

18 November 2010

The Manager  
Company Announcements  
Australian Securities Exchange Limited

Dear Sir

**Acting Chief Executive Officer's Presentation  
Annual General Meeting**

Attached hereto is a copy of the Acting Chief Executive Officer's Presentation 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: Acting Chief Executive Officer's Presentation  
Acting Chief Executive Officer's Speech

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# 2010 Annual General Meeting

Iain MacDougall – Acting Chief Executive Officer

18 November 2010

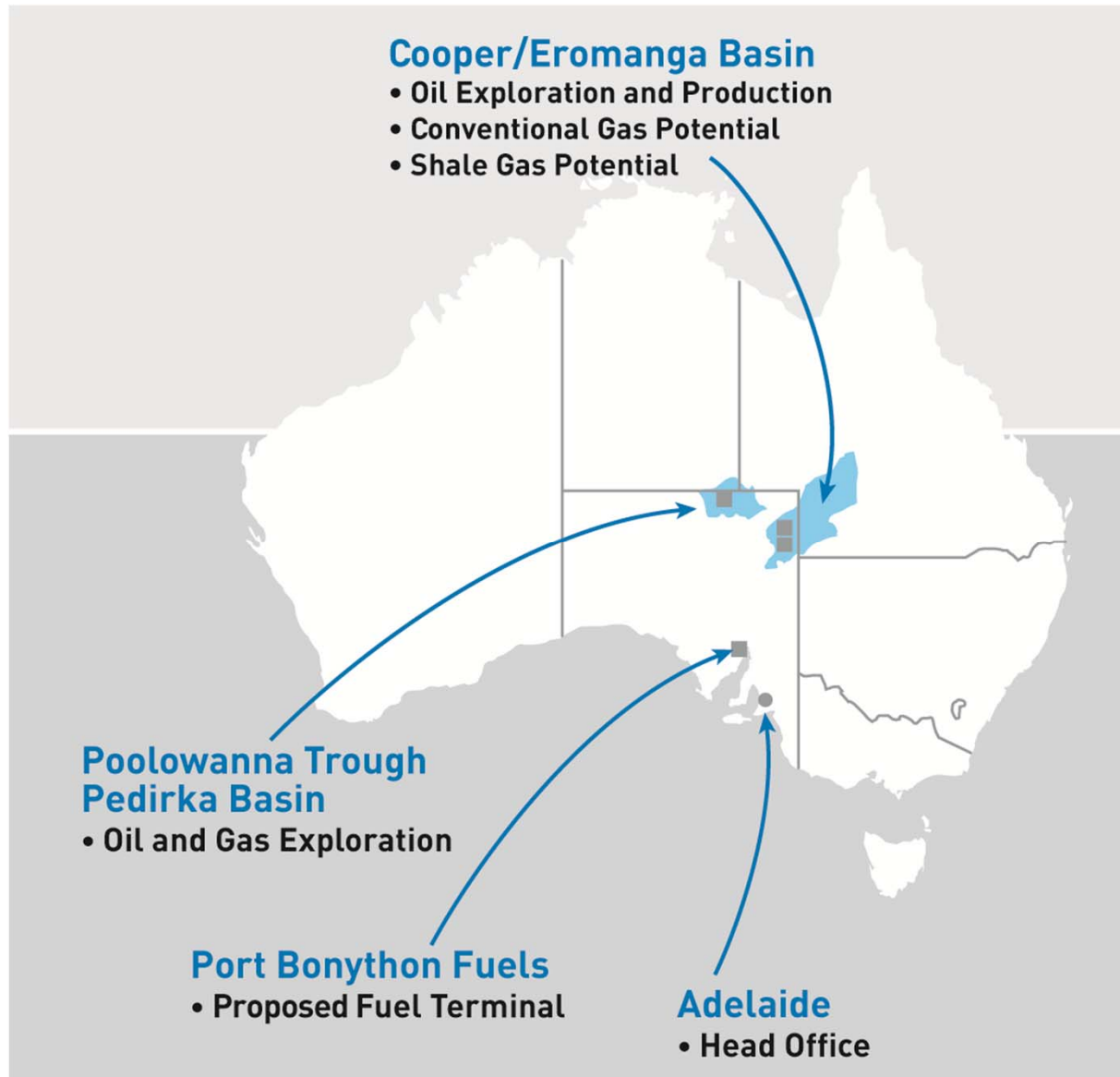


# Disclaimer

- *This presentation may contain forward looking statements that are subject to risk factors associated with oil and gas businesses.*
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  - *Reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments.*
  - *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.*

