



PRESS RELEASE
ASX ANNOUNCEMENT – FOR IMMEDIATE RELEASE

Friday 6 March 2009

The Manager
Company Announcements
Australian Securities Exchange Limited

Dear Sir,

Shareholder Report

Australian oil producer and explorer, Stuart Petroleum Limited (ASX Code: STU) today released the attached document to Members of the Company.

The document contains information about Stuart, its current portfolio of growth projects and a summary of results for the half year ending 31 December 2008.

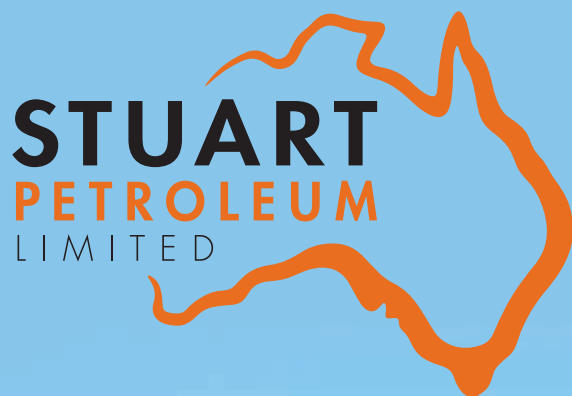
A printed copy of the document is available by contacting the office of Stuart Petroleum on 08 8410 0611 or e-mail info@stuartpetroleum.com.au.

Yours faithfully,

John F. McRae
Company Secretary

Attachments:
Shareholder Report

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



SHAREHOLDER **REPORT**

March 2009

IN THIS REPORT

from the Chairman
and Managing Director

- Port Bonython Fuels Project



- Oliver Appraisal and Development Project
- Cooper/Eromanga Basin Farm out Program
- Half Year Summary



Cover: The drilling rig, Songa Venus
contracted for the OLIVER OILFIELD, Timor Sea



FROM THE CHAIRMAN AND MANAGING DIRECTOR

*John Branson
Tino Guglielmo*

Economic Conditions

Your Company has just endured the most challenging half year in its history. The financial crisis that has engulfed the world has made credit conditions extremely difficult for most companies. This, in turn, has driven economic growth downwards reducing the demand for energy and other commodities. As a result, the price of oil has collapsed from a peak of around US\$150 per barrel to a current price of around US\$55 per barrel (APPI Tapis).

Notwithstanding reasonably sound economic fundamentals, growth in the Australian economy has been impacted by these global events. This has led to interest rate reductions in Australia which, along with lower energy and mineral commodity prices, has resulted in a significant drop in the USD/AUD exchange rate.

Going forward, it can be expected that global growth will remain weak, with economic recovery unlikely to be realised for some time. However, when the world economy does recover, oil and gas will again be in strong demand.

Impact on Stuart

For Stuart shareholders, the strength of the Company is not dissimilar to that of the Australian economy – fundamentally sound but impacted by national and international events beyond its control.

“The USD oil price decline has adversely impacted revenues but this has been partially offset by the USD/AUD exchange rate decline so that the price received by the Company is currently around A\$77 per barrel.”

“Shareholders can be assured that management is doing everything possible to manage those activities within its control including identifying the best prospects for drilling, maximising oil production and keeping costs to reasonable levels.”

Half Year Results

The half year financial report for the period ending 31 December 2008 was released to the ASX on 25 March. The report advised that the Company recorded a Net Loss, after Tax, of \$26 million for the half year after expensing \$41 million of costs in drilling the Bazzard 1 exploration well and the write-down of impaired assets brought about by the lower price of oil.

Cash Flow from Operations for the period totalled A\$29.7 million reflecting the strength of the Company and its ability to continue the plans outlined herein.

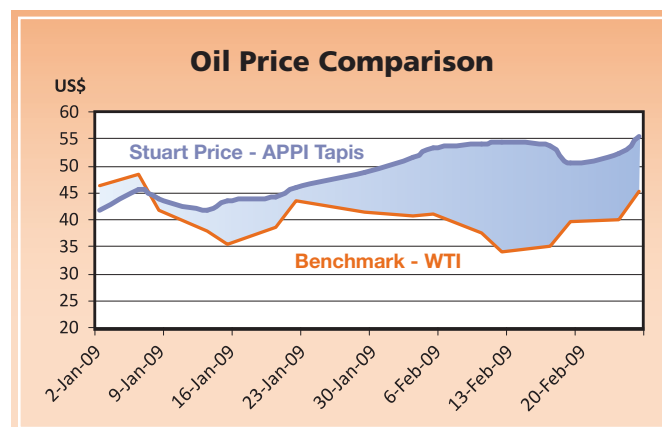
As discussed in the half year financial report, the Company repaid over A\$12 million of borrowed funds after realizing the value of a significant part of its commodity price hedges during the half year ending 31 December.

