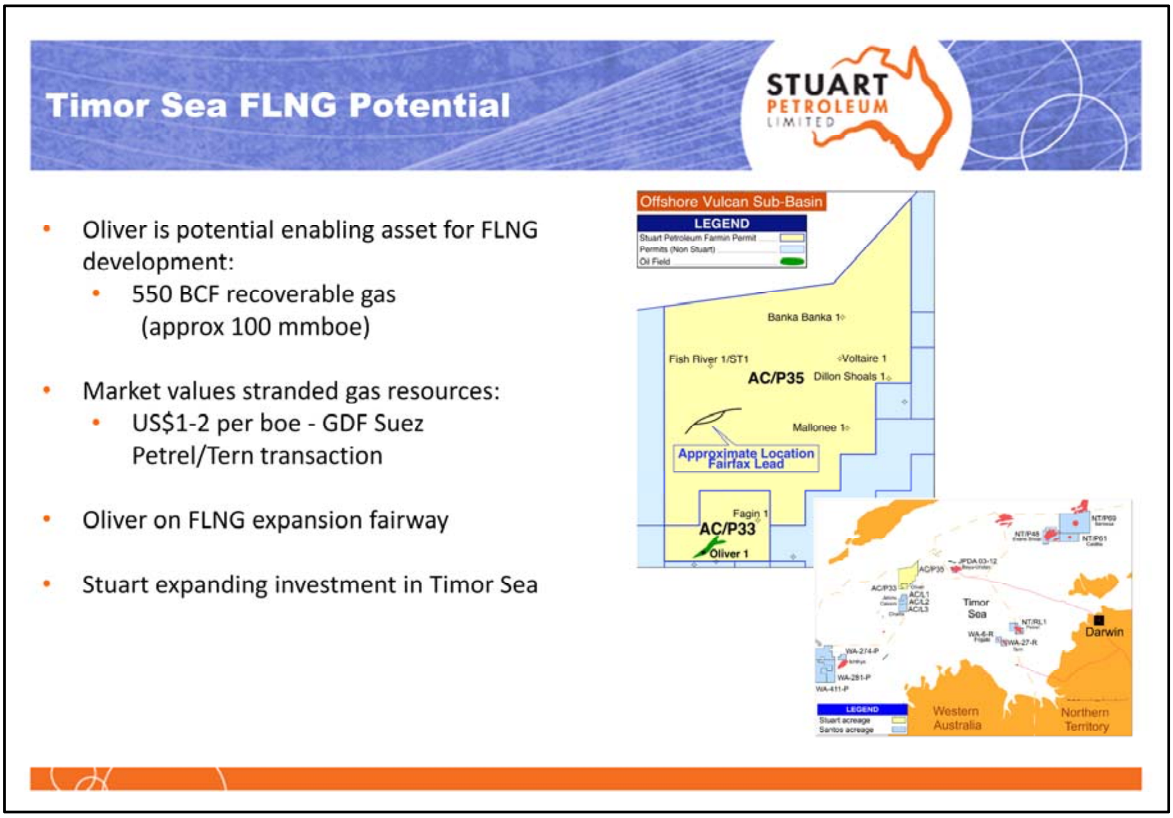
In addition, there is potential for future gas production via an FLNG development in the area from over 800 BCF of mean gas in place with an upside of more than 1400 BCF of gas in place. As previously mentioned, Oliver's mean recoverable gas of 550 BCF could underpin such a development.

Well planning studies for the Oliver 2 appraisal well and engineering scoping studies for the development concept are underway.

Stuart is funding the appraisal well and engineering studies and the first A$25 million of development funding post FID.

A number of respected petroleum companies have expressed interest in working with Stuart to appraise and develop the Oliver resource. Stuart has engaged Gresham Advisory Partners Limited to assist in these discussions.

Ladies and gentlemen, the project is capable of completely transforming Stuart.