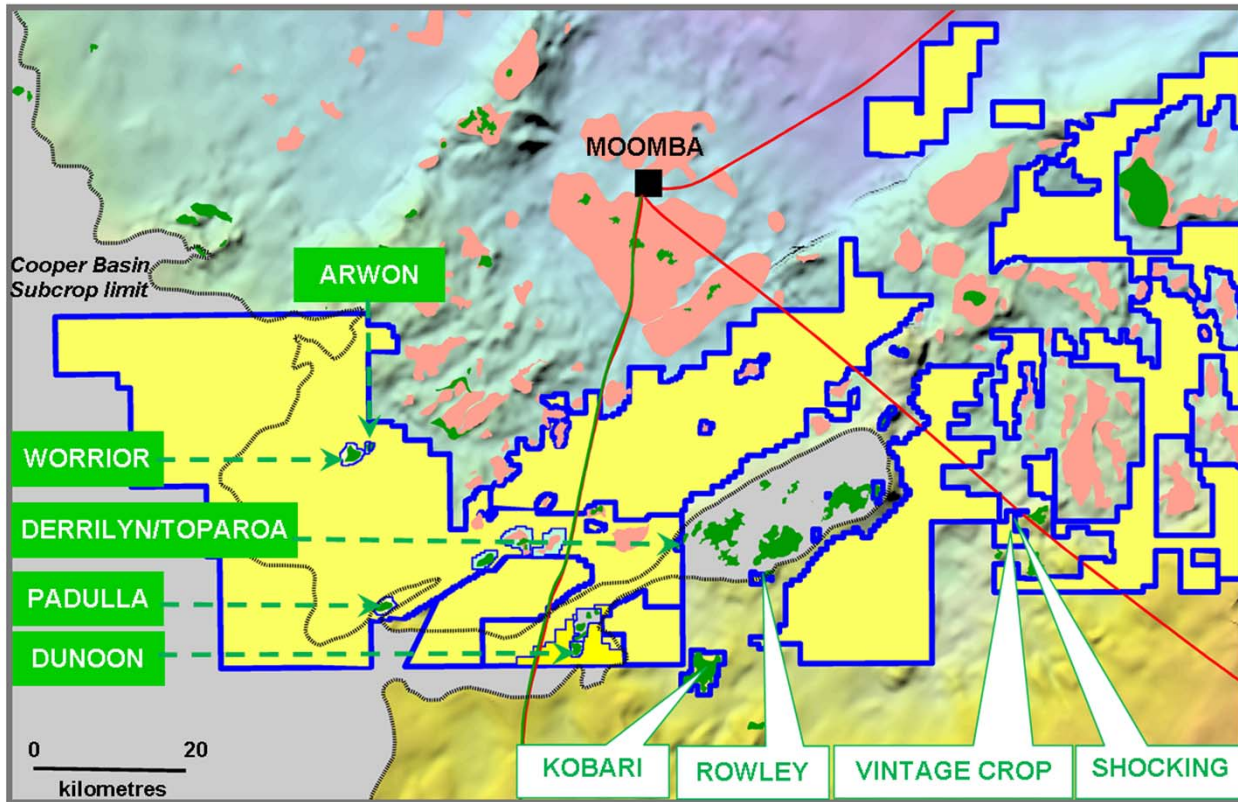


# Asset Portfolio

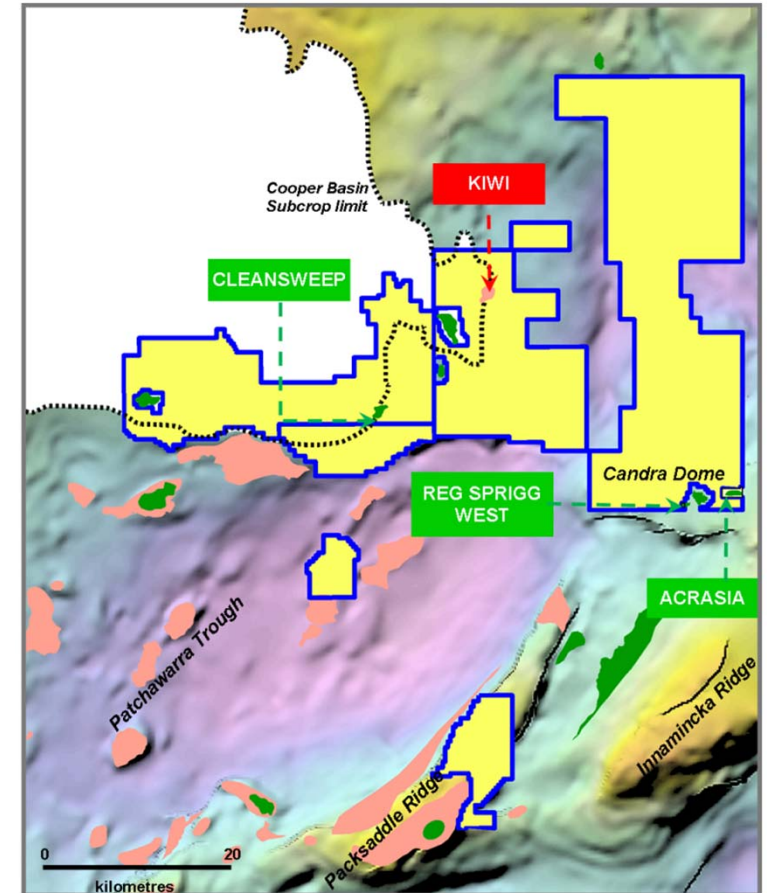




# Cooper Basin – Oil Exploration and Development



Southern Cooper Basin