Since the end of the half year, the Company has repaid its Trade receivable facility and sold the remainder of its commodity price hedge book.

Outlook

Stuart’s immediate focus is to continue to harvest its existing Cooper/Eromanga Basin oilfields. These fields are producing around 1,000 barrels of oil per day net to Stuart. Revenue generated from this production totals around A\$2.5 million per month at US\$55 per barrel (approximately A\$77 at a USD/AUD exchange rate of 0.65).

It should be recognised that the price of oil realised by Stuart is based on APPI Tapis (Singapore) quoted prices which are currently higher than the benchmark WTI (West Texas Intermediate) price usually quoted in the media. The current APPI Tapis price is around US\$55 per barrel and shareholders should recognise this differential when assessing Stuart’s value. Over time it is likely that the two prices will merge to reflect the historical trend.



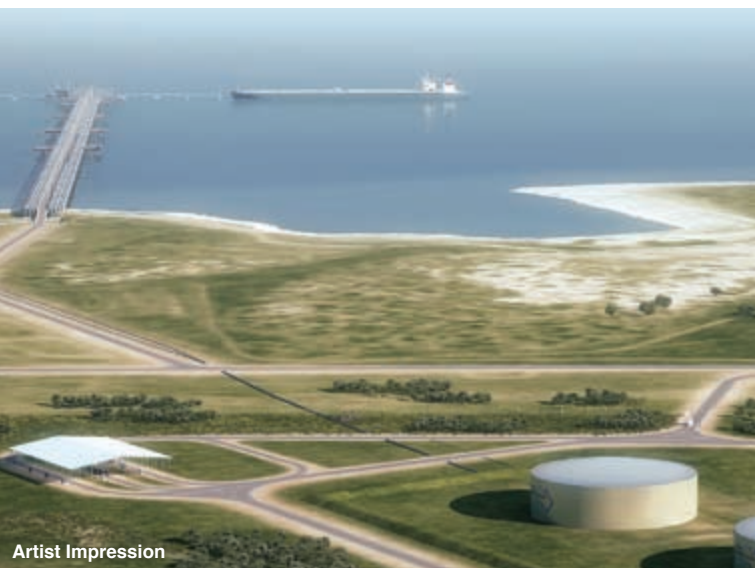
Funds generated from Cooper/Eromanga Basin production continue to be applied to the Company’s growth projects which include the Port Bonython Fuels project in the northern reaches of the Spencer Gulf and the Oliver oilfield appraisal and development project – offshore North West of Australia. Excess funds are applied to the debt reduction strategy adopted by the Company.

Shareholders continue to be well served by the management and employees of the Company, all of whom are also shareholders and continuing shareholder support is also appreciated.

***John Branson
Tino Guglielmo***



GROWTH PROJECTS



Artist Impression

Port Bonython Fuels Project

The Port Bonython Fuels Project is being developed by Stuart Petroleum (85% equity) and the Scott Group of Companies (15%). The project, at Port Bonython in the upper reaches of Spencer Gulf in South Australia, will overcome an existing perceived shortfall in the supply of diesel fuel in the northern region of SA, which is expected to increase based on new mining developments in the region.

The Stage 1 development, costing \$50 million, will involve the use of existing jetty infrastructure at Port Bonython to land and transport diesel to storage onshore. Distribution of the diesel will initially be via road transport but the site has potential for rail and pipeline delivery of product.

Progress made on Stage 1 to date includes:

- The project has Section 49 "Crown Sponsored" Development status.
- The Terminal facility layout and land has been defined.
- Un-exploded ordnance clearance on Stage 1 area is complete.
- Native vegetation and fauna survey on Stage 1 area is complete.
- Aboriginal heritage and archaeological consultation/survey is complete.
- Existing infrastructure (pipelines) have been reviewed and risk assessed.
- Utilities and services available to the project terminal have been assessed.

Stage 2 comprises a diesel refinery and expanded tankage.

Progress in commercial and engineering arrangements continues and it is expected that these will be complete by September/October 2009.

