



**Stream Oil & Gas Ltd.**  
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*For Immediate Release*

## Stream Announces 2011 Second Quarter Results

### *Continued Growth in Production, Revenue and Net Operating Income*

**CALGARY, August 2, 2011** - Stream Oil & Gas Ltd. (TSX-V: SKO) (the "Company") is pleased to report its financial and operating results for the quarter ended May 31, 2011.

The full text of Management's Discussion and Analysis ("MD&A") and the Company's unaudited consolidated financial statements can be found on Stream's website at [www.streamoilandgas.com](http://www.streamoilandgas.com) and at [www.sedar.com](http://www.sedar.com).

### Q2 2011 Summary of Results

(US\$000s, except as noted)	Three Months Ended		Six Months Ended	
	2011	May 31, 2010	2011	May 31, 2010
<b>Financial</b>				
Revenue	<b>4,486</b>	1,327	<b>6,563</b>	2,609
Net operating income (loss)	<b>2,831</b>	1,100	<b>4,073</b>	1,920
Funds from (used in) operations	<b>478</b>	(355)	<b>698</b>	(959)
Income (loss)	<b>1,024</b>	(41)	<b>836</b>	(21)
Per share - basic & diluted	<b>0.02</b>	0.00	<b>0.01</b>	0.00
Additions to property, plant & equipment	<b>3,862</b>	526	<b>9,142</b>	1,369
<b>Operating</b>				
Average production (boed)	<b>902</b>	326	<b>690</b>	276
Average price (\$/boed)	<b>66.84</b>	38.70	<b>57.28</b>	41.42
Netback (\$/boed)	<b>44.08</b>	24.81	<b>35.55</b>	24.98
<i>As at</i>			<b>May 31, 2011</b>	<b>Nov. 30, 2010</b>
Cash and cash equivalents			<b>1,245</b>	9,493
Shareholders' equity			<b>21,892</b>	20,744
Weighted average shares outstanding (#)			<b>64,100,301</b>	51,141,013

### ***Q2 2011 Achievements:***

- Increased average net production by 176% to 902 boed compared to 326 boed in the second quarter of 2010
  - Current average net production is around 1,000 boed; peak capacity ranges from 1,100 to 1,200 boed when the three newly installed jet pumps in the Cakran-Mollaj field are in operation
- Improved returns over 2010 levels:
  - The average crude price was \$66.84 per barrel, a 73% increase over the \$38.70 per barrel in 2010
  - Revenue increased 246% to \$4.5 million from \$1.3 million
  - The resulting netback increased 78% to \$44.08 boed as compared to \$24.81 boed in 2010
- Concluded negotiations for higher crude prices for local sales to the ARMO refinery, increasing average crude price to around 70% of Brent crude (75% Brent for Cakran-Mollaj production and 60% of Brent price for Ballsh-Hekal & Gorisht-Kocul production).
- Commenced the first phase of the enhanced oil recovery (“EOR”) program at the Gorisht-Kocul oilfield with positive early results.
- Finalized the takeover of the Delvina gas pipeline and infrastructure in the Ballsh-Hekal and Gorisht-Kocul fields.
- Advanced Phase II of the Delvina Block gas exploration program with the award of the seismic tomography contract. The resulting information will be utilized to determine the location of the planned exploration well.
- Strengthened the management team through the appointment of Mr. Fatbardh Ademi to the role of Deputy General Director of Albania.

Subsequent to the quarter, Stream achieved the following:

- Negotiated improved credit terms with major suppliers to smooth cash flow and maintain the schedule for Stream’s 2011 development program.
- Mobilized a hydraulic snubbing rig from Alberta, Canada to the Delvina gas field in Albania for the planned workovers of the producing gas wells. Began working over the Delvina #12 well; workover of the Delvina #4 well will commence thereafter.
- Brought three jet pump systems on line in the Cakran-Mollaj field. Each system is capable of powering three to four wells.

“I am pleased with our second quarter results which clearly indicate the potential of our asset base,” said Dr. Sotirios Kapotas, President and CEO. “Our efforts over the first half of the year are paying off with increases in production, revenue and cash flow. Our development is progressing as anticipated, largely thanks to the various initiatives we’ve successfully implemented this year. Stream’s strong portfolio of assets provides a substantial growth opportunity for the Company and its shareholders, and the continued development of these assets, through both primary and secondary recovery techniques, creates a solid foundation for reserve and production growth in 2011 and beyond.”

## **Outlook**

Stream's growth strategy is focused on increasing production, reserves, sales and cash flow through the application of improved oil recovery methods. Management expects to continue to achieve substantial production increases in 2011, with the objective of exiting 2011 at between 2,250 – 2,600 boed average net production. This reflects a near doubling of production for the year and significantly expands Stream's work programs to encompass both well reactivations/interventions and EOR projects.

In parallel with increasing production, Stream will continue to focus its technical personnel on further defining its resource potential. Through 2011, the Company will continue additional takeovers in the Ballsh-Hekal field as well as carrying out technical planning for the future deployment of the Gorisht waterflood commercial project and EOR testing for the Cakran-Mollaj, Ballsh-Hekal and Gorisht-Kocul oilfields. The implementation of these programs is expected to lead to further conversion of resources to reserves in 2012. In addition, the Company intends to continue to develop export opportunities, thereby proactively managing in-country sales risks and cash flow.

The execution of the Company's growth program, negotiation of longer term export contracts and strengthening of its financial resources is expected to result in additional value to Stream and its shareholders.

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## ***Forward-Looking Statements***

*Information in this news release respecting matters such as plans of development or exploration, reserves estimates, production estimates and targets, development costs, work programs and budgets constitute forward-looking information (collectively, "forward-looking statements") under the meaning of applicable securities laws, including Canadian Securities Administrators' National Instrument 51-102 Continuous Disclosure Obligations. Such forward-looking information is based on certain assumptions, including the availability of funds for capital expenditures necessary to construct the infrastructure required for future development, a favorable political and economic operating environment, a consistent rate of well re-completions and costs, success rates, production performance and build-up periods for well re-completions that are consistent with or an improvement over historical levels.*

*The forward-looking statements contained herein are made as of the date of this release solely for the purpose of generally disclosing Stream's second quarter 2011 results and outlook for 2011. Investors are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected. Such forward-looking information reflect management's current beliefs and are based on assumptions made by and information currently available to the Company, and involves known and unknown risks, uncertainties and other factors which may cause the actual costs and results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Such factors include, among others political and economic risks associated with foreign operations, general risks inherent in petroleum operations, risks associated with equipment procurement and equipment failure, availability of qualified personnel, risks associated with transportation, currency and exchange rate fluctuations and other general risks inherent in oil and gas operations.*

*Contingent resources disclosed herein represent those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.*

*Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause costs and timing of the Company's program or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances except as required under applicable securities legislation.*

### **Use of Boe Equivalents**

*The oil and gas industry commonly expresses production and reserve volumes on a barrel of oil equivalent (Boe) basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet of natural gas to one barrel of oil. Boe may be misleading particularly if used in isolation. A Boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

### **About Stream Oil & Gas Ltd.**

Stream Oil & Gas Ltd. is a Canadian-based emerging oil and gas production, development and exploration company focused on the re-activation and re-development of three oilfields and a gas/condensate field in Albania. The Company's strategy is to use proven technology, incremental and enhanced oil recovery techniques to significantly increase production and reserves.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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