

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2009  
FORM 51-102F1**

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Stealth Ventures Ltd. ("Stealth" or the "Company") for the six month period ended June 30, 2009. The MD&A includes comparisons for the corresponding six month periods ended June 30, 2008 and 2009. It should be read in conjunction with the interim unaudited financial statements for the six months ended June 30, 2009, and the audited financial statements for the year ended December 31, 2008. This MD&A has been prepared effective August 28, 2009.

The following information has been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). All financial results are reported in Canadian dollars (CAD) and production numbers are stated before Crown or lessor (third party) royalties. The information contained herein contains forward-looking statements and assumptions, such as those relating to results of operations and financial condition, capital spending, financing sources, commodity prices and costs of production. By their nature, forward-looking statements are subject to numerous risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, actual results may differ materially from those predicted. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Additional information relating to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.stealthventures.ca](http://www.stealthventures.ca).

Non-GAAP measurements within the MD&A references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Netbacks equal total revenue less royalties and operating and transportation expenses calculated on a per barrel of oil equivalent ("BOE") basis. Management utilizes these measures to analyze operating performance and leverage. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operations or other measures of financial performance calculated in accordance with Canadian GAAP. Funds from operations are commonly referred to as cash flow by research analysts and is used to value and compare oil and gas companies and frequently included in published research when providing investment recommendations. Disclosure provided herein in respect of BOEs 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. Total BOEs are calculated by multiplying the daily production by the number of days in the period.

### **Description of Business and Review**

Stealth is a Canadian junior oil and gas exploration and production company incorporated under the laws of British Columbia, with its offices in Calgary and shares listed for trading on the TSX Venture Exchange under the symbol SLV. The Company's business strategy is focused on developing "unconventional" gas reserves such as shale gas, Coalbed Methane (CBM), and tight gas sand reservoirs. The Company operates in two geographic areas and two types of strategic plays: biogenic shale gas in Alberta and CBM at Cumberland, Nova Scotia. However, the focus for Stealth is clearly its shale gas development in Alberta where the Company is producing gas. Stealth acquired these two properties through two farm-in agreements with two companies, and through the acquisition of land through crown land sales. It generated all production through the drill bit, and has expanded and complimented its asset position through drilling, workovers, complimentary asset acquisitions and land purchases.

## Corporate Strategy

Stealth's corporate strategy has been concerned with employing its significant unconventional gas expertise to exploit the untapped biogenic gas resource available in the Cretaceous Colorado Group of Shale (Colorado). The Colorado stretches across the breadth of the Western Canadian Sedimentary Basin (WCSB). More specifically, the Company has exploited development drilling at its current land base and expanded reserves through the drill bit. That base is located in the Wildmere Strike of east central Alberta. However, over the course of the last two quarters Stealth has focused more attention on the evaluation of complimentary oil and gas assets and corporate acquisitions.

## Oil and Gas Properties

### The Cretaceous Colorado Group of Shale – Wildmere Alberta

On March 4, 2008, Stealth announced the first shale gas reserves booked in Alberta when it publicly released its NI 51-101 reserves table. When the Company started assembling unconventional gas properties five years ago, commencing operations in 2005, it was attempting to diversify risk across geography and play type. Now, Wildmere has rapidly grown and matured to encompass a critical mass of land, technology and production – so that it can now be described as a development play in unconventional shallow shale gas.

Stealth aggressively developed its Wildmere area and has 121 wellbores with an average working interest of 94.3% in its wells. At the end of the second quarter, 2009, this data had not changed.

Stealth's resulting acreage position in Wildmere at the end of the second quarter, 2009, did not change and was 80,654 gross acres, 56,026 net acres for a total average working interest in land of 69.5%. This provides Stealth with an overall gross acreage position of 126 gross sections.

### The Cumberland Basin - Nova Scotia

*Stealth's focus is on the Wildmere shale program in Alberta; therefore little capital has been spent in Nova Scotia. All Company CBM wells have not yet produced gas in commercial quantities.*

Stealth initially acquired a 75% working interest in the 177,000 acre Exploration Agreement by way of farm-in and purchase in 2005 and 2006 which was finalized later that year with the buyout of Stealth's 25% WI partner giving the Company a 100% WI in the property. Early in 2006 the first operated well penetrated 430 meters of coal (in the number 6 seam) horizontally, while two additional horizontal wells were completed prior to the end of 2006. The second well penetrated 738 lateral meters of coal in the Number 2 seam, and the third achieved a lateral of 1,041 meters in the "Marker O" coal seam. These wells comprise the major producing assets on the property.