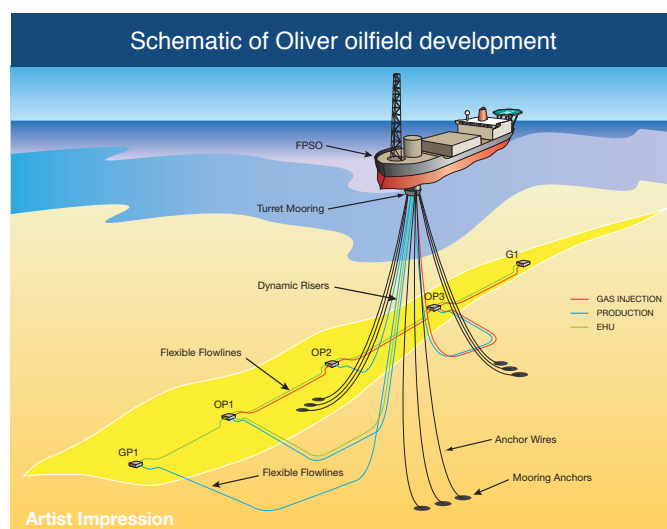


Artist Impression

Oliver Appraisal and Development Project

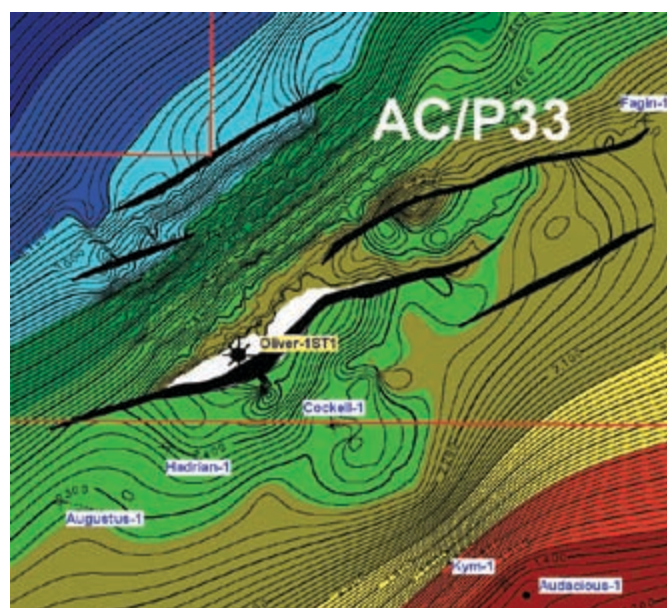
Stuart is operator and earning a 50% equity interest in the Oliver Oilfield in AC/P33 in the Timor Sea, originally discovered and assessed by BHP Petroleum, is assessed by Stuart to contain gross recoverable oil and condensate in the range of 10 to 33 million barrels with a mean of 20 million barrels.

Participation provides a significant offshore pre-development asset to Stuart's growth portfolio. Gross recoverable oil and condensate in the Oliver structure is being further assessed by reprocessing of existing and new 3D seismic information which is expected to improve the known original oil in place.



Artist Impression

The Company has already engaged a semi-submersible rig, the Songa Venus (cover photo), to drill the Oliver 2 well. In the interim, the Company is well advanced with the re-processing of seismic data over the field to identify preferred drilling locations.



Reservoir modelling and engineering studies are being conducted to determine a preliminary development plan.

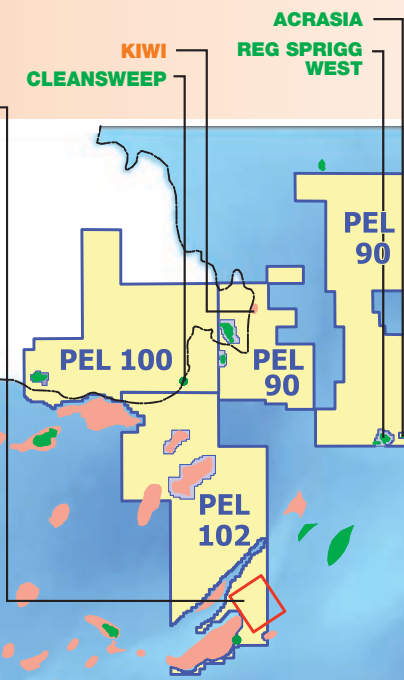
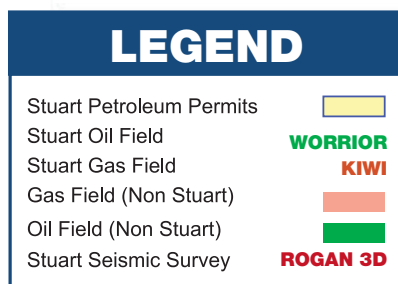
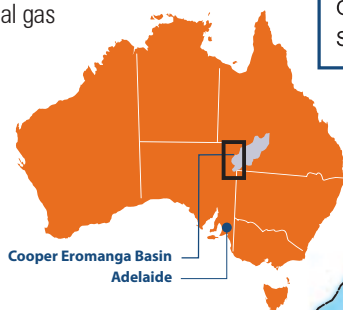
COOPER EROMANGA BASIN FARM OUT PROGRAM

