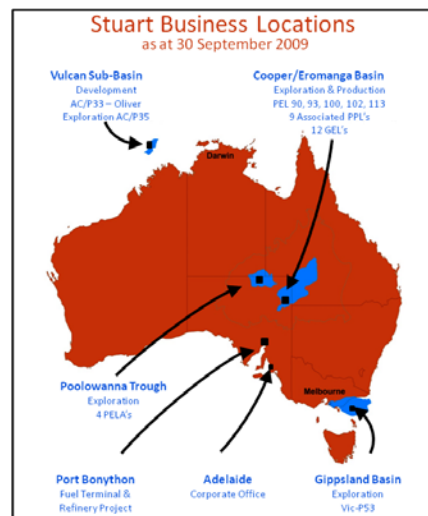




30 October 2009

The Manager
Company Announcements
Australian Stock Exchange Limited



Dear Sir,

Quarterly Report Period Ending 30 September 2009

Australian oil explorer and producer, Stuart Petroleum Limited, (ASX Code: STU) today reports on activities for the Quarter ended 30 September 2009.

Income from Stuart's Cooper/Eromanga Basin oil production, positive returns from the Company's currency hedge position and the ongoing reduction of debt continues to improve its financial position and create an effective platform for growth.

Stuart generated sales revenue of A\$7.4 million from the production of 64,970 barrels of oil, in line with expectations, compared to A\$8.2 million from 75,205 barrels of oil for the June 2009 Quarter

Stuart reduced bank debt by \$2.9 million during the Quarter from the proceeds of production and the realisation of currency hedges.

Subsequent to the end of the Quarter, Stuart announced to the ASX on 26 October 2009 that it had agreed to sell its 50% earn-in interest in the offshore Timor Sea permit, AC/P33, including the Oliver oilfield appraisal and development project for US\$7.5 million and would record an A\$4.4 million pre tax profit on the sale. Proceeds from the sale will effectively eliminate Stuart's outstanding bank debt.

The sale is subject to satisfaction of Foreign Investment Review Board and other regulatory approvals and conditions precedent.

A summary of activities for the Quarter is contained in the following pages.

1. WORK COMPLETED

1.1 COOPER/EROMANGA BASIN

Stuart is Operator and a major interest holder in 5 South Australian Petroleum Exploration Licences - 90, 93, 100, 102 and 113 in the Cooper-Eromanga region in the far northeast of South Australia. Stuart also is Operator and has a major interest in 10 oil fields in the region. It also has a minor non-operating interest in 2 further fields there. The Company's entire oil production originates from within these permit areas.

1.1.1 Exploration

Stuart commenced evaluation of five Cooper Basin blocks on which the South Australian Department of Primary Industry and Resources (PIRSA) is seeking industry bids for new Petroleum Exploration Licences in the Cooper Basin. Stuart is considering its bidding options.

The Company completed interpretation of the Sprigg Extension 3D Seismic Survey in PEL 90 to define possible drilling targets on the crest and flanks of the Candra Dome.

Stuart received all data and completed reprocessing associated with its seismic reprocessing and inversion project in PEL 102. The reprocessed data will be integrated into the PEL 102 interpretation and seismic inversion report for prospect mapping. The objective of the project is to derive seismic signatures for directly identifying gas sands in PEL 102

1.1.2 Production & Development

Stuart operates 21 wells within its permits in the South Australian section of the Cooper-Eromanga Basin of which 10 are producing. The Company's interest in these wells ranges from 50% through to 100%. Stuart also holds minor non-operating interests in 2 fields comprising 5 producing wells in the area.

The Company's share of oil production during the Quarter was 64,970 barrels, in line with expectations.

Facilities upgrades and maintenance activities were conducted at the Harpoono Complex and at Acrasia. Production from the Harpoono Complex has been temporarily curtailed to allow a major upgrade of the artificial lift system and is scheduled to re-commence at the beginning of November. Similarly, the Arwon and Cleansweep fields were waiting on a recovery in the oil price before re-commencing production.

A fault interpretation project was completed on the Worrior oil field as part of the evaluation for a potential Worrior-7 development well.

1.2 PORT BONYTHON FUELS PROJECT (Stuart 100%)

The Port Bonython Fuels Project comprises the establishment of fuel import, storage and distribution facilities and a micro diesel refinery at South Australia's most northerly deep water port; Port Bonython, on South Australia's Upper Spencer Gulf.

During the Quarter, Port Bonython Fuels Pty Ltd (PBF) proceeded with documentation relating to the acquisition of project land at Port Bonython from the South Australian Government.

PBF provided clarifying responses, where required, to the SA Development Assessment Commission reviewing PBF's Project Development Application and progressed commercial arrangements for access to operational facilities and negotiations over the supply and marketing of diesel fuel.

1.3 TIMOR SEA PERMIT AC/P33 – Oliver Oilfield (Stuart earning 50% equity and Operator)

Subsequent to the end of the Quarter, Stuart announced that it had agreed to sell its 50% earn-in interest in the Timor Sea permit, AC/P33, including the Oliver oilfield appraisal and development project, for US\$7.5 million and would record an A\$4.4 million pre tax profit on the sale.

The sale is subject to satisfaction of Foreign Investment Review Board and other regulatory approvals and conditions precedent.

1.4 TIMOR SEA PERMIT AC/P35

Subsequent to the end of the Quarter, and consistent with its sale of AC/P33, the Company advised it would not proceed with its option to earn an interest in AC/P35.

