

Stream Oil & Gas Ltd.

Form 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS- ANNUAL

Year ended November 30, 2009

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This Management Discussion & Analysis (MD&A) contains forward-looking statements, which reflect, among other things, management's expectations regarding the Company and the Company's properties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements.

Such forward-looking information, including but not limited to statements such as production targets, timing of the company's planned work program and management's belief as to the potential of certain properties, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

Such factors include, among others, risks and uncertainties associated with:

- changing government regulations and tax laws
- petroleum operations- production estimates and targets
- operating risks
- production cost increases
- size of the oil and gas reserves and ability to increase reserves
- market demand and market prices for production
- capital market volatility and the Company's ability to raise funding for capital expenditures
- equipment procurement and equipment performance

The Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon.

Non-GAAP Measures

Stream Oil & Gas Ltd. (Stream or the Company) uses the following common oil and gas industry non-GAAP measures in discussing its operating results:

- Net operating income is revenue net of royalties, operating and sales and transportation costs. This provides a useful comparative measure of the Company's operations before general and administration costs and other expenses and income.
- Operating net back per barrel (bbl) is determined by dividing operating income by Stream's share of total production. The oil and gas industry uses this measure to indicate the contribution per barrel.

Management's Discussion & Analysis

INTRODUCTION

Stream Oil & Gas Ltd. (the "Company" or "Stream") is an emerging oil and gas production, development and exploration company. It operates three oil fields and a gas field in Albania. The Company's shares trade on the TSX-Venture Exchange under the symbol "SKO".

The following is management's discussion and analysis (MD&A) of the financial condition and results of the operations of Stream for the twelve month period ended November 30, 2009, compared to the 13 month period ended November 30, 2008. The discussion also incorporates the three-month period ended November 30, 2009, compared to the three month period ended November 30, 2008.

This MD&A, prepared as of March 25, 2010, includes information and expectations concerning Stream's outlook based on currently available information and should be read in conjunction with the Company's audited year-end consolidated financial statements and related notes for the corresponding period.

All figures are in United States dollars unless otherwise stated.

OVERALL PERFORMANCE

Stream has one operating and reportable segment. All exploration and production operations in this operating segment are conducted in Albania through the Company's wholly owned subsidiary Stream Oil And Gas (CI) Ltd.

Stream's total revenue was \$2.21 million for the twelve months ended November 30, 2009 compared to \$2.83 million for the thirteen months ended November 30, 2008. Despite higher production and oil sales during the year ended November 30, 2009, revenues decreased compared to 2008 because of a fourth quarter adjustment to reflect a receivables settlement with Albpetrol as follows:

On September 15, 2009, the Company agreed to accept 3,443 metric tons of oil (23,240 bbls) at a deemed price of \$254/mt (\$37/bbl), as settlement of Albpetrol's net outstanding receivable of \$874,764 as of the end of December 2008. Furthermore, the Company returned to its inventory 2,579 metric tons (17,408 bbls) of oil for its share of production to August 31, 2009. As a result, 40,648 bbls were in inventory as of November 30, 2009. The Company made corresponding adjustments to revenue, operating, sales and transportation expenses. The inventory was valued at the average cost of production- \$8.88 per bbl. As of November 30, 2009, the value of oil in inventory was \$360,954. Management entered into additional sales contracts with local customers to sell this oil inventory. Certain suppliers also agreed to accept payment in oil.

The Company produced 173,130 boe in 2009 (134,933 boe in 2008) of which Stream's net share was 83,310 boe (52,101 boe in 2008). Average daily production, net to Stream increased from an average of 155 boed in 2008 to 228 boed in 2009. Stream's average price per barrel of oil was \$38.69 in 2009 compared to \$38.38 in 2008. Current net production is 420 boed for which the Company receives an average price of \$38.69

Net production of 250 bbls/day as of November 30, 2009 was lower than the previously forecast 500 net bbls/day by the fourth quarter because the Company was unable to complete planned Cakran well takeovers and workovers due to funding delays and longer than expected takeover arrangements with Albpetrol.

Revenues were also lower than expected because of delays in coming to an agreement to neutralize the effects of the Albanian government's 10% production royalty imposed in 2008 on all resource

Management's Discussion & Analysis

companies. The Company's Petroleum Agreements state that, in the event that the Albanian government imposed royalties, the terms of the Petroleum Agreements would be amended to neutralize the effects of the royalty. Management has discussed the issue during an Advisory Committee meeting with Albpetrol and is preparing an adjustment proposal in line with the submitted Plans of Development. The Company expects to reach an agreement at the same time as the Plans of Development are approved. Therefore, Stream has been paying the 10% royalty and 2009 revenue is net of the 10% royalty.

The Company netted gas production in 2009 of around 46 mmcf (36 mmcf in 2008) even with frequent closures by the refinery, currently the Company's only gas customer. Condensate production was around 2,415 bbls in 2009 compared to 1,736 in 2008.

The net loss for the year ended November 30, 2009 was \$2.07 million or \$0.04 per share compared to \$1.39 million or \$0.04 per share in 2008.

