

STREAM OIL & GAS (CI) LTD.

**UNAUDITED
INTERIM FINANCIAL STATEMENTS**

For the four month period ended
February 29, 2008

NOTICE TO READER

The attached financial statements have been prepared by and are the responsibility of the Company and have not been reviewed by the Company's independent auditor.

STREAM OIL & GAS (CI) LTD.
BALANCE SHEETS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

	February 29 2008	October 31 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 144,567	\$ 274,588
Prepaid expenses	0	1,500
Accounts receivable (Note 3)	498,665	0
Crude oil inventory	21,332	0
	664,564	276,088
Plant and Equipment (Note 4)	130,968	59,770
Restricted Cash (Note 6)	3,489,688	4,800,000
Oil & Gas Properties (Note 2, 5)	1,370,827	827,349
	\$ 5,656,047	\$ 5,963,207
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 269,152	\$ 309,032
Due to related parties (Note 7)	156,614	293,508
	425,766	602,540
Shareholders' Equity		
Capital stock (Note 8)	305,303	305,303
Contributed surplus (Note 8)	5,538,939	5,402,045
Deficit	-613,961	-346,681
	5,230,281	5,360,667
	\$ 5,656,047	\$ 5,963,207

Nature and continuance of operations (Note 1)

Subsequent event (Note 13)

On behalf of the Board:

"Leslie Goodman" Director
"Glenn Whiddon" Director

The accompanying notes are an integral part of these consolidated financial statements.

STREAM OIL & GAS (CI) LTD.
STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited, expressed in U.S. Dollars)
Four months ended February 29, 2008

February 29, 2008

REVENUE	
Oil and gas revenue (Note 3)	\$ 452,947
 EXPENSES	
Operating	142,931
Sales and transportation	49,714
Management fees and salaries	270,616
Office and miscellaneous	78,642
Professional fees	182,410
Travel	17,271
Amortization	9,928
	751,512
 Loss before other item	 (298,565)
 OTHER ITEM	
Interest income	32,880
Foreign exchange gain (loss)	(1,595)
 Loss for the period	 (267,280)
 Deficit, beginning of period	 (346,681)
 Deficit, end of period	 (613,961)
 Basic and diluted loss per common share	 (0.02)
 Weighted average number of common shares outstanding	 33,278,010

The accompanying notes are an integral part of these consolidated financial statements.

STREAM OIL & GAS (CI) LTD.
STATEMENT OF CASH FLOWS
(Unaudited, expressed in U.S. Dollars)
Four Months Ended February 29, 1008

CASH FLOWS FROM OPERATING ACTIVITIES	Feb. 29, 2008
Loss for the period	\$ (267,280)
Items not affecting cash:	
Amortization	9,928
Changes in non-cash working capital items:	
Decrease in prepaid expenses	1,500
Decrease in accounts payable	(39,881)
Increase in accounts receivable	(498,665)
Increase inventory	(21,332)
Net cash used in operating activities	(815,728)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of equipment	(81,127)
Decrease restricted cash	1,310,312
Oil & gas property expenditures	(543,478)
Net cash used in investing activities	685,707
 CASH FLOWS FROM FINANCING ACTIVITIES	-
Capital stock issued	
Share issuance costs	
Due to related party	
Capital stock repurchased	
Net cash provided by financing activities	-
 Change in cash during the period	 (130,021)
Cash, beginning of period	274,588
Cash, end of period	144,567

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these consolidated financial statements.

STREAM OIL & GAS (CI) LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

1. NATURE AND CONTINUANCE OF OPERATIONS

Stream Oil & Gas (CI) Ltd. (the “Company”) is in the business of developing oil & gas properties worldwide and has presently operations in Albania. The Company was incorporated under the laws of the Cayman Islands on June 11, 2007.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

	February 29 2008	October 31 2007
Deficit	\$ (613,961)	\$ (346,681)
Working capital (deficit)	238,798	(326,452)

2. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Use of estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates

Financial instruments

The Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under CICA Handbook Section 1530 “Comprehensive Income” (“Section 1530”), Section 3251 “Equity”, Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”), Section 3861 “Financial Instruments – Disclosure and Presentation” and Section 3865 “Hedges”. These new sections, which apply to fiscal periods beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources.

Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

STREAM OIL & GAS (CI) LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Restricted cash is classified at amortized cost, accounts payable and accrued liabilities as well as due to related parties are classified as other financial liabilities, all of which are measured at amortized cost. The Company does not have any derivatives or embedded derivatives.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

Oil & gas properties

The Company follows the full cost method of accounting for petroleum and natural gas operations in accordance with Canadian guidelines. Under this method, all costs associated with the acquisition of, exploration for and development of petroleum and natural gas reserves are capitalized in cost centers on a country-by-country basis. Such costs include property acquisition costs, geological and geophysical studies, carrying charges on non-producing properties, costs of drilling productive wells, and overhead expenses directly related to these activities.

Depletion is calculated for producing properties by using the unit-of-production method based on estimated proved reserves, before royalties, as determined by management of the Company or independent consultants.

Sales or dispositions of petroleum and natural gas properties are credited to the respective cost centers and a gain or loss is recognized when all properties in a cost center have been disposed of, unless such sale or disposition significantly alters the relationship between capitalized costs and proved reserves of petroleum and natural gas attributable to the cost center. Costs of abandoned properties are accounted for as adjustments of capitalized costs and written off to expense.

STREAM OIL & GAS (CI) LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Oil & gas properties (cont'd...)

Undeveloped properties are excluded from the depletion calculation until the quantities of proved reserves can be determined. A ceiling test is applied to each cost center and for the aggregate of all cost centers by comparing the net capitalized costs to the estimated future net revenues from production of estimated proved reserves without discount, plus the costs of unproved properties net of impairment. Any excess capitalized costs are written off to expense. Further, the ceiling test for the aggregate of all cost centers is required to include the effects of future removal and site restoration costs, general and administrative expenses, financing costs and income taxes. The calculation of future net revenues is based upon prices, costs and regulations in effect at each year end. Unproved properties are assessed for impairment on an annual basis by applying factors that rely on historical experience. In general, the Company may write-off any unproved property under one or more of the following conditions:

- a) There are no firm plans for further drilling on the unproved property;
- b) Negative results were obtained from studies of the unproved property;
- c) Negative results were obtained from studies conducted in the vicinity of the unproved property; or
- d) The remaining term of the unproved property does not allow sufficient time for further studies or drilling.

Equipment

Equipment is recorded at cost and amortization is calculated at the following rates per annum using the declining balance method:

Automotive	30%
Computer hardware	30%
Furniture & fixtures	20%

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

As at February 29, 2008, there are no material asset obligations.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

STREAM OIL & GAS (CI) LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Loss per share (cont'd...)

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the period, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets are recognized to the extent that realization of those assets is more likely than not. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Withholding taxes, where applicable, on earnings of foreign operations are provided in the accounts only to the extent earnings are expected to be repatriated.

Foreign currency transactions

These financial statements are expressed in U.S. dollars. Any amounts expressed in Canadian dollars are indicated as such.

Transactions in a foreign currency are translated at rates that approximate those in effect at the time of translation. Gains and losses from translation of foreign currency transactions into U.S. dollars are included in current results of operations.

3. REVENUE AND ACCOUNTS RECEIVABLE

Albpetrol Sh.a, an Albanian state owned agency was the Company's sole client during the period. Albpetrol sells the product to the ARMO Sh.a Refinery. Revenue is net of royalties. The Company recognizes revenue when the product is delivered to Albpetrol. Invoicing occurred at the end of the period and payment has not yet been received.

