



ASX ANNOUNCEMENT FOR IMMEDIATE RELEASE

9 December 2009

STUART EXPANDS ACREAGE IN COOPER/EROMANGA BASIN BY OVER 80%

Stuart Petroleum Limited was today awarded a highly prospective new petroleum block – designated CO2009-E – in the South Australian sector of the Cooper/Eromanga petroleum province. When granted, **the new licence will provide Stuart with outstanding coverage of the prospective and productive southern reaches of the Cooper Basin** in South Australia, a region where Stuart already has 6 oilfields in production.

Stuart's exploration group used its intimate knowledge of the region in its approach to Government for the area which is an excellent compliment for Stuart's Exploration and Development skills.

The new Block **will increase Stuart's already strong Cooper/Eromanga acreage position by 83%**. The initial licence term will be 5 years with a right of renewal permitting a total 10 year exploration term. Long term Production Licences will be issued for discoveries

EXPLORATION PROGRAM

Stuart will hold 100% interest in its new acreage and plans to drill 4 exploration wells in the first licence year and 3 exploration wells in the second year. At the same time it will acquire new 2D and 3D seismic to upgrade numerous leads evident in the region.

Oil

Key early targets include:

- The **Kobari Oilfield**, discovered by Delhi Petroleum and partners in 1984, is planned to be redrilled early in the first year of the licence term. The discovery well, Kobari 1, flowed oil on test from the Jurassic Murta Member at a rate of 53 barrels of oil per day but the field was not brought into production. Subsequent 3D seismic acquisition has revealed that Kobari 1 was drilled on the flank of the Kobari closure. Stuart is confident that a drill test of the crest of the structure will delineate new resources of producible oil. At this stage of mapping P10 oil in place in the Kobari structure is estimated **to exceed 1.0 million barrels**.

- The **Kerinna oilfield** is planned to be redrilled early in the first licence year. This field was discovered by Delhi and partners in 1984 and Kerinna 1 produced approximately 20,000 barrels of oil from the Jurassic Hutton Formation. Stuart believes that shows of oil in the Murta and McKinlay Formations at Kerinna may also be producible from the structure. At this stage of mapping, P10 oil in place in the Kerinna structure is estimated at approximately 1.0 million barrels.

With 6 producing oilfields in the district, Stuart's existing infrastructure and expertise in the ground is expected to ensure that the Company is able to maintain its record of bringing new oil discoveries on stream within weeks of their discovery.

Gas

The Cooper Basin is the most prolific onshore gas-producing basin in Australia and the new acreage advances Stuart's plan to target gas in both conventional (sandstone) and unconventional (shale, coal and tight sandstone) reservoirs. The Cooper Basin is connected by pipeline to markets in each of the eastern and southern capital cities and to numerous regional and industrial centres. Other Cooper Basin producers have recently announced programmes to vigorously target both the Basin's conventional and unconventional gas resources to meet expected increases in demand for gas.

Together with Stuart's existing licences, the new acreage provides extensive updip cover of the southern margin of the gas-prone Nappamerri and Allunga Troughs, surrounding the Santos operated Della gas field. **Stuart now has a strong acreage position for gas throughout this productive and highly prospective region.**