Cash flow and working capital

The Company had adequate cash flow in 2009 to continue operations and meet its petroleum contract obligations. Because Albpetrol, formerly the Company's main customer, was unable to pay on time, Stream entered into sales contracts with new Albanian customers. These new customers paid on delivery or in advance.

To preserve cash pending fund-raising the Company delayed significant capital expenditures; reduced operating and administrative costs; and made payment deferral arrangements with its key suppliers. The Company ended the year with a working capital deficiency of \$0.98 million compared to positive working capital of \$1.17 million at the end of 2008.

Following the closing of a \$3.5 million private placement on January 4, 2010, the Company returned to a positive working capital position. Working capital as of March 22, 2010 was \$1.4m balances were \$1.17 million cash

The Company expects to return to positive cash flow by the second quarter of 2010 by selling the oil in inventory and increasing production. As of February 31, 2010 the Company held 40,744 Barrels of oil of oil in inventory. The Company expects to sell this oil at an average price of 55% - 60% of Brent.

Following the settlement with Albpetrol and because Stream's new customers pay on delivery or in advance, accounts receivable at the end of November 2009 was down to \$0.01 million, compared to \$0.61 million as of November 30, 2008. Payables increased to \$ 1.67 million compared to \$1.03 million as of November 30, 2008.

Capital Expenditures

The Company spent about \$1.4 million on property development and equipment acquisition in 2009, compared to \$4.5 million in 2008. Capital expenditures in 2009 were significantly lower than in 2008 because the Company had met its capital expenditure obligations under its Petroleum Agreements. To conserve cash, management deferred further development work until after the January 2010 fund-raising. During the first three months of 2010 the Company used the private placement proceeds to fund capital expenditures of \$1.1m mainly on work-overs.

Strategic Priorities and Milestones

The Company completed the evaluation phases on its three Albanian oil fields (Cakran-Mollaj, Gorisht-Kocul, Ballsh-Hekal) and met its commitments under the Petroleum Agreements. Oil field plans of development (PoDs), submitted in September 2009 to the Albanian authorities. The Advisory

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Committee (Albpetrol & Company members) approved the Plans on December 24, 2009 and Company expects Government approval shortly.

The PoDs include completing the takeover of all wells in the oil fields within the next 12 months.

The Plan of Development for the Delvina Gas field was approved by the Advisory Committee on February 4, 2010 and was submitted to the Government Hydrocarbon Agency for approval as well.

Management's strategy is to implement Improved Oil Recovery (IOR) techniques (managed reservoir recompletions) in certain of the recently taken over wells, with the objective of at least doubling existing production before mid year 2010. Through the balance of 2010, Stream will complete additional takeovers, enabling further IOR production increases, as well as carrying out technical planning for the future deployment of Gorisht water flood and Enhanced Oil Recovery (EOR) testing for the Cakran and Ballsh oil fields.

To fund the PoDs, management completed funding arrangements for a \$3.5 million non-brokered private placement at the end of 2009. The financing closed on January 4, 2010.

Management's financing strategy, given the Company's low share price, was to raise only enough cash to complete the first phase of its development plans, increase production and maintain adequate working capital. The goal was to set the stage for a larger funding with less dilution later in 2010.

The Company also obtained its first National Instrument 51-101 compliant reserve valuation. A summary of the reserve valuation is provided below. The corresponding NI 51-101 forms are available on SEDAR and the Company's website. The Company continues to update the reservoir and rehabilitation data on its properties and intends to update its reserve report by Q3 2010.

The safety of its employees is the Company's highest priority. The Company also continues to improve and maintain high environmental standards. Recently Company engaged a Canadian expert to prepare a complete HSE manual for its operations using Western standards.

Stream maintains positive relationships in the communities in which it operates and with the Albanian authorities.

Industry and Economic Factors

Albania, is a gateway to the European Energy Market, and has been in the spotlight during 2009. It seems the interest for investment will continue in 2010. Since Albania joined NATO there has been a more positive climate for investment and big Energy projects are planned for the country in the near future. After the construction of the Porto Romano Energy Park which is to include a new refinery, a new thermo central power station, a biodiesel and gas terminal, and large hydrocarbon products storage area, will be built.

Management's Discussion & Analysis

SELECTED ANNUAL INFORMATION

Financial (\$US)	12 months ended November 30, 2009	13 months ended November 30, 2008 (1)	From period of incorporation, June 11, 2007 to October 31, 2007(2)
Oil and gas revenue	\$2,214,907	\$ 2,834,723	nil
Net operating income	637,863	1,308,029	nil
Net loss	(2,072,218)	(1,385,460)	(346,681)
Net loss per share – basic and fully diluted (3)	(0.05)	(0.04)	(0.01)
Additions to property, plant and equipment	1,413,629	4,350,012	887,119
Total assets	7,341,302	7,434,822	5,963,207
Total long term liabilities	420,000	nil	nil
Shareholders' equity	5,248,756	6,403,380	5,360,667

1) Year-end changed from October 31 to November 30.

2) Results from date of incorporation to first audited financial statements for year end, October 31, 2007

3) Based on the weighted average number of shares outstanding during the period.