STREAM OIL & GAS (CI) LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

4. EQUIPMENT

	February 29, 2008		
	Cost	Accumulated Amortization	Net Book Value
Automotive	\$ 58,889	\$ 3,260	\$ 55,629
Computer hardware	36,950	3,694	33,256
Furniture & fixtures	<u>45,058</u>	<u>2,974</u>	<u>42,084</u>
	<u>\$ 140,897</u>	<u>\$ 9,928</u>	<u>\$ 130,968</u>

5. OIL & GAS PROPERTY EXPENDITURES

	February 29, 2008
Seismic program	\$500,731
Workovers	<u>42,747</u>
	<u>\$543,478</u>

6. COMMITMENTS

The Company holds the rights to four petroleum properties located in Albania. These are the Cakran-Mollaj, Ballsh-Hekal, Gorisht-Kocul and the Delvina Block properties.

The Company is committed to spend a total of \$4,800,000 in expenditures relating to its properties by September 9, 2009. If the Company does not meet its expenditure requirements, it must pay the National Agency of Natural Resources in Albania, the difference between the \$4,800,000 committed and the amounts actually incurred. The \$4,800,000 is restricted and is guaranteed through a letter of credit by the bank. The Company will have to pay royalties ranging from 2% - 6% on net profits available from petroleum sales.

As of February 29, 2008 the restricted cash balance is \$ 3,489,688, the Company having incurred \$1,310,312 of the expenditure requirements.

7. RELATED PARTY TRANSACTIONS

Related party transactions for the period ended February 29, 2008 are as follows:

- a) A total \$500,731 for seismic survey work to a company where one of the directors of the Company holds a majority interest in the company.
- b) The amount due to the related party is non-interest bearing without specific terms of repayment. \$136, 894 of the amount due to the related party was waived during the period ending February 29, 2008, leaving a balance due of \$156,614.

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February 29, 2008

8. CAPITAL STOCK

There were no changes to the capital stock during the period ending February 29, 2008.

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
50,000,000 common voting shares, with a par value of \$CDN 0.01			
Issued			
Shares issued on incorporation	27,000,000	247,706	-
Shares issued for cash	8,278,010	75,946	11,315,812
Share issuance costs	-	-	(932,116)
Repurchase of shares for cash	<u>(2,000,000)</u>	<u>(18,349)</u>	<u>(4,981,651)</u>
Balance at February 29, 2008	33,278,010	\$ 305,303	\$ 5,402,045

Warrants

At February 29, 2008, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
3,770,508	\$CDN 1.75	August 2, 2009
368,497	1.75	August 9, 2009
754,102	1.50	August 2, 2009
<u>73,699</u>	1.50	August 9, 2009
<u>4,966,806</u>		

Stock options

As at February 29, 2008 the Company did not have any options outstanding.

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February 29, 2008

9. INCOME TAXES

The Company is incorporated in Cayman Islands. Under the income tax laws of the Cayman Islands, at the date hereof, there is no Cayman Islands corporation income taxes payable by the Company. The Company is not subject to Canadian corporation income taxes.

There are no material future income tax assets or liabilities for the period ended February 29, 2008.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Period ended February 29, 2008
Cash paid during the period for interest	\$ -
Cash paid during the period for income taxes	\$ -

The Company had the following significant non-cash transactions for the period ended February 29, 2008:

- a) Included in accounts receivable is \$498,665 representing invoiced oil & gas sales.
- b) A related party waived \$136,894 in amounts due.

11. SEGMENTED INFORMATION

The Company's one reportable operating segment is the development of oil & gas properties in Albania. All of the Company's oil & gas properties are located in Albania.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, accounts payable and accrued liabilities and due to related party. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

STREAM OIL & GAS (CI) LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited, expressed in U.S. Dollars)
February 29, 2008

12. FINANCIAL INSTRUMENTS (cont'd...)

Currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company receives Albanian Lek for its oil and gas sales.

13. SUBSEQUENT EVENT

On April 4, 2008 the Company completed a Share Exchange Agreement with L.G.R. Resources Ltd. (LGR) The transaction resulted in a reverse takeover of LGR, whereby the Company became a wholly owned subsidiary of LGR, (now Stream Oil & Gas (BC) Ltd.