

18 November 2010

The Manager  
Company Announcements  
Australian Securities Exchange Limited

Dear Sir

**Chairman's Address  
Annual General Meeting**

Attached hereto is a copy of the Chairman's Address presented to members at the Annual General Meeting of Stuart Petroleum Limited, held at the Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia, on Thursday, 18 November 2010 at 10.00am.

Yours faithfully

**Jarek Kopias**  
Company Secretary

Attachment: Chairman's Address

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## ANNUAL GENERAL MEETING 2010

### CHAIRMAN'S REPORT

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Good morning ladies and gentlemen and welcome to the 2010 Annual General Meeting of Stuart Petroleum Limited. My name is John Branson and I am the Chairman of your Company. Thank you for taking the time to be here this morning.

With me are my fellow Directors, David Clarke, who is Stuart Petroleum's founder and long-term supporter, Bruce Parncutt, a long-term shareholder and our recently-appointed Director, and Iain MacDougall our Acting Chief Executive Officer.

Today I offer a review of financial year 2009/2010 and provide an update on events into the 2011 financial year.

At last year's Annual General Meeting, I informed you that:

1. On settlement of the sale of the Company's Timor Sea interest, the Company would be essentially free of bank debt.

Settlement occurred, and you will note from the Financial Report presented to you today that on June 30, 2010 the Company had no debt. At present, company debt is in the order of A\$4 million.

2. The Company had bid for further Cooper Basin acreage released by the South Australian Government. The bid was successful and the Company was issued the very prospective Petroleum Exploration Licence 516.

3. The Company, assisted by Gresham Advisory Partners, was undertaking a strategic review of its high quality asset portfolio.

The review was completed with the Company now re-focused on its core assets with plans to maximise their value.

I am pleased that those matters were successfully undertaken and completed.

You have already been informed of the rain and flooding in the Cooper Basin during the period February to April 2010 and again during July to September 2010. Such events of nature have the effect of making the roads impassable for the oil-carrying tankers and for drilling rig movement.

Consequently, oil production has been constrained and drilling of wells delayed. Whilst the Company expects oil production for 2010/2011 to comfortably exceed the 193,000 barrels produced and sold in 2009/2010, the elements of nature make accurate production forecasting difficult. The recent success at Acrasia 5, where the 4 target zones encountered an aggregate of some 32 metres of pay, adds considerable confidence that expected oil production will be achieved. Further, and importantly, the nett impact of the development wells Worrior 7 and Acrasia 5 has added 326,000 barrels of oil to the Company's Proven and Probable Reserves with those 2P Reserves standing at 2.206 million barrels at the end of October 2010.

I am pleased to report that, after considerable and lengthy negotiation with the State Government, the Company and the Government have largely finalized the documentation necessary to give the Company the right to purchase the land at Port Bonython and to use the jetty there for the purposes of the Company's proposed diesel fuel terminal.

With the continued assistance of Gresham Advisory Partners, the Company seeks to involve appropriate partners in the project which will require an investment of the order of \$80 million to construct a terminal capable of storing in excess of 100 million litres of diesel, and meeting a large and growing accessible market.

Considerable interest has been generated with potential partners.

Petroleum Exploration Licence 516, issued to the Company during the year and which I mentioned previously, has not only added considerable prospectivity to the Company's oil exploration portfolio, but has also provided the Company with a unique opportunity for the delineation of large shale gas resources.

Whilst there is considerable work to be undertaken, the Company has been informed by the Denver-based unconventional gas experts, MHA Petroleum Consultants, of the potential to define between 38 and 60 trillion cubic feet of Shale Gas in Place in the Allunga Trough and Mettika Embayment within PEL 516, together with the opportunity to further define additional gas elsewhere in Stuart's Cooper Basin licence areas.

Stuart's Cooper Basin tenements have the potential to hold world class Shale gas resources and I draw your attention to the commentary contained in the Annual Report.

Stuart's long held ambitions to explore the Poolowanna Trough and Pedirka Basin in the north of South Australia, are also taking shape. The Company has commenced the Native Title "Right to Negotiate" process which should be finalised during the first half of 2011 enabling the grant of tenure over some 33,000 square kilometres, and providing opportunities for exploration for both conventional and unconventional oil and gas resources.

The company's exploration licence applications cover a large part of the South Australian portion of the Poolowanna/Pedirka region and contain geological sequences which are extensions of, or directly analogous to, Cooper/Eromanga Basin sequences. A significant new opportunity for Stuart.

It is also most pleasing to report firstly that for the fifth year in a row, your Company has recorded no lost time or medical treatment injuries to its employees and secondly, that the Company has been able to reinstate the dividend, payment of which was made in September.

The Mineral Resources Rent Tax proposed by the Federal Government has been, is, and will continue to be an unresolved issue for resource companies. Stuart continues to be involved in the industry policy groups and awaits, along with everyone else, some certainty. However, present indications are that Stuart will be largely unaffected if resource profits below \$50 million per annum are excluded, as has been suggested. Further, the issue of flow-through exploration tax deductions to shareholders (similar to franking credits for dividends) remains on that agenda.

Naturally, you will be kept advised on this issue as it develops.

Shortly, you will be asked to elect Bruce Parncutt to the Board. It is most pleasing that a man of Mr Parncutt's credentials, long-term support and his recent further investment in the Company, has offered his substantial business expertise for the benefit of the Company. His involvement provides a considerable enhancement to the strength of your Board.

Our erstwhile Managing Director, Tino Guglielmo, tendered his resignation in October with our thanks and Iain MacDougall was appointed Acting Chief Executive whilst a search for a replacement Managing Director is undertaken. Mr MacDougall has performed, and continues to perform, his duties admirably.

I thank my fellow directors, management and staff for their endeavours on behalf of the Company and you, our shareholders, for your continuing support.

2009/2010 has been a year of consolidation and rebuilding which I am confident has laid the groundwork for continuing and sustainable growth for the future.