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Operating	2009	2008*
Oil		
Average net daily production (bbl/day)	228	155
Average price (\$/bbl)	38.69	38.38
Operating Netback (\$/bbl)	11.83	25.11
Gas		
Average net daily production (mcf/day includes refinery shut down time)	138	63
Average net production (mcf / day when refinery operates)	438	325
Average Price (\$/mcf)	14.88	15.83
Condensate		
Average net daily production (bbl/day) (When refinery operates)	21	15
Average price (\$/bbl)	72.52	84.22

*First year of operations, comparatives not available

RESULTS OF OPERATIONS

Production and revenue

Under its Petroleum Agreements, Stream has the right to takeover a total of approximately 570 wells, 244 of which are currently in production. In 2009, Stream took over no additional wells, compared to 87 wells taken over in 2008. At the end of 2009, 44 wells are currently producing, unchanged from the end of 2008. Since the end of 2009, the Company has taken over an additional 13 producing wells.

In 2009, Stream's second full year of operations, Stream produced a total of about 173,130 bbls of oil (134,933 in 2008). Under its Petroleum Agreements, Stream's share of this production was about 83,310 bbls (52,101 in 2008). At an average price of \$ 38.69 /bbl, total revenues were \$2.21 million, net of royalties, and returns for the twelve months ended November 30, 2009, compared to \$ 2.8 million for the thirteen months ended November 30, 2008.

Stream's daily crude oil production from the wells it operates was 490 bbls/day as of November 30, 2009, 240 bbls/day net to Stream, compared to 155 bbls/day, net to Steam in 2008. After the Cakran well takeovers effective March 22, 2010, the Company is currently producing an average of 420 bbls/day, net to Stream. The Company currently sells its oil at an average price of 55% - 60% of Brent.

Gas production from the Delvina field was higher in 2009 compared to 2008 as a result of refinery higher production rates even if the shut-down periods were longer. Total gross gas production in 2009 was 143mmcf. (121 mmcf in 2008) Average gas production when the refinery operates is around 700 mcf/day. The Company received an average price of \$14.88/ mcf.

Stream also produces and sells condensate from its Delvina gas field: The Company sold 2,415 bbls of condensate in 2009 at an average price of \$ 72.52/bbl, compared to 1,736 bbls of condensate in 2008 at an average price of \$84.22/bbl.

The Company is considering various alternative markets and solutions to the refinery shut-down.

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Operating costs

The Company's main operating costs were \$693,929 (\$750,000 in 2008) in payroll for field employees in Albania, employee transportation costs of \$45,541 (\$54,000 in 2008) and security services of \$79,278 (\$72,800 in 2008). Sales and transportation costs were \$137,348 (\$300,755 in 2008).

General and Administrative (G&A)

Management significantly reduced G&A during 2009: \$1,894,586 compared to \$2,264,195 in 2008. Included in G&A are professional fees, mainly legal fees which decreased to \$277,610 (\$691,391 in 2008); management fees and salaries of \$1,120,637 (\$1,041,051 in 2008); and office costs of \$395,645 (\$372,945 in 2008).

Capital Expenditures

In 2009 Stream spent \$710,000 on passive seismic programs mainly in its Delvina gas field (\$1,046,327 in 2008); and \$857,747 on work-overs and upgrades to the wells taken over during the 12-month period. (\$2,550,055 in 2008). The Company paid \$90,219 for its 2009 reserve valuation compared to \$41,871 for a technical report in 2008.

Royalties, Direct Expense and Netbacks

In accordance with its Petroleum Agreements, Stream's share of production is based on a formula whereby the Company receives 30 to 35% of baseline (pre-existing) production, established at the time of well take over. Alpetrol's share of pre-existing production declines at a rate of 10% per year and the Company's share increases by the difference. The Company also receives 100% of incremental production. Stream must pay an additional 2-6% royalty depending on a cost recovery factor and an additional 0.4 to 1.2% share of profits, after full cost recovery.

In 2009, Stream had not initiated full development work in its oil fields and therefore incremental production that Company is entitled to under its Petroleum Agreements was not yet significant. Nevertheless, the Company is responsible for all operating costs for the wells it takes over. The Company therefore does not yet benefit from significant economies of scale and is not able to provide a meaningful analysis of operating costs and netback trends.

In 2008, a new royalty law passed with the result that the Company must pay 10% of production revenue to the Albanian state. Under the Petroleum Agreements, such new royalties must have a neutral effect and Stream is therefore in the process of negotiating amendments to its Agreements. Nevertheless, the Company is currently required to pay the royalty.

Amortization and Depletion

Depletion for 2009 was \$60,000 compared to \$10,000 in 2008. The Company's ceiling test calculations performed on November 30, 2009 resulted in no impairment.

Amortization of equipment and vehicles was \$217,775 (\$124,329 in 2008).

Stock-based compensation

Stock based compensation was valued under a Black-Scholes model at \$604,408 for 2009 compared to \$315,390 in 2008. The increase was the result of additional option grants to the expanded management group.