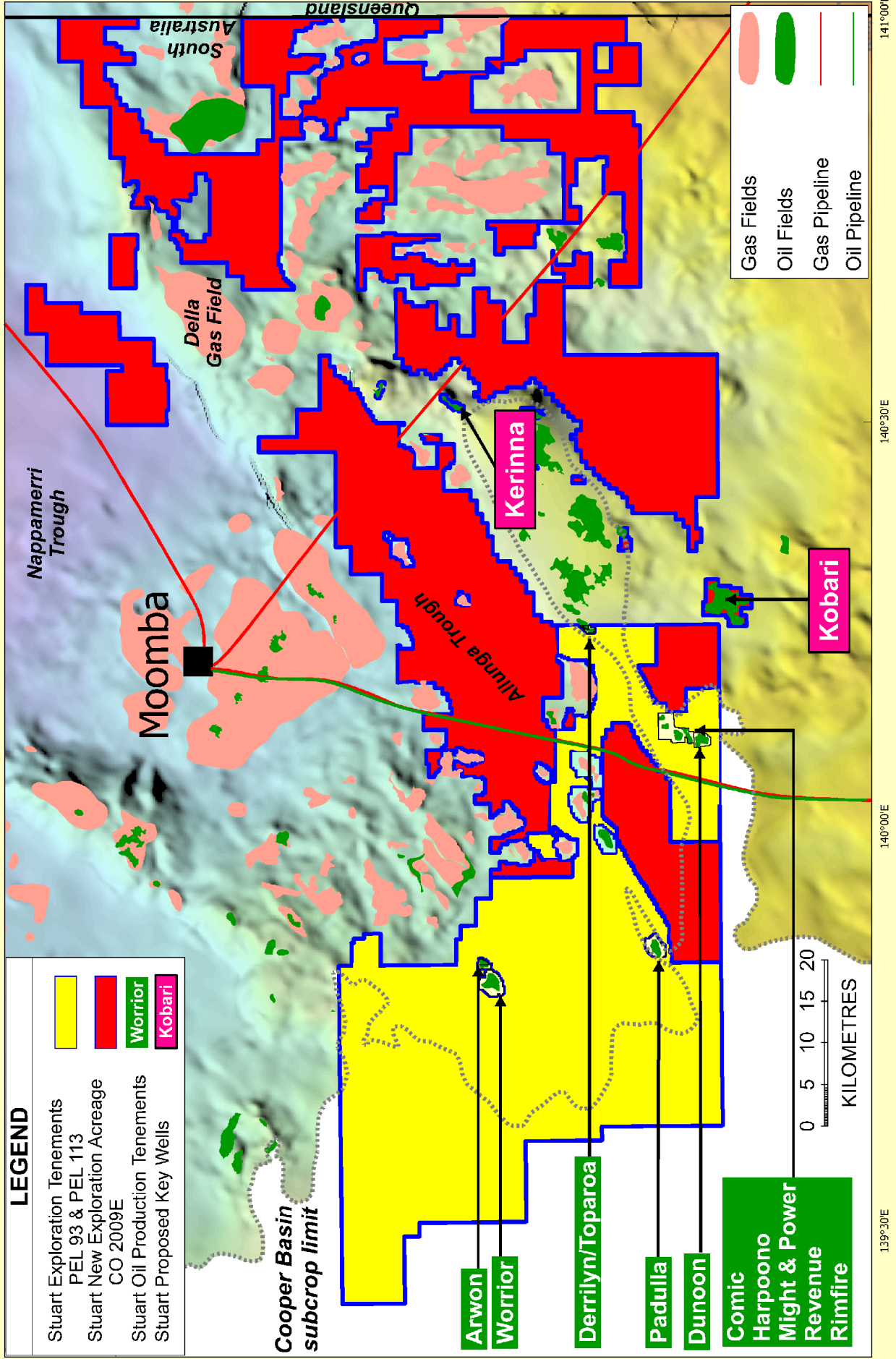
Stuart's gas programme will be based on the use of enhanced seismic processing techniques to identify both conventional and unconventional gas targets and the use of fracture stimulation production enhancement techniques and high angle drilling to maximise production rates and recoveries.

Managing Director of Stuart Petroleum, Mr Tino Guglielmo, said:

"The addition of the new Cooper Basin acreage increases Stuart's holding to over 5,700 km² of Cooper and Eromanga Basin ground - one of the larger and more valuable holdings in the Basin and one from which Stuart Petroleum is well set up to explore, develop and produce."

"With the sale of our Timor Sea interests due to settle shortly, Stuart will be substantially debt-free, with a strong cash flow from its Cooper Basin holdings and with an excellent portfolio of Cooper/Eromanga Basin exploration targets."

Southern Cooper Basin, South Australia



Cooper/Eromanga Basins, South Australia

LEGEND

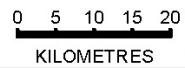
- Stuart Exploration Tenements
PELs 90, 93, 100, 102 & 113
- Stuart New Exploration Acreage
CO 2009E
- Stuart Oil Production Tenements **Worrior**
- Stuart Gas Field **Kiwi**
- Stuart Proposed Key Wells **Kobari**

27°00'S
27°30'S
28°00'S
28°30'S

*Eromanga Basin
sediments overlie the
Cooper Basin throughout*

*Cooper Basin
subcrop limit*

- Arwon**
Worrior
- Derrilyn/Toparoa**
- Padulla**
- Dunoon**
- Comic Harpoono**
Might & Power
Revenue
Rimfire



139°30'E 140°00'E 140°30'E 141°00'E

Cleansweep **Kiwi**

Candra Dome

Reg Sprigg West

Acrasia

Moomba

Kerinna

Kobari

- Gas Fields
- Oil Fields
- Gas Pipeline
- Oil Pipeline

South Australia

Patchawarra Trough
Packsaddle Ridge
Innaminka Ridge
Nappamerri Trough
Allunga Trough