



PRESS RELEASE

ASX ANNOUNCEMENT – FOR IMMEDIATE RELEASE

17 December 2008

FURTHER RESTRUCTURING OF HEDGES ACCELERATES DEBT REDUCTION

Australian oil producer and explorer, Stuart Petroleum Limited (ASX: STU), has announced the completion of the restructuring of its hedge book with the recent sale of a further A\$2.3 million of hedges. This brings the cash realised from hedge sales to a total of A\$12 million.

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

“The hedge proceeds will reduce Stuart’s net debt position at 31 December 2008 to around \$12 million after accounting for the full cost of the Bazzard-1 offshore exploration well in the Gippsland Basin. This compares to net debt of \$7.0 million at 30 June 2008.

“Stuart has retained a hedge position valued at more than A\$4 million, for the remainder of the 2008/09 financial year, at current oil prices. This position will ensure the Company of a minimum average oil price in excess of US\$72 per barrel, on around 60% of the balance of production through the remainder of the financial year.”

In addition to the hedge sales, Stuart has received A\$1.725 million in payment for hedges “in the money” since the oil price collapse.

The increase in earnings resulting from the restructuring of the hedge book will be reflected in the Company’s profits over the three financial years ending in June 2011.

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