2009 Activity Highlights

Plans of Development

Company fulfilled its commitments and completed the evaluation phases on its three Albanian oil fields (Cakran-Mollaj, Gorisht-Kocul, Ballsh-Hekal). Management submitted Plans of Development for each of the oil fields to the Albanian authorities on September 4, 2009 and they were approved by the Advisory Committee on December 24, 2010 and in turn officially submitted to the Government for final approval, expected soon.

The Plans of Development include completing the takeover of all wells in the oil fields within the next 12 months.

In addition, the Company prepared the Plan of Development for its Delvina gas field, which management submitted in the first quarter of 2010. The Plan was approved by the Advisory Committee on February 4, 2010 and submitted to the Government for final approval.

In general 2009 was a year of review of the evaluation period results and the preparation of the Plans of Development in relation to the four properties so that the company growth will be attainable for the years to come.

Subject to Stream's continued ability to raise the required funding, Stream intends to implement Improved Oil Recovery (IOR) techniques (managed reservoir recompletions) in certain of the recently taken over wells. Through the balance of 2010, Stream will complete additional takeovers, enabling further IOR production increases, as well as carrying out technical planning for the future deployment of Gorisht water flood and Enhanced Oil Recovery (EOR) testing for the Cakran and Ballsh oil fields.

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OIL & GAS RESERVES

Independent Reserve Evaluation

AJM Petroleum Consultants completed a Reserve Estimation and Economic Evaluation (the AJM Report) of the Company's properties. The report date is October 15, 2009 and the valuation is effective as of November 30, 2009. A summary of the report is as follows:

- Before tax present value of Gross Proved plus Probable reserves discounted at 10% at November 30, 2009 is \$145,312,000.
- Gross Proved plus Probable reserves are 17,418,000 boe at November 30, 2009.
- Before tax present value of Gross Proved reserves discounted at 10% was \$87,044,000 at November 30, 2009.

Gross Proved oil reserves are 13,364,000 boe at November 30, 2009.

The following information is a summary from the AJM Report:

Net Present Value of Reserves (Before Tax) as at November 30, 2009

\$USD thousands	Undiscounted	PV 5%	PV 10%	PV 15%
Proved Producing	136,198	82,212	53,758	37,480
Proved non Producing	0	0	0	0
Proved Undeveloped	102,992	58,120	33,287	18,770
Total Proved	239,190	140,332	87,044	56,250
Total Probable	174,667	94,705	58,266	39,579
Total Proved & Probable	413,857	235,037	145,312	95,829

Net Present Value of Reserves (After Tax) as at November 30, 2009

\$USD thousands	Undiscounted	PV 5%	PV 10%	PV 15%
Proved Producing	70,520	45,247	31,092	22,640
Proved non Producing	0	0	0	0
Proved Undeveloped	51,688	28,254	14,965	7,029
Total Proved	122,208	73,501	46,057	29,670
Total Probable	89,035	48,915	30,817	21,603
Total Proved & Probable	211,244	122,416	76,874	51,273

Reserves Summary as at November 30, 2009

	Oil Gross	Oil Net	Natural Gas Gross	Natural Gas Net	NGLs Gross	NGLs Net	Total Gross	Total Net
	mmbbl	mmbbl	mmcf	mmcf	mmbl	mmbbl	mmboe	mmboe
Proved Producing	8,861	5,619	451	245	19	9	8,955	5,669
Proved Non Producing	0	0	0	0	0	0	0	0
Proved Undeveloped	4,503	4411	1,878	1607	79	65	4895	4744

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Total Proved	13,364	10030	2,329	1853	97	74	13849	10413
Total Probable	3,304	3275	823	733	128	123	3569	3520
Total Proved & Probable	16,667	13305	3,152	2586	225	197	17418	13933

Gross reserves are the total of the Company's working interest share before deduction of royalties and other government share. Net reserves are gross reserves net of royalty interests owned by others. Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil (6:1).

The reserve values are based on the table of prices below. Oil prices are the equivalent price of Brent Oil discounted for quality based on local market conditions. Gas prices are based on the contract applicable.

Price Forecast

	Brent Oil Real \$USD/bbl	Oil \$USD/bbl	Gas \$USD/mcf	Condensate \$USD/bbl
2009 9 mo	64.00	38.40	9.70	89.00
2010	69.00	42.24	9.70	89.00
2011	74.00	46.20	9.89	90.78
2012	79.00	50.31	10.09	92.60
2013	84.00	54.34	10.29	94.46
2014	97.00	58.93	10.50	96.34
2015	94.00	63.51	10.71	98.26
2016	99.00	68.22	10.92	100.23
2017	99.00	69.60	11.14	102.23
2018	99.00	70.98	11.37	104.28
2019+ avg	99.00	82.74	11.59	106.36

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Albanian Properties

The following is a summary of the activity on Stream's four Albanian properties:

Delvina field discovered in 1987 is a gas condensate field with reservoirs at a depth of 2800-3500m. Delvina is the largest gas field in the country. The field is currently producing from two wells out of four. Production, when the refinery operates is currently 714 mcf/d (428 mcf/day net to Stream) and 40 boed of condensate (21boed net to Stream). The Company is evaluating various options for the development of the field.

