

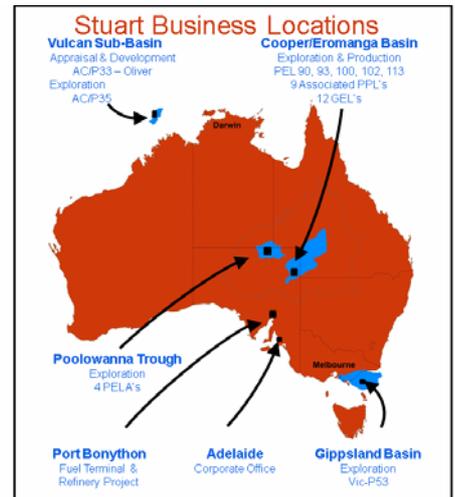


30 July 2009

The Manager
Company Announcements
Australian Stock Exchange Limited

Dear Sir,

**Quarterly Report
Period Ending 30 June 2009**



Australian oil explorer and producer, Stuart Petroleum Limited, (ASX Code: STU) today reports on activities for the quarter ended 30 June 2009.

Directors are pleased to announce the Company has continued to improve its financial position during the quarter through the combination of delivery of forecast oil production and revenue for the period, positive returns from the Company's foreign exchange hedge position, and the reduction of debt.

Progress was also made on the offshore Oliver oilfield appraisal and development project in the Timor Sea, west of Darwin and the Port Bonython Fuels project at Port Bonython in South Australia's Upper Spencer Gulf.

HIGHLIGHTS

- **Sales revenues for the quarter inclusive of hedge settlements totalled A\$8.2 million on production and sales of 75,236 barrels of oil, compared with A\$9.1 million on production and sales of 80,054 barrels of oil in the March 2009 quarter.**
- **Annual production totalled 338,693 barrels of oil, in line with forecast. Sales revenue for the year totalled \$35.1 million, 42% lower than the previous year due to lower production (\$26.4 million) and lower price (\$0.4 million).**
- **Stuart realised a \$0.3 million gain from foreign exchange hedge positions during the quarter and has now realised a total gain of A\$17.65 million from hedging activity over the 12 months ending 30 June, 2009.**
- **Cooper Basin proved reserves as at 31 March, 2009 totalled 1.8 million barrels of oil. This reflects a 20% increase over the Company's forecast volumes for the 31 March. Proved and probable reserves totalled 2.4 million barrels as at 31 March.**

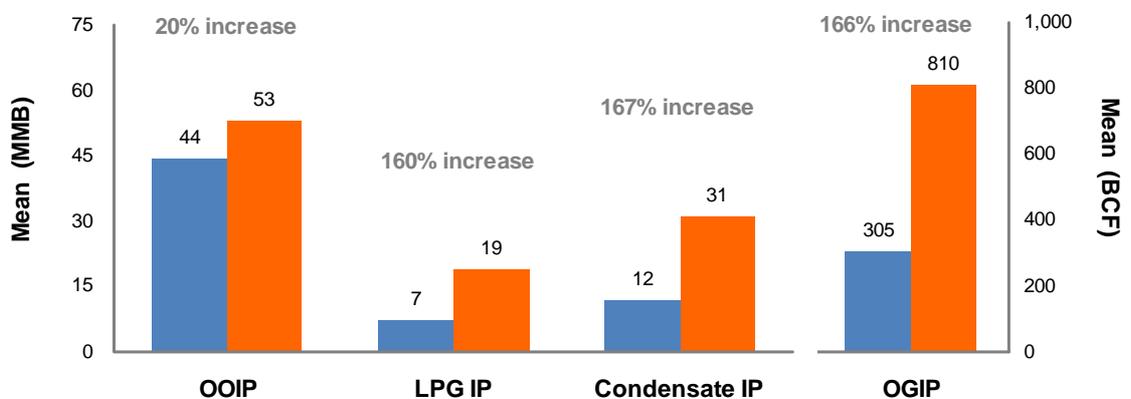
- Hydrocarbon in Place (HIP) volumes associated with the Oliver appraisal and development project increased following the completion of mapping and evaluation during the quarter. Mean oil and condensate in place increased 50% to 84 million barrels from 56 million barrels previously while mean gas in place increased more than 165% to 810 billion cubic feet (BCF) from 305 BCF.
- Stuart secured the right to acquire land at Port Bonython from the SA Government for the Port Bonython Fuels Project.
- Stuart lodged a Development Application for the Port Bonython Fuels Project with the SA Development Assessment Commission on 24 May 2009. A determination of the Application is expected during the September quarter of 2009.
- Subsequent to the end of the quarter, Stuart acquired an additional 15% equity in Port Bonython Fuels Pty Ltd from the Scott Group. The transaction reflects the respective strategic plans of both Companies. Stuart now has 100% equity in the Fuels project.