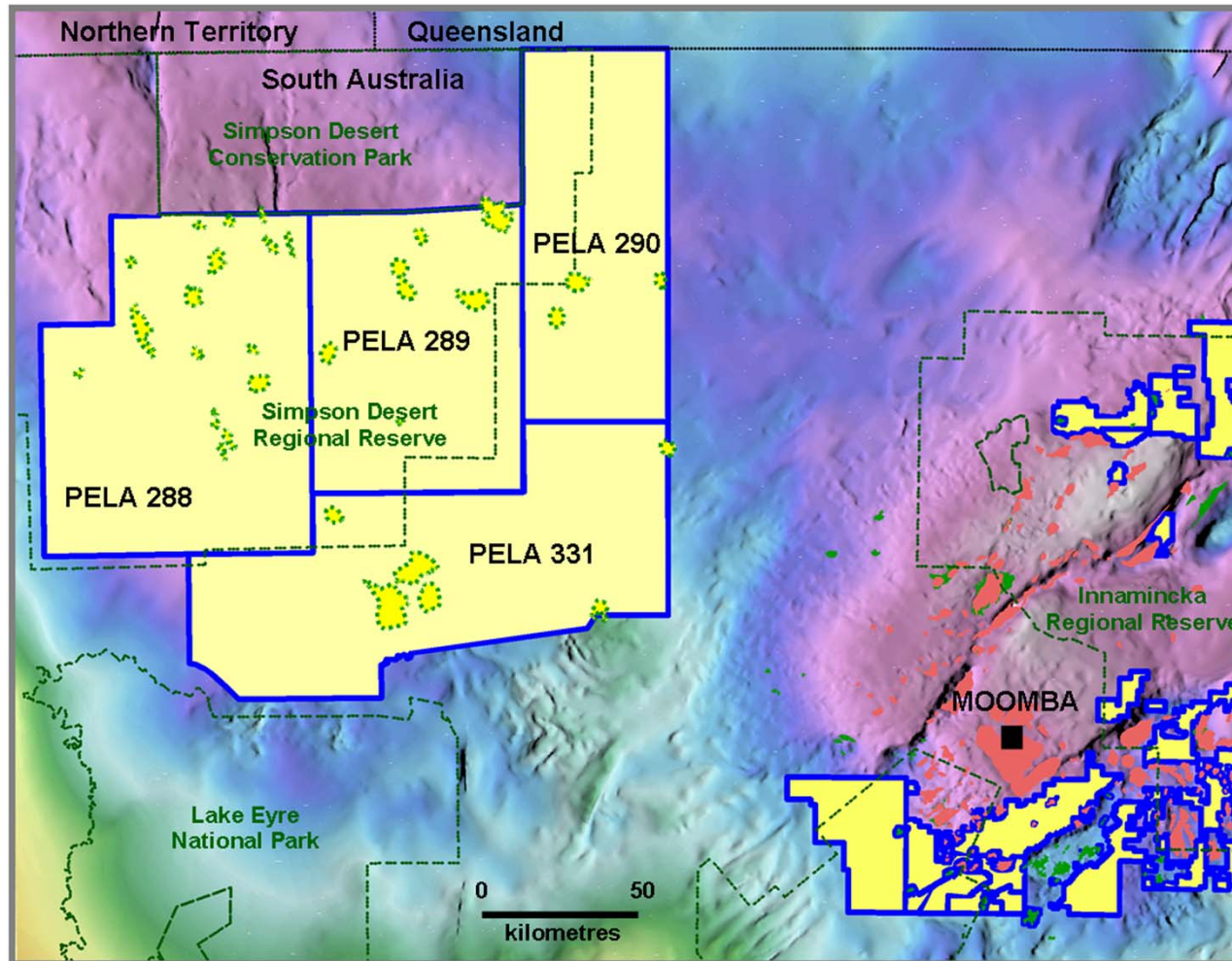
Northern Cooper Basin




STUART LEGEND	
STUART EXPLORATION ACREAGE PEL's 93, 113 & 516	
STUART OIL PRODUCTION TENEMENTS	
STUART OIL DRILL TARGETS	
STUART GAS DISCOVERY	