Ballsh-Hekaj field discovered in 1966, is a heavy oil field (11 API) currently producing from 81 wells out of 212. The Company is conducting a staged rehabilitation program on 16 producing wells in the field and has taken over another eight for reactivation. Current field production is about 500 bop/d, of which 58 bbl/d are attributable to Stream.

Gorischt-Kocul field discovered in 1965, is a heavy oil field (15 API) currently producing from 135 wells out of 295. Well depths range from 400-1250 m. This field still has good potential to further increase production. The Company is now running a staged rehabilitation program on 13 producing wells in the field and has taken over another 14 for reactivation. Current field production is around 1,150 bbl/d, of which 82 bop/d are attributable to Stream.

Cakran-Mollaj field discovered in 1977 and is currently producing a medium gravity crude (25 API) from 27 wells out of 65. This is the deepest of the Company's oil fields at 2650-3700 m. Management's goal for the project is to increase production three to five fold by using modern technology.

The Company is conducting a staged rehabilitation program on the 14 producing wells that Stream operates in the field and has taken over another 20 wells for reactivation. As of March 22, 2010 the Company has completed a full take-over of the remaining field and the corresponding gathering and processing stations.

Field production in Cakran is currently about 555 bbl/d, of which 91 bop/d are attributable to Stream before full take over.

OUTLOOK AND PLANS FOR 2010

The Company met its commitments under its Petroleum Agreements. Activities for 2010 will focus on implementing the Development Plans for each of its three oil properties, including full take-over of the Cakran field

With funds raised in the January 4, 2010 private placement, management has procured the necessary equipment and services to begin implementing the Cakran-Mollaj development plans. The Company has taken over all wells in the Cakran field and has initiated workovers with the goal of increasing production .

Rehabilitation work in the Ballsh-Hekal oilfield will continue with PCP pump installations and basic work over when required. A waterflood pilot is planned for Gorisht-Kocul

The Company continues to update its database from the passive seismic results in the gas field. Company will use a specialist for professional interpretation of the results in 2010 and use this data for a reserve update and evaluation as well as the future horizontal well placement.

Management's Discussion & Analysis

By the end of 2010, management is targeting the following average daily production:

- Exceeding 2000 bopd gross (net over 1000 bopd to Stream)
- 2000 Mcf/d of gas, and
- 200 bopd condensate.

Stream has already taken over the producing (and many non-producing wells) in Cakran, and will continue its aggressive development plans during 2010 through the take over all producing wells in the Gorisht-Kocul oil field and continue a staged take over in the Ballsh-Hekal oilfield.

The Company is planning to find alternative markets in Albania and the rest of Europe to sell its production. Current negotiations are in place with refineries in Italy and Greece and planning for port storage so that when production increases there is a ready market for the product.

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SUMMARY OF QUARTERLY RESULTS

(\$ 000)	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1*
Oil & gas revenue (net of royalties and returns)	(151)	791	766	809	1044	754	584	453
Sales and transportation.	(13)	79	12	59	93	80	78	50
Operating expenses	222	134	271	465	654	201	227	143
Net operating income (loss)	(359)	577	483	285	297	473	279	259
General and Administrative	602	668	361	365	403	651	604	549
Net income (loss)	(858)	(396)	(214)	(256)	(618)	(226)	(274)	(267)
Basic and diluted earnings (loss) per share	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Additions to property, plant and equipment	620	371	180	522	1,471	1,370	1,091	543

Average daily production								
oil (bbl)	250	240	231	230	235	162	103	120
Gas (mcf)	0	nil	275	275	356	108	122	275
Condensate (bbl)	0	nil	13	11	11	5	5	11

Average price								
oil /bbl	38.69	40.00	24.00	34.00	38.00	46.31	37.70	29.00
Gas/mcf	n/a	n/a	12.00	12.00	17.80	17.80	17.00	12.00
Condensate/bbl	n/a	n/a	65.00	65.00	90.50	82.00	82.00	80.00

Q1 2008 was four months

Quarterly variations and trends are as follows:

- Q4 2009 net of adjustment for returns, pre-adjustment sales were similar to Q3
- Revenues increased through 2008 as a result of higher production resulting from additional takeovers and higher oil prices. Revenues were stable through 2009 as production increases levelled off and price was stable
- Operating expenses have trended lower over the past eight quarters, with higher expenses at the end of the year because of annual bonuses to staff and training costs
- G&A was significantly reduced in 2009 compared to 2008 but was higher in the last two quarters of 2009 because of the larger operations management team.

FOURTH QUARTER 2009

Production

Crude oil production increased to an average of about 250 barrels per day compared to 235 bbls/day at the end of the previous quarter ended August 31, 2009. Gas and condensate production has been minimal during the last quarter of 2009 as the refinery was shut down for service for most of the period.

Pricing

Average pricing during the last quarter of 2009 was \$38.69/bbl for crude oil.

Fourth Quarter Adjustments

On September 15, 2009, the Company agreed to accept 3,443 metric tons of oil (23,240 bbls) at a deemed price of \$254/mt (\$37/bbl), as settlement of Albpetrol's net outstanding receivable of \$874,764 as of the end of December 2008.