1. WORK COMPLETED

1.1 TIMOR SEA PERMIT AC/P33 – Oliver Oilfield (Stuart earning 50% equity and Operator)

Stuart is earning a 50% interest in and is Operator of the offshore Ashmore Cartier permit, AC/P33, in the Timor Sea which contains the Oliver-1 oil and gas/condensate discovery, approximately 700 kilometres west of Darwin. Stuart is entitled to earn its interest by sole funding an appraisal well (Oliver-2) and the engineering study work required to achieve a Final Investment Decision (FID) on development of the discovery. Stuart will also fund the first A\$25 million of development costs after approval of the FID.

During the quarter, interpretation of the reprocessed 3D seismic data set was completed, together with static modelling to determine the range of hydrocarbons in place in the Oliver structure. The mean oil and condensate in place is now 84 MMB, an increase of 50% over 2008 estimates, and mean gas in place is now 810 bcf, an increase of more than 165% over 2008 estimates.



The complete HIP ranges are:

| Product | Units | P90 | P50 | Mean | P10 |
|-------------------|--------------|------------|------------|-------------|------------|
| Oil | MMBOIP | 19.6 | 44.5 | 52.7 | 99.6 |
| Gas | BCFGIP | 348 | 708 | 810.4 | 1441 |
| Condensate | MMBCIP | 14.0 | 27.8 | 31.3 | 54.6 |
| LPG | MMBIP | 8.8 | 17.4 | 19.4 | 33.7 |

During the quarter, the facilities scoping studies progressed, with a preliminary basis of design and concept field layouts established. This work is based on a range of reservoir outcomes supported by simulation modelling of the field. Capital and Operating cost estimates were completed based on conceptual floating facilities arrangements.

Drilling engineering activity for the Oliver-2 appraisal well has commenced. The casing required for Oliver-2 arrived in Darwin during June.

1.2 COOPER/EROMANGA BASIN

Stuart is Operator and has a major interest in 10 oil fields in the Cooper-Eromanga region in the far northeast of South Australia and also has a minor non-operating interest in 2 further fields there. Stuart is also Operator and a major interest holder in 5 exploration permits; Petroleum Exploration Licences 90, 93, 100, 102 and 113. The Company's entire oil production originates from within these permit areas.

1.2.1 Exploration

No exploration wells were drilled or new seismic data acquired during the quarter.

During the quarter, the Company continued interpretation of the Sprigg Extension 3D Seismic Survey in PEL 90 to define possible drilling targets on the crest and flanks of the Candra Dome. These targets will be candidates for the Company's 2009 /10 drilling program.

Stuart's seismic reprocessing and inversion project in PEL 102, which has the objective of deriving seismic signatures and directly identifying gas sands in PEL 102, is being finalised. This reprocessing will be integrated into the PEL 102 interpretation and seismic inversion report

1.2.2 Development & Production

Stuart operates 21 producing wells within its permits in the South Australian section of the Cooper-Eromanga Basin, with the Company's interest in these wells ranging from 50% through to 100%. Stuart also holds minor non-operating interests in 2 fields comprising 5 producing wells in the area.