REGIONAL LEGEND	
OIL FIELD	
GAS FIELD	
GAS PIPELINE	
OIL PIPELINE	



# Pedirka Basin/Poolowanna Trough - Exploration



STUART LEGEND	
STUART EXPLORATION ACREAGE	
PEL's 90, 93, 100, 102, 113 & 516	
PELA'S 288, 289, 290, 331	

REGIONAL LEGEND	
OIL FIELD	
GAS FIELD	
NATIONAL PARKS	



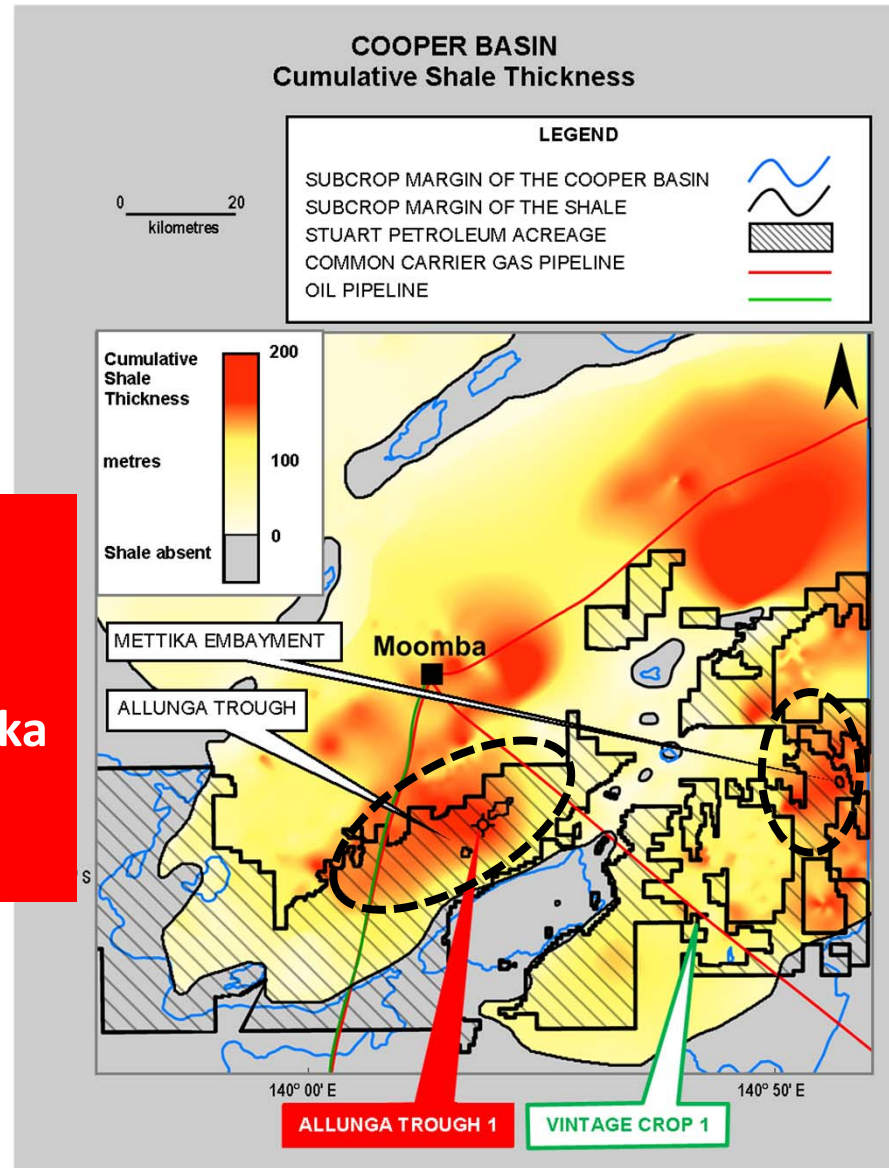


# Port Bonython Fuels Project



# Cooper Basin - Shale Gas Project

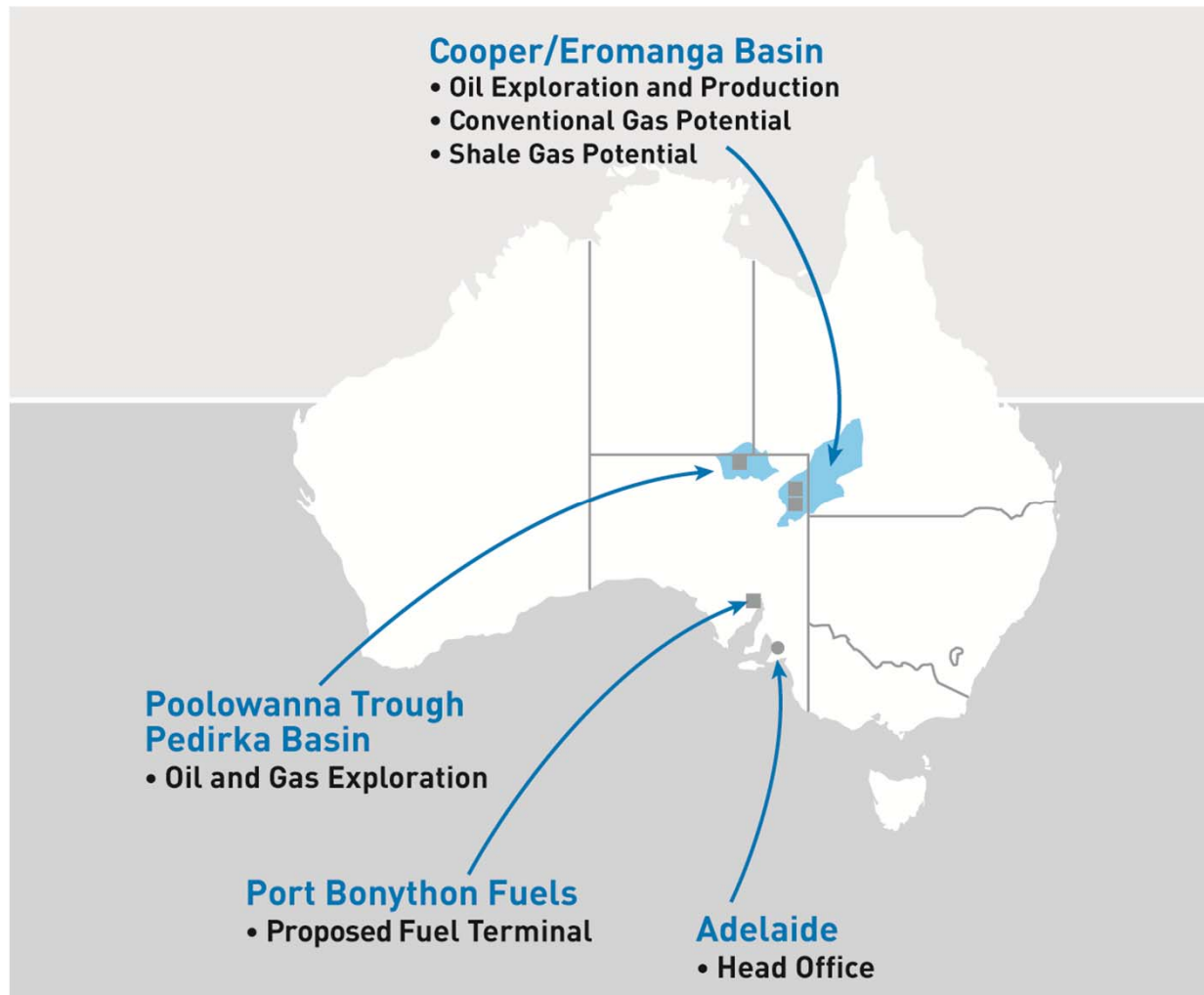
**SHALE GAS**  
Potential for 38 to 60  
TCF of gas in the  
Allunga Trough/Mettika  
Embayment  
– Stuart Share