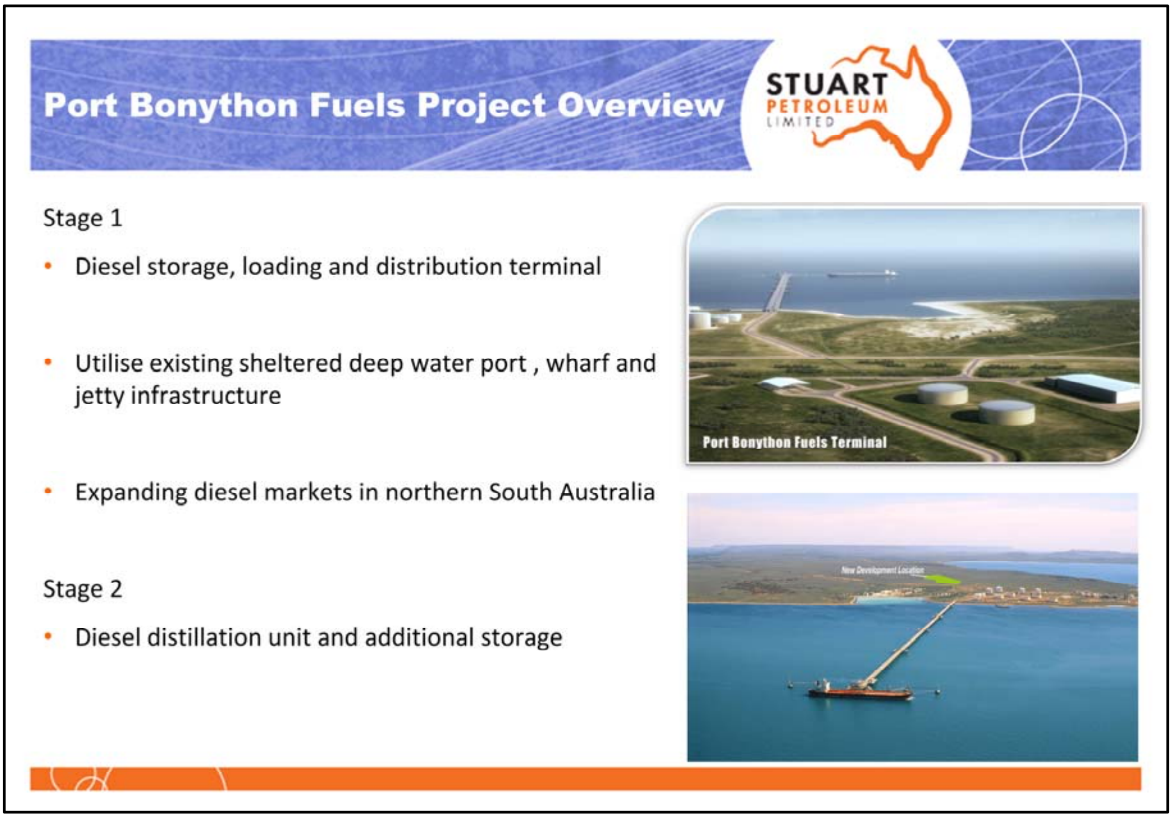
The Timor Sea is attracting strong interest for FLNG development opportunities.

Oliver is a potential enabling asset for FLNG development with 550 BCF or some 100 million BOE of recoverable gas being well situated along the development fairway. A recent deal announced in the Bonaparte Basin has provided a valuable benchmark for the value of gas to be aggregated for FLNG. Utilising those parameters, the Oliver gas could be valued at between US $100 to $200 million.

Stuart is expanding its footprint in this strategically important area and on 27 July 2009 announced that it had entered into an Option agreement through which it can earn up to 70% equity in the offshore Timor Sea permit AC/P35, which is located to the north of and contiguous with the Oliver permit

AC/P35 contains the Fairfax lead which, on the basis of 2D seismic interpretation, has similarities with the Oliver structure.

These investments are indicative of Stuart ‘s strategy of building an important oil, gas and condensate resource base in the Timor Sea.



The proposed Port Bonython Fuels project comprises the staged development of a fuel storage terminal and refinery at Port Bonython on the upper reaches of Spencer Gulf in South Australia.

Stage 1 of the project, costing around $60 million, comprises jetty modifications, a Fuel Storage Terminal, and truck loading and distribution facilities.

Stage 2 of the project, subject to favourable economic circumstances and outcomes, would comprise a small diesel distillation facility, and expanded tank storage.

Port Bonython has a number of logistical advantages with its sheltered port, existing wharf and jetty infrastructure. It is a deepwater port with the capability of handling 120KT cargoes compared with Adelaide that can only handle 28,000 tonne cargoes.