The Company's share of oil production during the quarter was 75,236 barrels, 6% below the previous quarter.

Production operations at Worrior, Padulla, Acrasia and Harpoono were stable during the quarter, with various routine surface and downhole pump optimisations carried out to maximise oil rates. Cleansweep and Arwon have been shut in pending a recovery in oil prices.

1.2.3 Quarterly Production Statistics

| PRODUCTION | Stuart's Equity Interest % | Stuart's share March 2009 | Stuart's share June 2009 | Change over preceding quarter (%) |
|--|----------------------------|---------------------------|--------------------------|-----------------------------------|
| Stuart Petroleum Operated Oilfields | | | | |
| Acrasia | 75 | 6,986 | 7,694 | 10.1 |
| Arwon | 100 | 0 | 361 | - |
| Warrior | 70 | 50,445 | 45,298 | (10.2) |
| Harpoono Complex | 66.67 | 3,527 | 3,710 | 5.2 |
| Padulla | 100 | 13,193 | 11,445 | (13.2) |
| Cleansweep | 50 | 203 | 422 | 107.9 |
| Sub-Total | | 74,354 | 68,930 | (7.3) |
| | | | | |
| Non-Operated Oilfields | | | | |
| Derrilyn Unit | 35 | 5,700 | 6,306 | 10.6 |
| | | | | |
| Total Production (barrels of oil) | | 80,054 | 75,236 | (6.0) |

1.3 PORT BONYTHON FUELS PROJECT (Stuart 100%)

The Port Bonython Fuels Project comprises the establishment of fuel import, storage and distribution facilities and a micro diesel refinery at South Australia's most northerly deep water port; Port Bonython, on South Australia's Upper Spencer Gulf. The port is the only suitable deepwater hydrocarbon fuels berth in the region as it can handle ships carrying up to 100,000 tonnes or more of fuel.

The fuel and energy needs of the State's more remote mining, agricultural and aquaculture industries and its supportive communities will be better served through establishing this facility.

During the quarter, Stuart reached agreement with the SA Government to acquire the project land at Port Bonython.

The Company also lodged the project Development Application with the SA Development Assessment Commission, on 24 May 2009. Determination of the Application is expected during the September quarter.

Commercial negotiations over supply and marketing were progressed during the quarter.

Subsequent to the end of the quarter, Stuart acquired an additional 15% equity in Port Bonython Fuels Pty Ltd (PBF) from the Scott Group of Companies. The sale of equity was completed on commercial terms and recognises a change in strategic direction in respect of the project for the Scott Group. Stuart now holds 100% of the equity in PBF.

The Company plans to complete its assessment of the project and deliver a final development decision in the December 2009 quarter.

1.4 TIMOR SEA PERMIT AC/P35 (Option Agreement)

As announced on 27 July 2009, Stuart advised it had increased to its holdings in the Australian Sector of the Timor Sea under an option agreement with Auralandia NL and other members of the Albers Group of Companies. The agreement 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.

Further information relating to the Fairfax Structure and AC/P35 can be found in Stuart's ASX announcement dated 27 July 2009.

1.5 GIPPSLAND BASIN PERMIT VIC P53 (Stuart earning 50% interest and Operator)

Stuart is the Operator of the offshore Gippsland Basin permit, Vic P53 and is entitled to earn a 50% interest in the permit by funding 100% of the cost of drilling two wells. Stuart's first well, Bazzard-1 - drilled in September 2008; was plugged and abandoned.

The Agreement under which Stuart may earn 50% equity in the permit, by funding a second well, has been extended to 31 August 2009. In the interim, the Company is considering the Spineback prospect, southwest of Bazzard-1, with 25 million barrels of potential recoverable hydrocarbons and the possible farm-down of its interest.