Isopach map of Cumulative Shale Thickness — Roseneath and Murteree Shales — in the southern Cooper Basin







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Stuart Petroleum Limited  
2010 Annual General Meeting  
Adelaide, Australia  
18 November 2010

**Acting Chief Executive Officer Presentation**

**Mr Iain MacDougall**  
**Acting Chief Executive Officer**  
**Stuart Petroleum Limited**  
ABN 58 059 146 226

## **Introduction**

Good Morning Ladies and Gentlemen.

My name is Iain MacDougall, I am Stuart Petroleum's Acting Chief Executive Officer.

This morning I would like to expand on the Chairman's address to describe in some more detail the initiatives and opportunities that we are pursuing and the future directions proposed for your Company.

Can I first bring your attention to the disclaimer, as this presentation contains forward looking statements.

Stuart's business is divided into four major areas:

- Firstly, our underlying Cooper Basin Oil Production business
- Secondly, conventional Oil and Gas Exploration, both in the Cooper Basin and beyond
- Thirdly, the diesel fuel project at Port Bonython
- And fourthly – with the most potential of all - Shale Gas, particularly in Petroleum Exploration Licence 516 to the South East of Moomba.

## **2009-10 Performance and Production Outlook**

Before I proceed to talk about our various business areas, a few words about our results in the 2009/10 Financial Year and our production outlook for the remainder of this financial year.

Our Net Profit for the 2009/10 Financial Year of \$6.8 million was achieved from the sale of 193,000 barrels of oil production. Given that we suffered nearly 4 months of interruptions with the worst floods in the Basin since 1974, delivering a profit under such circumstances can be regarded as a solid outcome.

We expect production for 2010/11 to comfortably exceed last year's total. Given the continuing unseasonal rainfall, it is difficult to give a precise forecast.



## **Cooper Basin Oil - Development Drilling**

We have just finished drilling 2 development wells at Worrior and Acrasia in the Cooper Basin.

Worrior 7, drilled in July this year has not been as successful as we had hoped, with a rapid decline in oil rate from the McKinlay reservoir. However, a bonus was the unexpected 4 metres of additional oil pay encountered in the Birkhead Formation which will be brought online after the well is worked over early in the New Year.

The Acrasia 5 development well was drilled in October this year and has delivered substantially beyond our expectations, with some 32 metres of nett oil pay intersected, distributed across all four target reservoirs. Two Drill Stem Tests were conducted on the secondary targets in the Birkhead and Poolowanna Formations, flowing at rates equivalent to 450 and 900 barrels per day of dry oil respectively.

Wireline logs indicate that the primary Hutton Sandstone target reservoir has even better oil flow potential than the zones that were tested.

Completion operations are scheduled to commence later in November and work is in progress on the connection to the existing Acrasia oil production facility. We expect to bring the well on line before the end of December 2010.

Following this very positive result, we will be investigating whether further development drilling at Acrasia is warranted.

As the Chairman has noted, the nett impact of these two development wells was to add 326,000 barrels of oil to Stuarts Proven plus Probable reserves.

