

ASX ANNOUNCEMENT - FOR IMMEDIATE RELEASE

3 August 2007

STUART PETROLEUM 2007 COOPER/EROMANGA DRILLING PROGRAM RAINBIRD 1

Stuart Petroleum Limited advises that the Rainbird 1 exploration well in PEL 93 will commence drilling on or about the 7 August 2007. The Rainbird 1 well will target un-risked P10 oil in place potential of 6.4 million barrels and gas in place potential of 4 billion cubic feet.

Rainbird 1 is located 8 km SSW of the Worrior Oil Field on a simple four way dip closure.

Red Sky conducted an airborne geochemical survey in 2006 over part of PEL 93 to assess the oil and gas potential of a number of prospects. Rainbird 1 will be the first test of the geochemical results.

Primary targets are oil reservoirs in the McKinlay Member of the Murta Formation and the Birkhead Formation. Secondary targets are gas reservoirs in the Patchawarra and Epsilon Formations.

The well is being drilled pursuant to the terms of a new Farm In Agreement between Stuart Petroleum Limited, Cooper Energy Limited, Red Sky Energy Limited and Magellan Petroleum (Southern) Pty Ltd (Ultimate Parent Entity – Magellan Petroleum Corporation), which replaces an earlier agreement between Stuart, Cooper and Red Sky.

The new Agreement provides for Red Sky and Magellan to farm in to the Rainbird prospect by each paying for 49% of the Rainbird 1 well cost. The Agreement also provides for additional wells to be drilled under similar earning arrangements.

On successful completion, interest holders in the Rainbird 1 well will be:

Stuart Petroleum Limited (ASX:STU) (Operator)	36%
Red Sky Energy Limited (ASX:ROG)	24.5%
Magellan Petroleum Corporation (ASX:MGN)	24.5%
Cooper Energy Limited (ASX:COE)	15%.

Rainbird 1 will be drilled by Ensign Drill Rig 20.

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RAINBIRD 1 EXPLORATION WELL

Details

Licence:	PEL 93 – Cooper / Eromanga Basins SA	
Participants: (post discovery)	Stuart Petroleum Limited (Operator)	36%
	Red Sky Energy Pty Limited	24.5%
	Magellan Petroleum (Southern) Pty Ltd	24.5%
	Cooper Energy Limited	15%
Rig:	Ensign Rig 20	
Potential Original Oil in Place:	3.2 million barrels (Mean Value)	
Potential Original Gas in Place:	2 billion cubic feet (Mean Value)	
Target Strata:	Primary:	McKinlay (oil) Birkhead (oil)
	Secondary:	Epsilon (gas) Patchawarra (gas)
Total Depth:	2010 metres	

Commentary

Rainbird 1 is an exploration well designed to test the oil potential of the McKinlay Member and the Birkhead Formation within the Eromanga Basin sequence. The gas potential of the Epsilon and Patchawarra Formations (Cooper Basin) will also be tested.

The Rainbird structure has simple four way closure at the top Namur and top Murteree Shale horizons. McKinlay oil production occurs to the north at the Worrior and Arwon fields. Birkhead Formation oil production also occurs in the Worrior Field. It is expected that the Roseneath Shale will form a top seal for any Epsilon Formation gas reservoirs and similarly the Murteree Shale will form a top seal for any Patchawarra gas reservoirs.

To highgrade prospects before farming in, Red Sky had an airborne geochemical survey flown in the central/eastern area of PEL 93. Interpreted results produced oil and gas micro-seepage anomalies over the Rainbird Structure. Rainbird will be the first test of this geochemical method in the Cooper Basin.

Pre-Drill Estimate of Oil in Place (thousands of barrels)

Formation	P90	P50	Mean	P10	Pg%
McKinlay	400	1100	1500	3000	15
Birkhead	400	1200	1700	3400	15

Pre-Drill Estimate of Gas in Place (billions cubic feet)

Formation	P90	P50	Mean	P10	Pg%
Patchawarra	0.8	1.5	2	4	20

Pg = Geological probability of success

Target Horizons

Primary Targets:

McKinlay Member (Murta Formation) – Primary Target (Oil)

The reservoirs in the McKinlay Member should be of similar quality to that found in Worrior. The well is located within an area of thick Permian sediments which should be ideal for hydrocarbon generation.

Birkhead Formation – Primary Target (Oil)

The potential Birkhead reservoirs should be of a quality similar to that found in the Worrior Field. Oil would be sourced from the underlying Permian siltstones and coals.

Secondary Target:

Patchawarra Formation – Secondary Target (Gas)

The major risk to a Patchawarra gas accumulation is reservoir quality. This area generally has poor sand quality in the Patchawarra (eg. Boxwood 1, Boxwood 2 and Kurbine 1). However, good quality sands occur at Dalray 1 to the south and Wancoocha to the north-east.

Summary of Potential

Rainbird 1 will evaluate the oil potential of the McKinlay and Birkhead reservoirs together with the gas potential of the Patchawarra and Epsilon Formations.

The prospect has dry gas and oil geochemical anomalies detected using an airborne system to define micro-seeps. Rainbird will be the first test of this technique in the Cooper Basin. Rainbird is addressing potential oil in place (P10) of 6.4 million barrels and 4 BCF of P10 gas in place potential.

Timing

The Rainbird 1 well is expected to spud on or about 7 August 2007.



Rainbird 1 Well Location Map

Southern Cooper Basin - South Australia