In support of a previous application to suspend the permit term, an application was lodged with the Designated Authority (Vic DPI) to vary the commitment terms of the permit. A response is awaited.

2. WORK PLANNED

2.1 TIMOR SEA, NORTHERN TERRITORY AC/P33 – OLIVER OILFIELD

The current round of dynamic modelling was completed in the first half of July, and the report on recoverable hydrocarbons is being reviewed by RISC.

A site survey was conducted over the area of the Oliver-2 rig location early in July.

The location for the Oliver-2 appraisal well will be finalised in the September quarter and engineering work also advanced.

The September quarter of 2009 will see further maturation of the facilities' scoping studies with desktop metocean, seabed geotechnical, flow assurance, line sizing, process simulation and well and completions studies commencing.

2.2 PORT BONYTHON FUELS PROJECT

The Company will continue to progress supply and marketing arrangements along with negotiations to finalise access and tenure terms to the service corridor and jetty for discharge and transfer of product from shipping, utilising the existing Port Bonython jetty.

PBF will continue detailed engineering and negotiations for the supply of diesel as programmed to allow Stage 1 of the project to reach financial investment decision during the December 2009 quarter.

2.3 TIMOR SEA AC/P35

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.

2.4 GIPPSLAND BASIN VIC/P53

The Company will continue dialogue with the Designated Authority regarding the terms of Vic/P53 before deciding whether to exercise an option to drill a second well and thereby earn a 50% interest in the permit.

3. HEDGING

Crude Oil

Stuart's production is unhedged to enable the Company to take advantage of an expected improvement in the oil price through 2009 and beyond.

Currency

The outstanding foreign exchange contracts at 30 June, 2009 are detailed below:

| Forward Sales | USD Million | AUD Million | Rate |
|--------------------------|-------------|-------------|--------------------|
| 2009/10 | 1.55 | 2.3 | US\$0.6703 |
| 2010/11 | 2.50 | 3.7 | |
| Zero Cost Collars | | | |
| 2009/10 | 8.25 | 11.5 | Option of US\$0.72 |
| 2010/11 | 4.00 | 5.6 | |

As reported on 22 July, 2009, all of the Forward Sales contracts for 2009/10 and all of the Zero cost Collars for 2009/10 and 2010/11 have been closed out for a net gain of \$2.2 million cash.

4. SHARES/OPTIONS ISSUED

At the date of this report, the Company has a total of 63,082,422 ordinary fully paid shares on issue. In addition, there are 4,250,000 options issued but not quoted. During the quarter, 300,000 options expired. Subsequent to the end of the quarter, a further 333,332 options expired on 26 July, 2009. The Company has no other securities on issue.

Under the Stuart Petroleum Limited Performance Rights Plan, the hurdle measurement as at 30 June 2009 required that the Stuart Petroleum Limited share price exceed A\$1.44 per share for 50% of rights to vest and A\$1.56 per share for 100% of rights to vest. This target was not achieved and accordingly, 1,013,490 of the 3,040,477 rights on issue will lapse.

Below is a table summarising the remaining performance rights currently on issue:

| Tranche | Total rights subject to hurdle | Entitlement measurement date | Minimum performance hurdle (share price) – 50% entitlement | Maximum performance hurdle (share price) – 100% entitlement |
|--------------|--------------------------------|------------------------------|--|---|
| Tranche 2 | 1,013,490 | 30 June 2010 | \$1.65 | \$1.95 |
| Tranche 3 | 1,013,497 | 30 June 2011 | \$1.90 | \$2.44 |
| Total | 2,026,987 | | | |

Attachments:

Tables 1-2

Asset location maps

For further information please contact: Managing Director Tino Guglielmo on (08) 8410 0611 or Email: guiglielmo.t@stuartpetroleum.com.au