1.5 GIPPSLAND BASIN PERMIT VIC P53 (Stuart earning 50% interest and Operator)

Stuart is the Operator of the offshore Gippsland Basin permit, Vic P53 and is entitled to earn a 50% interest in the permit by funding 100% of the cost of drilling a second well in the permit.

During the Quarter, an application was lodged with the Designated Authority (Vic DPI) to vary the commitment terms of the permit. The application has been referred to Canberra, and a response is awaited.

2. WORK PLANNED

2.1 COOPER/EROMANGA BASIN

The Company will evaluate the potential for drilling a Worrior-7 development well and will complete a project to evaluate and high grade drilling prospects to determine targets for a fourth quarter 2009/10 drilling program.

The Company is also positioning itself to participate in the further development of natural gas resources in the region to supply Australian gas markets.

2.2 PORT BONYTHON FUELS PROJECT

The Company's activities will focus on obtaining the necessary approvals and agreements to facilitate a final investment decision.

3. HEDGING

Crude Oil

The outstanding commodity contracts at 30 September, 2009 are detailed below

Month	Put	Call	Volume
October 2009	US\$65.00/ bbl	US\$80.00/bbl	15,000
November 2009	US\$65.00/ bbl	US\$80.00/bbl	15,000

Currency

The outstanding foreign exchange contracts at 30 September, 2009 are detailed below:

Forward Sales	USD Million	AUD Million	Rate
2010/11	2.7	4.0	US\$0.6703

4. SHARES/OPTIONS ISSUED

At the date of this report, the Company has a total of 63,082,422 ordinary fully paid shares on issue. In addition, there are 3,916,668 options issued but not quoted. The Company has no other securities on issue.

Below is a table summarising the remaining performance rights currently on issue:

Tranche	Total rights subject to hurdle	Entitlement measurement date	Minimum performance hurdle (share price) – 50% entitlement	Maximum performance hurdle (share price) – 100% entitlement
Tranche 2	1,013,490	30 June 2010	\$1.65	\$1.95
Tranche 3	1,013,497	30 June 2011	\$1.90	\$2.44
Total	2,026,987			

Attachments:

Tables 1-2

Asset location maps

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

Table 1

**Stuart Petroleum Limited
Quarterly Statistics (Quarter on Quarter)**

	September 2008	December 2008	March 2009	June 2009	September 2009	Change over Preceding Quarter (%)
Sales Revenue						
Production Volumes (bbls)	106,858	76,555	80,054	75,205	64,970	(14)
• Average price (A\$/bbl)	104.7	85.9	113.7	109.0	113.9	5
• Oil Revenue (A\$ million)	11.2	6.6	9.1	8.2	7.4	(10)

Field Operating Expenditure						
• Production, Export & Royalty Cost (A\$ million)	4.1	2.5	2.7	3.0	2.3	(23)
• Costs per bbl (A\$/bbl)	38.3	32.2	33.7	39.9	35.4	(11)

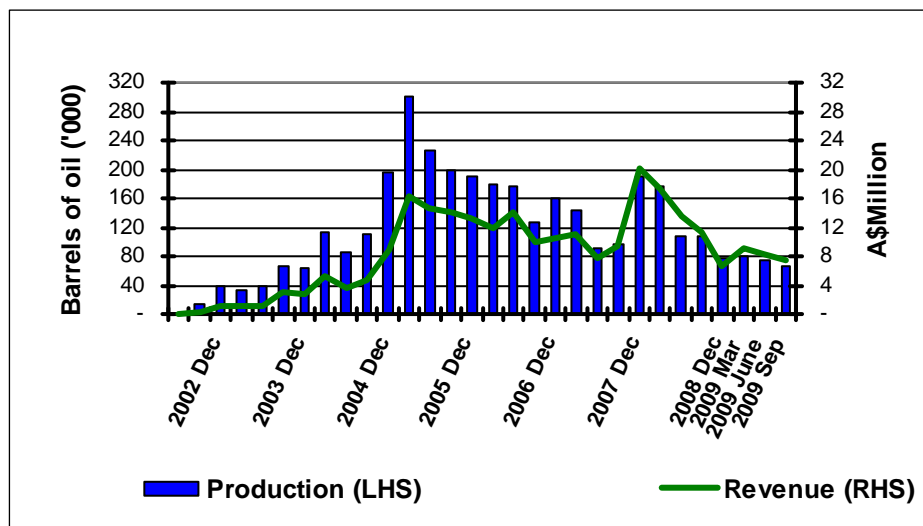
Capital Expenditure (A\$ million)						
• Exploration Expenditure Capitalised	13.7	<16.9>**	0.5	<4.4>**	1.4	N/A
• Exploration Expenditure Expensed	4.0	29.5	2.1	4.7	0.3	(94)
• Development Expenditure Capitalised	1.0	0.9	1.0	2.0	1.5	(25)
Total Capital Expenditure	18.7	13.5	3.6	2.3	2.8	22

Net Bank Debt (A\$ million)	12.3	12.0	12.8	10.9	8.0	(27)
Receivables (A\$ million)	12.4	3.0	4.7	4.9	3.3	(33)
Trade Creditors (A\$ million)	12.9	6.0	3.3	4.1	3.9	(5)

**Capitalised expenditure transferred to Exploration expense

Table 2

**Stuart Petroleum Limited
Quarterly Oil Production & Sales Revenue**



STUART ASSET LOCATIONS

