

STREAM OIL & GAS LTD.

TSX-V: SKO

Closing Price (July 28): \$0.72

52-Week Range: \$0.85-\$0.215

Shares O/S: 51.84 million

Market Cap: \$37.3 million



Source: www.BigCharts.com

Note: eResearch issued its initiating *StockPotentials* report on Stream Oil & Gas Ltd. on July 22, 2010. The report is available at the following link: http://www.eresearch.ca/report/SKO_072210-SP.pdf

SECOND-QUARTER RESULTS

Stream Oil & Gas Ltd., a Canadian-based company with operations in Albania, has published results for the second quarter and six months ended May 31, 2010. See Selected Financial Data table and analysis overleaf.



Table 1: Selected Financial Data for Stream Oil & Gas Limited

Selected Financial Data	3 months	3 months	6 months	6 months	% Change
(C\$)	<u>May-09</u>	<u>May-10</u>	<u>May-09</u>	<u>May-10</u>	
Revenues	766,149	1,327,199	1,575,263	2,609,028	65.6%
Net Income	(214,536)	(40,996)	(470,210)	(20,822)	95.6%
Cash Flow From Operations	23,646	300,343	(81,487)	454,766	658.1%
Capex	(396,810)	(307,523)	(919,296)	(420,475)	
Change Working Capital	339,982	(655,749)	89,281	(1,413,342)	
Other Items	6,432	(218,863)	611,007	(948,883)	
Amount To Be Financed	(26,750)	(881,792)	(300,495)	(2,327,934)	
Financed by Equity	0	1,007,454	0	4,075,627	
Financed by Debt	0	0	0	0	
Net Change in Cash	(26,750)	125,662	(300,495)	1,747,693	
Weighted Average Shares O/S	38,680,341	48,270,445	38,680,341	48,270,445	24.8%
Revenue Per Share	\$0.020	\$0.027	\$0.041	\$0.054	
Earning (loss) Per Share	(\$0.006)	(\$0.001)	(\$0.012)	(\$0.000)	
Cash Flow Per Share	\$0.001	\$0.006	(\$0.002)	\$0.009	

Analysis:

- Revenue growth is impressive, with a 73% increase for the three months and a 66% increase for the six months compared with the corresponding periods of the previous year. The increases reflect higher oil production and higher oil prices.
- The higher production is due to the Company's larger share of oil production, up from 231 barrels per day (bbl/d) in Q2/2009 to 365 bbl/d in Q2/2010.
- As production volume increases, economies of scale improve. This resulted in a significant increase in Cash Flow from \$23,626 in Q2/2009 to \$454,766 in Q2/2010.
- For the first time, Cash Flow from Operations is sufficient to cover capital expenditures on oil & gas properties, albeit a scaling down of these expenditures. Strong Cash Flow should provide good support to working capital financing and sustain its growth.
- The over \$4 million in equity raised during the six months ended May 2010 provides solid support for liquidity. Due to strong growth in revenue and earnings, revenue and earnings per share show an impressive improvement, even with additional shares issued during this period.

COMMENT: *The positive Q2 performance augurs well for the Company's prospects over the next 12 months.*



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THE COMPANY

Stream Oil & Gas Ltd. is a Canadian-based oil & gas company with operations in Albania. The Company is focused on reactivation and redevelopment of four major producing Albanian projects: three heavy oil fields and one gas field. Stream Oil & Gas has an experienced management team, with substantial expertise in the industry and in Albania.

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