



## ASX ANNOUNCEMENT - FOR IMMEDIATE RELEASE

27 August 2009

### STUART'S STRONG POSITION SUPPORTS GROWTH

A 40% increase in net operating cash flow to A\$39.1 million has been reported by Australian oil and gas explorer and producer, Stuart Petroleum Limited (ASX code: **STU**) for the year ended 30 June, 2009.

The higher net operating cash flow for the year represents an increase of \$11.1 million on the A\$28.0 million recorded for the previous year, with the latest result benefitting from net gains in Stuart's oil hedge conversions during the period.

The strong net operating cash flow performance was achieved despite the previously advised reduction in full year production to 338,693 barrels of Cooper/Eromanga Basin oil due to natural field decline (569,562 barrels previously).

The Company recorded an average oil price for the year (after hedging) of A\$103.50 per barrel (A\$105.72 previously).

Stuart reported a net loss after tax for the full year of A\$25.9 million compared to a A\$13.2 million profit in the previous year. The reported net loss includes \$40.8 million of exploration expense; \$35.1 million for the Bazzard well in the Gippsland Basin and \$4.9 million related to the Cooper Basin. The loss also includes A\$8.8 million in write downs, largely related to the impairment of oil and gas assets due to the fall in current year oil prices.

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

***"We continue to maintain a strong balance sheet with net debt of A\$10.9 million at year end (A\$7.0m previously) and gearing of 26.9% (17.4%)."***

***"Subsequent to year end, the Company closed out a portion of its foreign exchange hedge contracts realising A\$2.2 million, which has been applied to a further reduction of bank debt."***

***"Stuart has commenced the new financial year well advanced in the development of its new projects, including the now enhanced Oliver oil field appraisal and development project in the Timor Sea and has moved to 100% ownership of the strategically important Port Bonython fuel terminal project on South Australia's Upper Spencer Gulf."***

***“Recent evaluation of Oliver geological, geophysical and engineering studies supports this field’s strong development potential with more than 30 million barrels of recoverable oil and condensate. The Oliver-2 well will be drilled later this year or early 2010 to further appraise the field’s potential.***

***“A final investment decision will be made by the end of this year on the Port Bonython Fuels project.”***

The Company has not declared a dividend for the year ended 30 June 2009.

Further details are contained in the Preliminary Final Report released to the ASX this date.

For further information please contact: Managing Director Tino Guglielmo on (08) 8410 0611 or Email: <a href="mailto:guglielmo.t@stuartpetroleum.com.au">guglielmo.t@stuartpetroleum.com.au</a>
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