

**Stream Oil & Gas Ltd.**

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**NEWS RELEASE**

**Stream Oil & Gas Ltd.**

**Stock Option Grant and Option Re-pricing**

TSX-V: SKO

Vancouver, Canada – May 12, 2009

Stream Oil & Gas Ltd. (the Company) announces that, pursuant to the policies of the TSX Venture Exchange and the Company's Stock Option Plan, the Board of Directors of the Company has approved the grant of options to two directors and an officer of the Company to acquire a total of 500,000 common shares for a period of five years at a price of \$0.25. The options are subject to an 18 month vesting schedule in accordance with the Company's Stock Option Plan. The issuance of the options is subject to regulatory approval.

A total of 500,000 options to two directors and an officer of the Company will be re-priced from \$1.50 to \$0.25. The reduction of the exercise price is subject to the approval of the TSX Venture Exchange (the "Exchange") and to the approval of disinterested shareholders (as defined in the applicable Exchange policy).

**Contact Information**

Sotirios Kapotas is responsible for this news release and can be contacted at the Company's head office above, or by email [info@streamoilandgas.com](mailto:info@streamoilandgas.com).

The Company's CFO, Angela Huxham, can be contacted at 604-642-6168 or by email [ahuxham@streamoilandgas.com](mailto:ahuxham@streamoilandgas.com).

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.