Table 1

**Stuart Petroleum Limited
Quarterly Statistics (Quarter on Quarter)**

| | June 2008 | September 2008 | December 2008 | March 2009 | June 2009 | Change over Preceding Quarter (%) |
|-----------------------------|-----------|----------------|---------------|------------|-----------|-----------------------------------|
| Sales Revenue | | | | | | |
| Production Volumes (bbls) | 106,566 | 106,858 | 76,555 | 80,054 | 75,236 | (6) |
| • Average price (A\$/bbl) | 125.7 | 104.7 | 85.9 | 113.7 | 109.0 | (4) |
| • Oil Revenue (A\$ million) | 13.4 | 11.2 | 6.6 | 9.1 | 8.2 | (10) |

| | | | | | | |
|---|-------|-------|-------|-------|-------|----|
| Field Operating Expenditure | | | | | | |
| • Production, Export & Royalty Cost (A\$ million) | 5.3 | 4.1 | 2.5 | 2.7 | 3.0 | 11 |
| • Costs per bbl (A\$/bbl) | 49.73 | 38.32 | 32.24 | 33.73 | 39.87 | 18 |

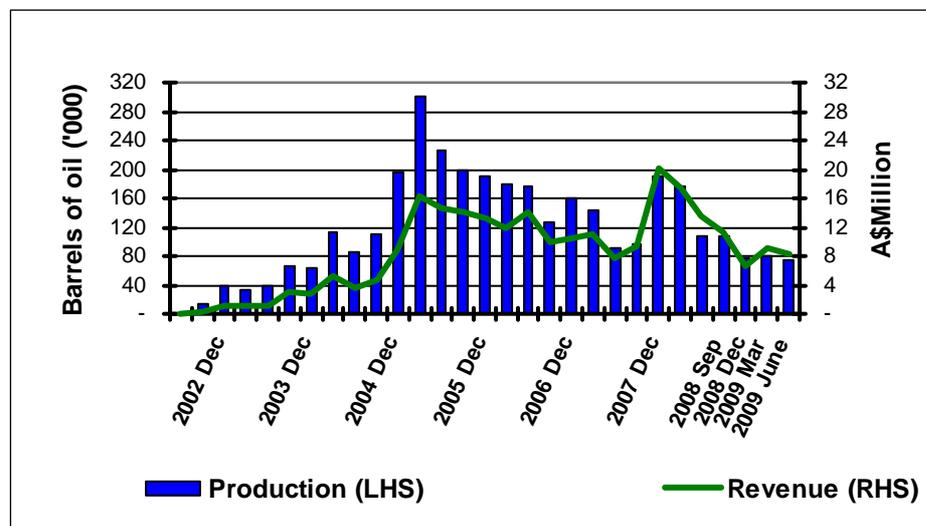
| | | | | | | |
|--|-----|------|----------|-----|---------|------|
| Capital Expenditure (A\$ million) | | | | | | |
| • Exploration Expenditure Capitalised | 1.3 | 13.7 | <16.9>** | 0.5 | <4.4>** | N/A |
| • Exploration Expenditure Expensed | 2.9 | 4.0 | 29.5 | 2.1 | 4.7 | 124 |
| • Development Expenditure Capitalised | 1.5 | 1.0 | 0.9 | 1.0 | 2.0 | 100 |
| Total Capital Expenditure | 5.7 | 18.7 | 13.5 | 3.6 | 2.3 | (36) |

| | | | | | | |
|--------------------------------------|------|------|------|------|------|------|
| Net Bank Debt (A\$ million) | 7.0 | 12.3 | 12.0 | 12.8 | 10.9 | (15) |
| Receivables (A\$ million) | 14.5 | 12.4 | 3.0 | 4.7 | 4.9 | 4 |
| Trade Creditors (A\$ million) | 9.1 | 12.9 | 6.0 | 3.3 | 4.1 | 20 |

