



16 December 2009

The Manager
Company Announcements
Australian Securities Exchange Limited

Dear Sir,

Significant Progress through 2009

Attached hereto is a copy of the letter from the Chairman of the Company circulated to Shareholders which provides commentary on the significant progress made by Stuart Petroleum during 2009 including the recent award of petroleum exploration block 2009E to Stuart.

Yours faithfully,

John F. McRae
Company Secretary

Attachments:
Shareholder Letter and Attachment.

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



14 December 2009

Dear Shareholder

Significant Progress through 2009

2009 has been particularly satisfactory year for Stuart and dividend payments will once again be on the agenda for Board consideration. Your Company has produced and sold its oil, handled its oil and currency hedge books well and put arrangements in place to exit its Timor Sea position at a profit.

Most significantly, Stuart has **almost doubled its Cooper Basin acreage**, with Primary Industries and Resources' recent announcement that it has awarded petroleum exploration block 2009E to Stuart.

This new area stretches along the southern margin of the Nappamerri Trough and I attach a brief evaluation of the new area for your perusal.

Your directors believe that the quality of our new Cooper Basin exploration acreage is second to none and that exploration of this region will add significantly to shareholder value.

Yours faithfully,

John Branson
Chairman

Attachment: Stuart announcement to ASX Limited of 9 December 2009



ASX ANNOUNCEMENT FOR IMMEDIATE RELEASE

9 December 2009

STUART EXPANDS ACREAGE IN COOPER/EROMANGA BASIN BY OVER 80%

Stuart Petroleum Limited was today awarded a highly prospective new petroleum block – designated CO2009-E – in the South Australian sector of the Cooper/Eromanga petroleum province. When granted, **the new licence will provide Stuart with outstanding coverage of the prospective and productive southern reaches of the Cooper Basin** in South Australia, a region where Stuart already has 6 oilfields in production.

Stuart's exploration group used its intimate knowledge of the region in its approach to Government for the area which is an excellent compliment for Stuart's Exploration and Development skills.

The new Block **will increase Stuart's already strong Cooper/Eromanga acreage position by 83%**. The initial licence term will be 5 years with a right of renewal permitting a total 10 year exploration term. Long term Production Licences will be issued for discoveries.

EXPLORATION PROGRAM

Stuart will hold 100% interest in its new acreage and plans to drill 4 exploration wells in the first licence year and 3 exploration wells in the second year. At the same time it will acquire new 2D and 3D seismic to upgrade numerous leads evident in the region.

Oil

Key early targets include:

- The **Kobari Oilfield**, discovered by Delhi Petroleum and partners in 1984, is planned to be redrilled early in the first year of the licence term. The discovery well, Kobari 1, flowed oil on test from the Jurassic Murta Member at a rate of 53 barrels of oil per day but the field was not brought into production. Subsequent 3D seismic acquisition has revealed that Kobari 1 was drilled on the flank of the Kobari closure. Stuart is confident that a drill test of the crest of the structure will delineate new resources of producible oil. At this stage of mapping P10 oil in place in the Kobari structure is estimated **to exceed 1.0 million barrels**.

- The **Kerinna oilfield** is planned to be redrilled early in the first licence year. This field was discovered by Delhi and partners in 1984 and Kerinna 1 produced approximately 20,000 barrels of oil from the Jurassic Hutton Formation. Stuart believes that shows of oil in the Murta and McKinlay Formations at Kerinna may also be producible from the structure. At this stage of mapping, P10 oil in place in the Kerinna structure is estimated at approximately 1.0 million barrels.

With 6 producing oilfields in the district, Stuart's existing infrastructure and expertise in the ground is expected to ensure that the Company is able to maintain its record of bringing new oil discoveries on stream within weeks of their discovery.

Gas

The Cooper Basin is the most prolific onshore gas-producing basin in Australia and the new acreage advances Stuart's plan to target gas in both conventional (sandstone) and unconventional (shale, coal and tight sandstone) reservoirs. The Cooper Basin is connected by pipeline to markets in each of the eastern and southern capital cities and to numerous regional and industrial centres. Other Cooper Basin producers have recently announced programmes to vigorously target both the Basin's conventional and unconventional gas resources to meet expected increases in demand for gas.

Together with Stuart's existing licences, the new acreage provides extensive updip cover of the southern margin of the gas-prone Nappamerri and Allunga Troughs, surrounding the Santos operated Della gas field. **Stuart now has a strong acreage position for gas throughout this productive and highly prospective region.**

Stuart's gas programme will be based on the use of enhanced seismic processing techniques to identify both conventional and unconventional gas targets and the use of fracture stimulation production enhancement techniques and high angle drilling to maximise production rates and recoveries.

Managing Director of Stuart Petroleum, Mr Tino Guglielmo, said:

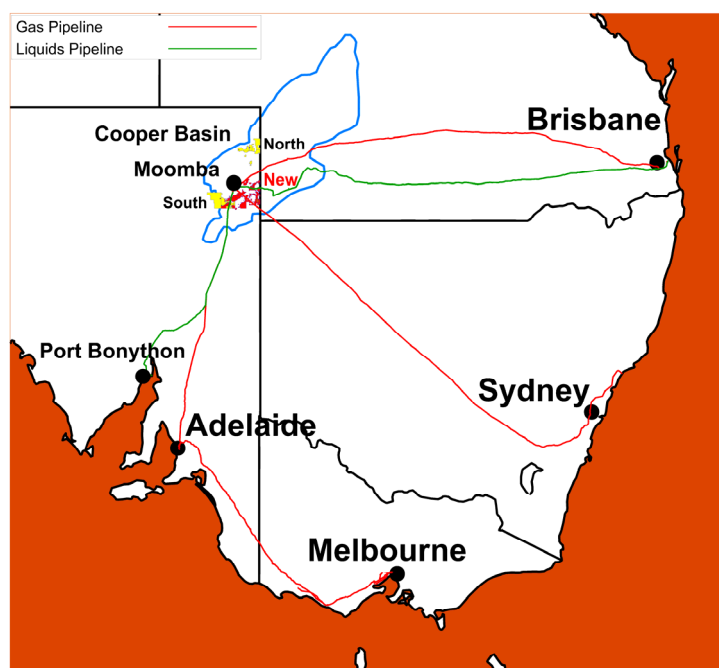
"The addition of the new Cooper Basin acreage increases Stuart's holding to over 5,700 km² of Cooper and Eromanga Basin ground - one of the larger and more valuable holdings in the Basin and one from which Stuart Petroleum is well set up to explore, develop and produce."

"With the sale of our Timor Sea interests due to settle shortly, Stuart will be substantially debt-free, with a strong cash flow from its Cooper Basin holdings and with an excellent portfolio of Cooper/Eromanga Basin exploration targets."

“Stuart is in its most robust good health ever, in terms of its financial position, cashflow, reserves and exploration portfolio.”

“This healthy state of affairs has been achieved without a share issue since the Company’s initial offering as Stuart Petroleum in 1999. All growth since that time has been generated by good oilfield practice.”

“Stuart Petroleum continues to plan for organic growth rather than growth funded by shareholder subscription. Stuart has paid annual dividends on four occasions since 1999 and, as announced by the Chairman at this year’s Annual General Meeting, the board will consider resumption of the annual dividend payments in recognition of the Company’s substantial achievements this year in both the Timor Sea and the Cooper Basin.”



Attachments: Location Map (i) Cooper/Eromanga Basin, South Australia

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Cooper/Eromanga Basins, South Australia