## **Exploration**

- **Cooper Basin**

In the Cooper Basin, Kerinna 2, in Petroleum Exploration Licence (PEL) 516, was drilled in August of this year. The well did not encounter commercial hydrocarbons and has been plugged and abandoned.

Vintage Crop 1 is scheduled as our next oil exploration well to be drilled in PEL 516. This well also forms a key part of our shale gas evaluation programme which I will mention later.

Oil exploration prospects at Kobari, Rowley and Shocking are also being worked up to determine if they meet our drilling criteria.

However, site access is still an issue and some wellsites remain cut off by floodwaters. As a consequence, we have applied for and been granted a 12 month suspension of PEL 516, which can be lifted at our option once conditions on the ground improve.

In PEL 100 in the North of the Cooper Basin, we are proposing to acquire 3D seismic to delineate potential drilling targets, however the licence is still inaccessible following the floods earlier in the year and, as with PEL 516, we have put a suspension in place pending an improvement in site conditions which will permit access to the survey area.

- **Pedirka / Poolowanna Trough**

Stuart has applied for four Petroleum Exploration Licences in the sparsely explored Pedirka Basin and Poolowanna Trough in the Simpson desert, totalling approximately 33,000 square kilometers in area.

We are currently engaged in the well established Right to Negotiate process with the Dieri and the Wangkangurru-Yarluyandi Native Title claim groups. The official State Government Notices, advising of the Proposal to Grant Exploration Licences, were posted in the local press yesterday.

A modest oil flow rate on test was recorded in the Poolowanna 1 exploration well drilled in the area in the 1980's indicating that a viable petroleum system exists. This acreage represents a significant new opportunity for Stuart.

We anticipate that the first two licences will be offered to us sometime in the first half of 2011.

### **Port Bonython Fuels**

The Port Bonython Fuels project which is now 100% owned by Stuart, comprises the staged development of a fuel storage terminal and mini-refinery in the upper reaches of the Spencer Gulf in South Australia.

Last year, Australia imported 45% of the diesel it consumed. Diesel demand is set to grow significantly with imports forecast to reach 66% of consumption before the end of this decade.

South Australian storage and transportation infrastructure is not efficient in supplying the current market and will become less so as demand grows. Northern South Australia in particular, with a significant number of large mining projects is a growth market with existing supply already stretched by current demand.

Port Bonython has a number of logistical advantages, in particular its existing but under-utilised infrastructure.

It is the only operational deepwater port in the State, with the capability of handling 100,000 tonne petroleum cargoes. This gives economy of scale benefits when compared to the nearest alternative at Port Adelaide, which can only handle 28,000 tonne cargoes and which has very limited expansion potential. Port Bonython is also some 250 kilometres nearer to the region of the greatest forecast demand growth than Port Adelaide.

Stage 1 of the project, requiring a capital investment of around \$80 million, comprises a Fuel Storage Terminal, truck loading and distribution facilities plus ship unloading and pipeline infrastructure.

We have secured 74 hectares of land from the South Australian State Government adjacent to the existing jetty infrastructure on which to build the approved facility. The approval allows storage of in excess of 100 million litres of diesel at any one time.

The facility is ideally sited to distribute diesel into rural, industrial and mining markets in the north and west of South Australia.

All necessary surveys and clearances have been obtained over the land proposed for the site. We have development approval and are in the final stages of agreeing the licence terms with the State Government which will allow us to use the existing Port Bonython jetty and adjacent land access corridor.

When this final regulatory process is completed, our focus will be on concluding commercial negotiations with potential investors, product suppliers and customers to allow the project to be brought to fruition.

Once commercial agreements are in place, construction is expected to take approximately 18 months.



## Shale Gas

Moving on to the final area, Shale Gas.

Stuart has a potential prospective shale gas resource in PEL 516 in the Cooper Basin, the scale of which we are only just beginning to appreciate.

As noted by the Chairman, our initial evaluation has been carried out in conjunction with Malkewicz, Hueni and Associates Petroleum Consultants based in Denver, Colorado, who are independent specialists in the assessment of unconventional gas resources. They advise that in the Allunga Trough and Mettika Embayment areas of PEL 516, the prospective shale gas resource in place associated with the Roseneath and Murteree shales is in the range of 38 to 60 trillion cubic feet (or TCF) of gas, with further resources in other parts of the licence.