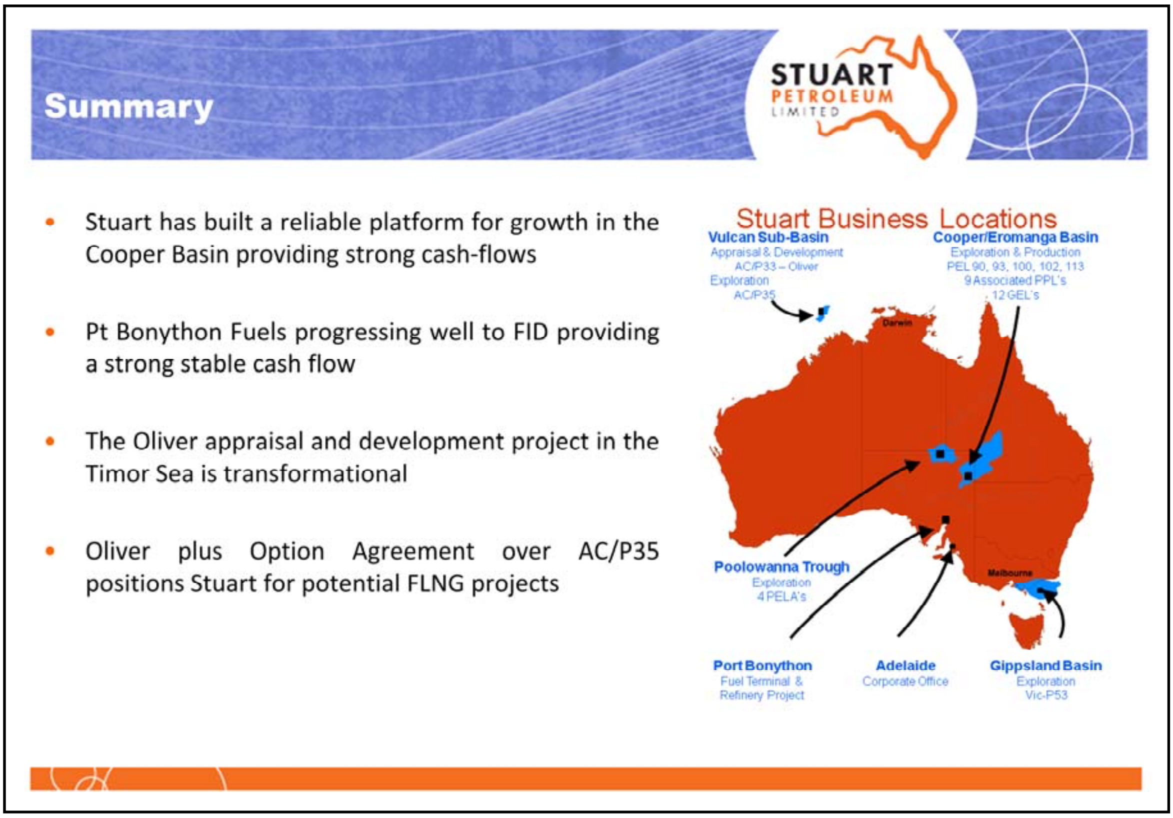
We have secured land adjacent to the existing facilities on which to build tankage and a truck loading gantry, and existing Adelaide product terminals are at least 250km further from the region and its mining projects than Port Bonython.

All necessary surveys and clearances have been obtained over the land proposed for the site.

The Development Application was lodged on 25 May 2009 with the Development Assessment Commission review expected to be complete this quarter following public submissions.

Engineering studies are continuing pending the DAC review and a final investment decision is expected to be made in the 4th Quarter of 2009.

Stuart (which now owns 100% equity in the project) has commenced a process to sell down a minority interest to align goals with a diesel supply partner.



In summary………

The Cooper Basin will continue to deliver strong profitable cash flow for years to come.

The Port Bonython Fuels business will provide a very profitable and stable cash flow growth well into the future.

The transformational Oliver sub-sea development project has the capacity to increase our reserves six or seven fold. It is moving ahead on schedule.

The evaluation work conducted to date has determined that mean recoverable oil and condensate exceeds 30 million barrels and that 20 million barrels is economic to develop.

Stuart is building a pivotal position in the Timor Sea with potential to participate in new FLNG developments in the region.

Finally, ladies and gentlemen, with these growth opportunities Stuart is poised for significant growth.

Thank you.