Furthermore, the Company returned to its inventory 2,579 metric tons (17,408 bbls) of oil for its share of production to August 31, 2009. As a result, 40,648 bbls were in inventory as of November 30, 2009.

The Company made corresponding adjustments to revenue, operating, sales and transportation expenses. Apart from these adjustments, sales revenue and expenditures were in line with third quarter.

The inventory was valued at the average cost of production- \$8.88 per bbl. As of November 30, 2009, the value of oil in inventory was \$360,954. Management entered into additional sales contracts with local customers to sell this oil inventory. Certain suppliers also agreed to accept payment in oil. Due to local market conditions, the Company did not sell any of the oil inventory in the fourth quarter.

LIQUIDITY

Stream had working capital of \$1.4m as at March 22, 2009 including cash on hand and short term investments of \$1.17m. The Company is able to fund its operations from current revenues. The Company receives cash on or in advance of oil delivery and has no significant receivables. Arrangements are currently being made to sell the extra inventory of crude that was recovered from Albpetrol's past receivables.

CAPITAL RESOURCES

The Company has operating cash-flow, however it has, to date, relied upon external financing to fund its capital spending. Following the \$3.5 million private placement that closed January 4, 2010, the Company has sufficient capital to fund its current capital-spending program. This program includes capital expenditures of about \$1.8 million for Cakran work-overs.

Commitments for capital expenditures

Stream has met the capital expenditure requirements under its Petroleum Agreements. There will be no further commitments on the properties until the Plans of Development are approved. Company is however proceeding with its expenditures as if the Plans are approved.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions for the year ended November 30, 2009 are as follows:

The Company recorded in management fees and salaries \$167,137 (thirteen month period ended November 30, 2008 - \$273,827) in management fees to a private company controlled by a director and significant shareholder of the Company. The fees were primarily for administration services relating to the Company's Albanian operations.

The Company recorded in management fees and salaries \$130,132 (thirteen month period ended November 30, 2008 - \$154,927) in consulting fees to a private company owned by an officer of the Company. The amount included in accounts payable at November 30, 2009 for unpaid consulting fees owing to the officer was \$10,368. The fees were for chief financial officer and corporate secretary services.

The Company recorded in management fees and salaries \$394,990 (thirteen month period ended November 30, 2008 - \$Nil) in consulting fees to private companies owned by officers of the Company. The amount included in accounts payable at November 30, 2009 for unpaid consulting fees owing to the officers was \$118,755. These fees were for operations management.

The Company recorded in management fees and salaries \$40,000 (thirteen month period ended November 30, 2008 - \$41,132) in directors' fees to several directors of the Company. The amount included in accounts payable at November 30, 2009 for unpaid fees owing to the directors was \$31,250.

Management's Discussion & Analysis

The Company incurred \$710,000 (thirteen month period ended November 30, 2008 – \$1,046,000) in fees for seismic work to a company with a common director and significant shareholder of the Company. At November 30, 2009, the total balance payable for unpaid fees owing is \$540,000 (thirteen month period ended November 30, 2008 – \$92,000). Of this amount \$420,000 is a long term payable. The Company has entered into an agreement for repayment of fees owing under which the balance outstanding will be repaid at a rate of \$10,000 per month starting September 2009, with the remaining balance due November 30, 2011.

The Company issued 736,192 common shares at Cdn\$0.24 per share to settle consulting fees payable of Cdn\$176,686 owed to insiders and officers of the Company. The Cdn\$176,686 in consulting fees settled with shares is included in the total of consulting fees incurred as noted in 6(b) and 6(c) above. The shares were subject to a 4 month hold which expired on December 11, 2009. The application was accepted by the TSX Venture Exchange (Note 7).

The Company issued 523,015 common shares of which 78,571 shares were issued at Cdn\$0.21 per share to settle consulting fees payable of Cdn\$16,500 and 444,444 shares issued at Cdn\$0.27 per share to settle consulting fees payable of Cdn\$120,000 for a total of Cdn\$136,500 owed to insiders and officers of the Company. The Cdn\$136,500 in consulting fees settled with shares is included in the total of consulting fees incurred as noted in 6(b) and 6(c) above. The shares were subject to a 4 month hold which expired on March 2, 2010. The application was accepted by the TSX Venture Exchange (Note 7).

SUBSEQUENT EVENTS

After November 30, 2009, the Company entered into the following significant transactions:

On December 24th 2009, the Advisory Committee (Albpetrol & Company members) approved the plans of development on its three Albanian oil fields (Cakran-Mollaj, Gorisht-Kocul, Ballsh-Hekal) and expects Government approval shortly

On January 1, 2010, the company appointment of Mr. Danny Davis as Chief Financial Officer. Mr. Davis, who is 37, has spent most of his career in high level management consultancy roles principally with BP.

On January 5, 2010, the Company completed a non-brokered private placement previously announced on November 17, 2009, and raised gross proceeds of CDN\$3.5 million by the issuance of 10,000,000 units at CDN \$0.35 per unit. Each unit includes a common share and one-half warrant. The warrants are for a two-year term with a full warrant permitting the purchase of one common share at an exercise price of CDN \$0.55. The Company has the right to force the exercise of the warrants at anytime if the shares trade at CDN \$0.75 or higher over a twenty consecutive day period.

