



PRESS RELEASE

ASX ANNOUNCEMENT – FOR IMMEDIATE RELEASE

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STUART INCREASES HOLDINGS IN THE TIMOR SEA

Stuart Petroleum Limited (**Stuart**) has increased its holdings in the Australian Sector of the Timor Sea under the terms of an option agreement with Auralandia NL and other members of the Albers Group of Companies, which provides for Stuart to earn an equity interest of up to **70%** in Timor Sea exploration permit AC/P35 located approximately 750 kilometres west of Darwin.

Permit AC/P35 is contiguous with, and to the north of, Permit AC/P33 which hosts the Oliver oilfield appraisal and development project where Stuart is presently earning a 50% equity interest.

Under the terms of the agreement, Stuart will fund the cost of acquisition and processing of a 224 kilometre, 2D seismic survey over a closure in AC/P35, the Fairfax Structure. The cost of this work is estimated at A\$300,000 and the data will be acquired in mid August 2009.

The Fairfax Structure has potential to host resources similar in size to the adjacent Oliver oil gas and condensate field, which has been assessed to contain mean in place oil and condensate of 84 million barrels and mean gas in place of 810 billion cubic feet.

Following acquisition and processing of the Fairfax Structure 2D seismic, Stuart will become entitled, at its option, to earn up to a 70% participating interest in AC/P35 under the terms set out below:-

- Stuart may elect to earn an initial 20% equity in AC/P35 by funding 75% of the cost of acquiring, processing and interpreting not less than a 250 square kilometre 3D seismic survey. This seismic will be acquired no later than April 2010.
- Stuart may elect to earn a further 40% equity interest – to bring its interest earned to 60% - by funding 100% of the cost of drilling one exploration well in the permit by no later than April 2012.
- Stuart may then elect to earn an additional 10% in AC/P35 – to bring its total interest in the permit to 70% - by funding 100% of the cost of an appraisal well.

Commenting on the Option Agreement, Stuart Petroleum's Managing Director, Mr Tino Guglielmo, said:

"Acquisition of the right to earn a majority interest in AC/P35 is strategically important to Stuart which is building an important oil, gas and condensate resource in Timor Sea."

"The Fairfax Structure is an impressive structure in a region richly endowed with hydrocarbons. Stuart is confident that its planned programme of work on AC/P35 will add significantly to the value of its holdings in the Timor Sea."

*Attachment:
Location Map*

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AC/P35 Permit Location Map Offshore Vulcan Sub-Basin