Let me put 38 to 60 trillion cubic feet of gas in context.

Primary Industries and Resources South Australia (PIRSA) advise<sup>1</sup> that the total cumulative gas production recovered from the South Australian Cooper Basin over the last 40 years is 5 trillion cubic feet.

Santos has publicly announced<sup>2</sup> a gross unrisksed resource potential from their Cooper Basin unconventional gas of some 37 trillion cubic feet.

Beach Energy has publicly announced<sup>3</sup> an unrisksed resource potential of 200 trillion cubic feet from shales in the Nappamerri Trough right at the centre of the Cooper Basin<sup>2</sup>.

Comparing with conventional gas projects, Chevron Australia advise<sup>4</sup> that the resource associated with the Greater Gorgon project offshore Western Australia, the nation's largest single resources project is "around 40 trillion cubic feet".

Stuart's potential resource in the Cooper Basin needs to be considered against these benchmarks.

If we are able to recover 10 percent of the estimated in place gas resource, we will have a project equal in magnitude to the entire South Australian Cooper Basin gas production over the last 40 years.

PEL 516, in the South Eastern part of the Cooper Basin, contains two thick accumulations of potentially gas saturated shale, where the Roseneath and Murteree shales reach a combined thickness of up to 150 metres.

Shale thickness is particularly important because it allows the shale to be hydraulically fractured to increase gas production to economic levels without the fracture extending out of the shale into neighbouring water bearing sandstones with adverse consequences for gas production.

Thermal maturity levels are optimal for the generation of gas which is rich in high value liquid and the heavier gas streams – condensates, LPGs and ethane, while lean in valueless carbon dioxide.

These shale accumulations are comparable in area, thickness, depth, organic content and thermal maturity with currently productive shale gas provinces in the USA. One significant difference, the impact of which we are evaluating, is that these Cooper Basin shales were deposited in a lacustrine (or lake) environment rather than the marine depositional environment found in basins in the USA.

The target shales are at depths of between 2400 and 2600 metres, well within the bounds of existing drilling, well completion and fracturing technology.

Stuart is planning to acquiring a core in both the Roseneath and Murteree shales in the upcoming Vintage Crop 1 oil exploration well, which, assuming reasonable weather conditions, is likely to be drilled in the first half of 2011.

We are also seeking to re-enter the existing suspended Allunga Trough 1 well to carry out fracture injectivity testing.

Various geological studies are ongoing with a view to better understanding the potential resource and to develop a programme to test its commercial viability.

## Summary and Conclusions

Ladies and Gentlemen, in conclusion.

Stuart has a solid and profitable base oil production business.

We have had some very pleasing recent success with the Acrasia 5 oil development well which we expect to bring online before the end of December.

We are securing a large new land position to explore in the Pedirka Basin and the Poolowanna Trough.

We are finally making solid progress in moving Port Bonython Fuels forward.

And finally, sometimes unexpected riches beyond your wildest dreams are to be found right underneath your feet, disguised as difficulty, uncertainty and hard work.

Shale gas in the Cooper Basin, technically challenging and definitely by no means a certain proposition at this time, represents exactly such an opportunity for us.

This company, your company, underpinned by a solid base business, may be right on the cusp of a game changing future.

I am very excited by and very much look forward to being a part of unlocking the potential value that shale gas might represent for us.

Thank you very much for your attention.

## References:

1. PIRSA. CO-2010 South Australian Acreage Release Brochure, April 2010. Total cumulative product sales over the period 1970 to June 2009 = 4.878 TCF of gas
2. Santos International Investor Presentation 4 March 2010 – Gross Unrisked Resource Potential, Cooper Basin – Unconventional Resources 39,000 PJ.  
At a conversion of 1.055 PJ/BCF 39,000 PJ = 37 TCF
3. Beach Energy - Investor Presentation 15 Nov 2010, Slide 21.  
“Nappamerri Trough potential gas in place > than 200 TCF”.
4. Chevron Australia website 16 Nov 2010  
[www.chevronaustralia.com/ourbusiness/gorgon.aspx](http://www.chevronaustralia.com/ourbusiness/gorgon.aspx)  
Greater Gorgon resource quoted as “around 40 TCF”.