On January 25, 2010, the Company became a Tier-1 issuer on the TSX-Venture Exchange. As a result, in accordance with the shorter eighteen-month holding period for Tier-1 issuers on the TSX-Venture Exchange, compared to the 36 month hold period for Tier -2 issuers, all of the remaining shares held in escrow were released.

On February 4th 2010 The Advisory Committee (Albpetrol & Company members) approved the plans of development for the Delvina Gas field and the development plan was submitted to the Government Hydrocarbon Agency for approval. The Company expects Government approval shortly.

Management's Discussion & Analysis

On February 16, 2010, the company announced that BA Capital Inc., a private consulting company owned by Mr. Art Agolli, had commenced litigation against the Company, claiming damages of \$637,000 arising from the allegedly wrongful termination of a Consulting Agreement. The Company disputes and will vigorously defend the claim as being entirely without merit.

On March 22, 2010, the company was given the approval from the Albanian authorities to take full control of all wells in the Cakran-Mollaj oilfield (25 currently producing wells and additional 37 non producing wells also being considered for re-activation) and the Usoja Treatment facility. This increased production by 45% and is in line with streams Plans of Development.

March 24, 2010, the company completed its first mid-depth workover on the Cakran-Mollaj field and delivered an oil production increase of 110 bopd (single well), representing an average well improvement exceeding 500%, compared to baseline production of 15 bopd/well. A second mid-depth recompletion in this field is underway with positive results expected before March end. This increased production by a further 35% and is in line with streams Plans of Development. The Company is also preparing to perform full-depth workovers, which based on our experience to date, are forecast to yield a further production increases.

PROPOSED TRANSACTIONS

While the Company is considering a number of potential transactions, none are sufficiently advanced to assess probability of completion or effect on the Company's financial condition.

CONTINGENCY

On February 16, 2010, the Company announced that BA Capital Inc., a private consulting company owned by Mr. Art Agolli, has commenced litigation against the Company, claiming damages of \$637,000 arising from the allegedly wrongful termination of a Consulting Agreement with the Company. The Company believes the lawsuit to be without merit and intends to defend against the litigation vigorously. At this time, the likelihood of the outcome is not determinable and no liability has been recorded in connection with the litigation.

CRITICAL ACCOUNTING ESTIMATES

The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and management has not made any assumptions regarding critical accounting estimates in the preparation of such financial statements.

The preparation of financial statements in conformity with Canadian GAAP requires management to make judgements, assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expense for the period reported. The significant accounting policies used by the company are disclosed in the Notes to the Consolidated Financial Statements.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan

Management's Discussion & Analysis

outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period.

In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company's transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition of IFRS cannot be reasonably estimated at this time.

CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION

Goodwill and Intangible Assets

The Company adopted the new standard "Goodwill and Intangible Assets" (Section 3064) for its fiscal year beginning December 1, 2008. This Section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of the section did not have a significant impact on the Company's financial position.

General Standards of Financial Statements Presentation

On December 1, 2008, the Company adopted amended CICA Section 1400, "General Standards of Financial Statements Presentation". This standard was amended to include requirements to assess and disclose an entity's ability to continue as a going concern and disclose any material uncertainty that casts doubt on its ability to continue as a going concern. The implementation of amended CICA 1400 did not have a significant impact on the Company's results of operations, financial position or disclosures, other than the disclosure in note 1 to the financial statements.

Credit Risk and the Fair Value of Financial Assets and Liabilities (EIC-173)

In January 2009, the Emerging Issues Committee ("EIC") issued EIC -173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. This new standard is effective for the Company's interim and annual consolidated financial statements for the year ended November 30, 2009. The Company has performed an assessment and believes that there is no material impact to the Company's financial statements because of the application of EIC-173.

Amendment to Financial Instruments – Disclosures (Section 3862)

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The relevant disclosures are included in Note 12 to the Company's financial statements

FUTURE ACCOUNTING PRONOUNCEMENTS

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effect January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of this section to have a significant effect on its financial statements.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, GST and other receivables, accounts payable and accrued liabilities, and amounts due to related parties. The Company made fair value estimates at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of these financial instruments approximate their carrying values due to their short-term maturity.

The Company examines the various financial instrument risks to which it is exposed, and assesses any impact and likelihood of those risks. These risks may include currency risk, credit risk, liquidity risk, interest rate risk and other price risks. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity, interest or other price risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency. The Company operates internationally and is exposed to risks from changes in foreign currency rates, particularly the Canadian dollar, the Euro and the Albanian Lek. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Sensitivity analysis:

At November 30, 2009, if the United States dollar had fluctuated by 10% against the local functional currencies with all other variables held constant, net loss for the year ended November 30, 2009 would have differed by \$121,000.

Credit Risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its own payment obligations. The Company is exposed to the risk that third parties that owe it money or other assets will not perform their obligations. As of November 30, 2009, the Company did not have significant funds owed to it and has no significant credit risk.

Liquidity risk

Management's Discussion & Analysis

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements.