The Company's northern licences in South Australia's Cooper Basin, PEL 90 and PEL 102, have strong potential for gas discovery. A number of companies have expressed an interest in acquiring a share of the licences and have been invited to review relevant data.

Processing of recently acquired seismic data over the region has identified a number of potential gas drilling locations.

Farm out of equity will mitigate the exploration risk, conserve capital and meet drilling commitments in the licences.

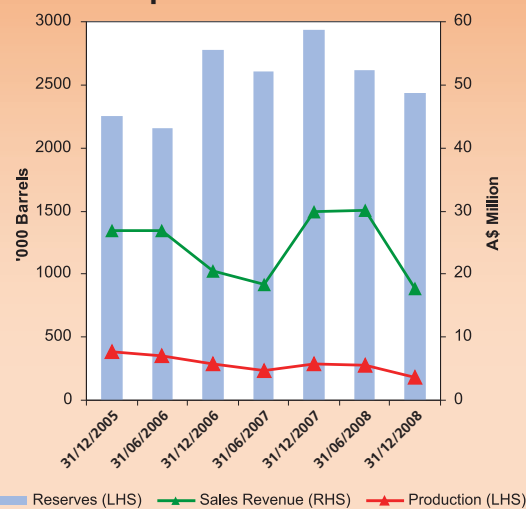
Discussions with interested parties are ongoing.



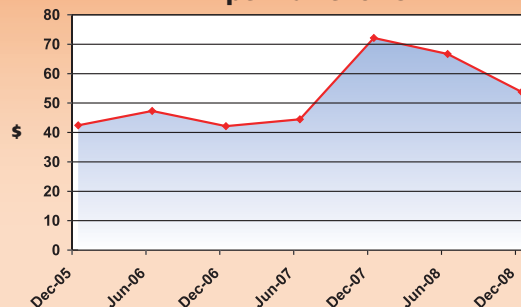
HALF YEAR SUMMARY

- Generated \$30 million of cash from sales proceeds and \$12 million from the sale of hedges during the half year.
- Recorded a net loss after tax of \$26 million reflecting expensed costs of drilling the Bazzard-1 well and impairment write-downs caused by lower oil prices during the half.
- Sales Revenues totalled \$17.8 million reflecting:
 - » Production 183,000 barrels of oil
 - » Price averaged A\$96.96 per barrel.
- Drilled the Bazzard-1 well in Gippsland Basin permit Vic P53. Reviewing results to determine potential for a second well in the licence.
- Reserves totalled 2.430 million barrels of oil at 31 December 2008, down 7% on the 30 June 2008 total.
- Paid a 4th consecutive annual dividend of 2 cents per share on 19 September 2008.
- Net debt at 31 December was \$12 million.
- Cash generated from second half production is expected to fund current expenditures on the Oliver and Port Bonython Fuels projects; and repay debt.

Comparative Performance



EBITDAX per Barrel of Oil



ABN 58 059 146 226
ASX Code: STU

Level 7, 22 King William Street
Adelaide, South Australia 5000
PO Box 8148, Station Arcade
Adelaide, South Australia 5000
Telephone: +618 8410 0611
Facsimile: +618 8410 0250
info@stuartpetroleum.com.au
www.stuartpetroleum.com.au

CORPORATE DIRECTORY

Directors

John G Branson, Chairman
Giustino Guglielmo, Managing Director
David B Clarke

Company Secretary

John F McRae

Auditor

PricewaterhouseCoopers
Level 14, 91 King William Street
Adelaide SA 5000

Home Stock Exchange

Australian Stock Exchange Limited
Level 25, 91 King William Street Adelaide SA 5000

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street Adelaide SA 5000

Enquiries within Australia, Ph: 1300 556 161
Enquiries outside Australia, Ph: 61 3 9615 4000

Email: web.queries@computershare.com.au