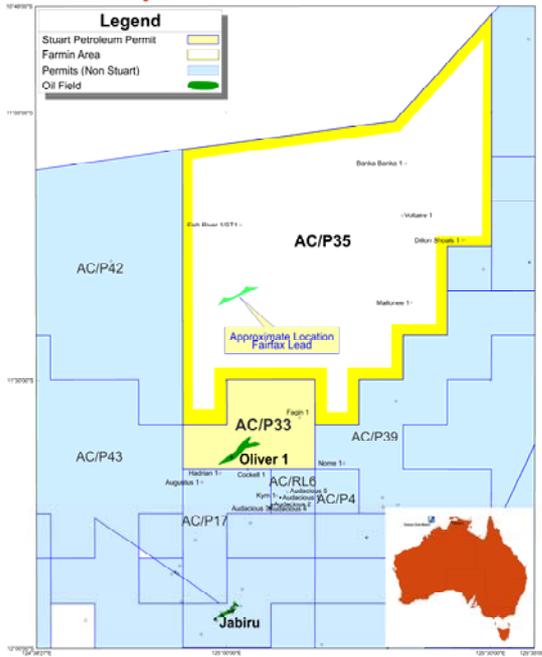
**Capitalised expenditure transferred to Exploration expense

Table 2

**Stuart Petroleum Limited
Quarterly Oil Production & Sales Revenue**



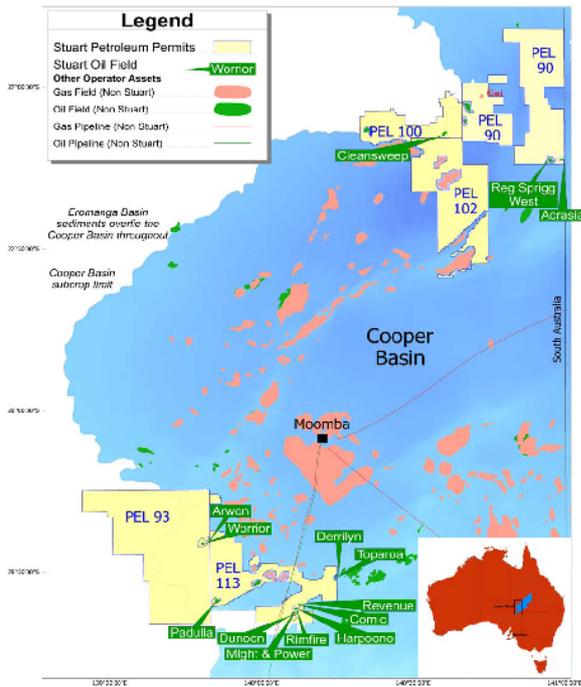
STUART ASSET LOCATIONS



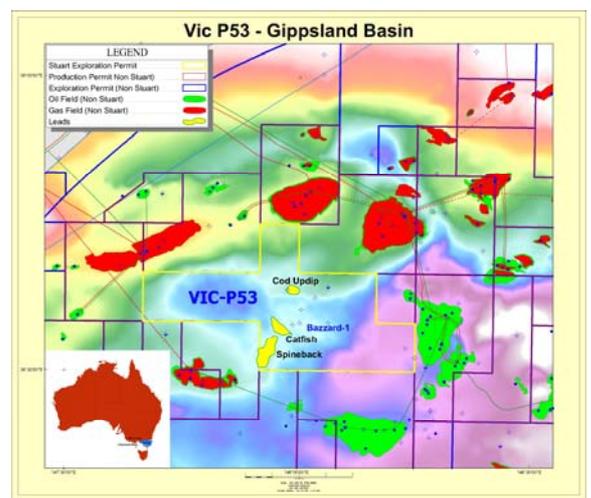
TIMOR SEA PROJECTS AC/P33 and AC/P35



PORT BONYTHON FUELS PROJECT



COOPER BASIN ASSETS



OFFSHORE GIPPSLAND Vic P53