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational requirements at any point in time. The Company generates cash flow from its operations; however, the Company is exposed to liquidity risk because it depends on a limited local market for its production.

As at November 30, 2009, the Company had a cash and cash equivalent balance of \$263,134 (November 30, 2008 \$737,752) to settle current liabilities of \$1,672,546 (November 30, 2008 - \$1,031,442). The Company completed a \$3.5 million financing on January 4, 2010 and currently expects to maintain positive working capital.

The Company may seek additional cash funding by means of issuing share capital or debt financing.

Interest Rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk to the extent that it has excess cash held with banks and other financial institutions. The Company currently has no debt or short term borrowing. In management's opinion, the Company is not exposed to significant interest rate risk.

Other Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

OTHER

Additional information relating to Stream, including its National Instrument 51-101 Report and Forms is available on SEDAR at www.sedar.com.

OUTSTANDING SHARE DATA

As of November 30, 2009 the Company's issued shares were 39,939,548. March 26, 2010, the Company has 49,915,506 common shares issued and outstanding. This includes 10 million shares issued on the closing of the January 4, 2010 non-brokered private placement.

Stock Options

Under the Company's Stock Option Plan 5,540,000 common shares have been reserved for issuance on exercise of stock options, as follows:

Management's Discussion & Analysis

- 800,000 common shares at \$1.50 per share until April 4, 2010, granted to directors and consultants. Under re-pricing and term extension agreements dated May 12, 2009, the options will be exercisable at \$0.25 for a term expiring April 4, 2013. The agreements are subject to disinterested shareholder approval at the Company's next AGM.
- 100,000 common shares at \$1.50, granted to an officer of the Company subject to 18 month vesting until May 8, 2013. Under re-pricing agreement dated May 12, 2009 the exercise price will be reduced to \$0.25. The agreement is subject to disinterested share-holder approval at the Company's next AGM.
- 650,000 common shares to an officer , a consultant and an employee at \$0.20 per share subject to 18 month vesting until February 12, 2014
- 2,100,000 common shares to three officers, at \$0.20 per share subject to 18 month vesting until March 20, 2012
- 500,000 common shares to an officer and two directors, at \$0.25 per share, subject to 18 month vesting until May 12, 2014.
- 490,000 common shares granted to a consultant at \$0.24 per share subject to 18 month vesting until June 22, 2012

Warrants

At November 30, 2009, there were nil warrants outstanding. Following the January 4, 2010 private placement a further 5,945,750 shares were been reserved for issuance on the exercise of outstanding warrants. On a fully diluted basis, the issued share capital would be 60,725,298 common shares.

Escrowed Shares

As at November 30, 2009, 15,000,003 of the issued shares were held in escrow. These shares were subject to the escrow requirements of the TSX Venture Exchange and are released from escrow in stages in accordance with securities regulatory requirements.

On January 25, 2010, subsequent to year-end, 3,750,000 escrow shares were released under Escrow Agreements dated April 4, 2008 and July 9, 2008 leaving a balance in escrow of 11,250,003 shares.

On January 27, 2010, subsequent to year-end, the Company became a Tier-1 issuer on the TSX-Venture Exchange. As a result, in accordance with the eighteen-month holding period for Tier-1 issuers on the TSX-Venture Exchange, all of the 11,250,003 remaining shares held in escrow were released.

CONTROLS AND PROCEDURES

The Company is a Venture Issuer and therefore under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), has not made representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the Chief Executive Officer and the Chief Financial Officer, the Company's certifying officers, have not made any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

The Company has adopted a Delegation of Signing Authority, Code of Business, and Disclosure Policies. These are available on the Company's website.

CORPORATE GOVERNANCE

The Company's Terms of Reference for the Board of Directors and Committee Charters for the Audit Committee, Reserves Committee and Compensation Committee, are available on the Company's website.

PRINCIPAL BUSINESS RISKS

The Company's principal business, oil and gas exploration, development and production, is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. Such risks include but are not limited to the uncertainty to finding oil and gas in commercial quantities, securing markets for production, commodity price fluctuations, exchange and interest rate exposure and changes to government regulations including regulations relating to prices, taxes, royalties and environmental protections. The oil and gas industry is very competitive and Stream Oil & Gas competes with a large number of companies with greater resources.

Stream Oil & Gas's ability to increase its reserves in future will depend on its ability to develop its current properties and in its abilities to acquire new properties. This will require sufficient capital from outside sources to be available as needed. The availability of equity or debt financing is affected by many factors which are beyond the control of the company.

Management's Discussion & Analysis

Stream Oil & Gas's current investment focus is its Albanian properties. There are a number of risks involved in conducting foreign operations over which Stream oil & Gas has no control, including political stability, potential and actual civil disturbances, ability to repatriate funds, changes in laws affecting foreign ownership and existing contracts, environmental regulations, oil and gas prices, production regulations, royalty rates, tax law changes, potential expropriation of property without fair compensation and restrictions on exports. Additional risks which may affect Stream Oil & Gas are set out in the Information Circular filed on SEDAR.

APPROVED BY THE DIRECTORS:

_____ "Sotiris Kapotas" _____ Director

_____ "Leslie Goodman" _____ Director