



ASX ANNOUNCEMENT - FOR IMMEDIATE RELEASE

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STUART RETURNS TO PROFIT AND REINSTATES DIVIDEND

Australian oil and gas explorer and producer, Stuart Petroleum Limited (ASX code: **STU**) has returned to profit, reporting an audited net profit after tax of \$6.7 million for the year ended 30 June, 2010.

Profitability per share on a fully diluted basis was 9.9 cents per share compared to a loss per share in the previous year of 41.0 cents. Net tangible assets as at 30 June 2010 stood at 49 cents per share and Directors declared a fully franked dividend of two (2) cents per share, payable on 16 September 2010, to all shareholders of record as at 3 September 2010.

Cash inflow from operating activities for the 2009/10 year was \$15.8 million, which included the proceeds of sale of offshore exploration interests of \$10.2 million and \$3.0 million from the sale of hedges. Stuart produced 193,000 barrels of oil from its fields in the Cooper/Eromanga Basin in the 2009/10 year.

Stuart's Managing Director, Mr Tino Guglielmo, said today:

"The Company's return to profitability and its continued strong cash flow is an excellent result. Stuart's oil production is forecast to exceed 350,000 barrels this financial year on the back of the Warrior 7 and Acrasia 5 development wells, well in excess of 193,000 barrels last year.

Stuart will begin its 2010/11 programme of exploration drilling shortly with Kerinna 2. This well will be drilled updip of an existing oil discovery and Stuart rates its chances of success highly."

In other work, the Company is progressing its studies to better define the potential for major accumulations of gas in unconventional reservoirs of Permian aged Shales and Coals in its Cooper Basin tenements. Independent advice from Denver based MHA Consultants is that these tenements have the potential to host world-class resources of Shale and Coal Gas.

Stuart is also progressing its Port Bonython Fuel Terminal proposal to the point where, in the next few months, the Company expects to have all requisite approvals in hand to enable a Final Investment Decision (FID) to be taken.

Further details are contained in the Preliminary Final Report released to ASX Limited earlier today.

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