On October 25, 2007 Stealth signed a 10 year coal-gas production agreement with the Government of Nova Scotia. The Cumberland Basin represents a gas resource play in Nova Scotia estimated by Sproule Associates Limited (Sproule) to contain 1.18 trillion cubic feet (TCF) of discovered CBM resource which is in close proximity to the Maritimes & Northeast pipeline, and is expected to have access to low-pressure gas infrastructure built by Heritage Gas of Dartmouth, Nova Scotia, in addition to other sales options. The current expenditure commitments for 2009 are \$1,500,000 for the Cumberland Basin.

Effective the date of this report the Company is actively seeking capital partners to help accelerate the development of the Cumberland Basin property and reduce its capital commitments. This will allow Stealth to continue its focus on Wildmere while still exploring the significant potential of CBM in Nova Scotia. All three wells are currently suspended awaiting the outcome of this marketing process.

**RESULTS OF OPERATIONS**

Production	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Natural gas (mcf/d)	2,245	1,254	2,483	1,263
Oil and natural gas liquids (bbl/d)	-	27	-	31
Barrels of oil equivalent (boe/d @ 6:1)	374	236	414	242

Natural gas production averaged 2,245 mcf/d in the second quarter of 2009, compared to 1,254 mcf/d for the same period in 2008. Second quarter production increased from 236 boe/d to 374 boe/d, an increase of 58 percent from a year earlier. This increase is attributed to the connection of most of the new gas wells (from the 2008 drilling program) in December 2008 and January 2009.

In the six months ended June 30, 2009 natural gas production averaged 2,483 mcf/d. Natural gas production was 1,263 mcf/d for the same period of 2008. Production for the first six months of 2009 increased 71 percent from 242 boe/d to 414 boe/d, compared to the same period of 2008.

Revenue	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Natural gas	814,105	1,096,233	1,993,199	1,930,070
Oil and natural gas liquids	-	290,403	-	585,857
Interest and other income	-	48,004	468	86,401
Total revenue	814,105	1,434,640	1,993,667	2,602,328

For the three months ended June 30, 2009, gross revenue was \$814,105 compared to \$1,434,640 for the same period in 2008. During the six months ended June 30, 2009, gross revenue was \$1,993,667 compared to \$2,602,328 for the same period in 2008. The decrease is directly attributable to the lower commodity price as outlined in the table below.

Commodity Prices	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Natural gas (\$/mcf)	3.98	9.53	4.40	8.39
Oil and natural gas liquids (\$/bbl)	-	118.46	-	103.71
Sale price per BOE	23.92	64.57	26.60	57.44

Stealth receives daily spot gas pricing in the form of AECO C, 5A at the wellhead for 100% of its gas production, except production hedged as follows: The Company entered into the following fixed price contracts:

Natural Gas Period Hedged	Type	Daily Volume	Price (CAD)
February 1, 2009-October 31, 2009	Fixed price	800 GJ	\$5.48
June 1, 2009-October 31, 2009	Fixed price	400 GJ	\$4.06
November 1, 2009-December 31, 2010	Fixed price	800 GJ	\$4.90

These are fixed price physical contracts which the Company entered into with a well established counterparty, to protect a portion of its future earnings and cash flows from operations from the volatility of petroleum and natural gas prices.

## Royalties

Royalties are paid to the provincial government and owners of the mineral rights with whom leases are held. Alberta gas crown royalties are invoiced based on the Crown's share of production based on a monthly published Alberta Reference Price. The Alberta Reference Price is a monthly weighted average price of gas consumed in Alberta and gas exported from Alberta reduced for transportation and marketing allowance. On both oil and gas the Company's royalty rate as a percentage of sales increase or decrease on sliding scales with price and production fluctuations. The effective crown royalty rate will decrease as production rates decline. Also included in this royalty rate is the Gross Overriding Royalties paid to third parties.

On March 3, 2009 the Government of Alberta announced an additional incentive program in respect of oil and gas wells drilled on Alberta Crown lands. This program provides that, in respect of any wells drilled between April 1st, 2009 and April 1, 2010 (subsequently extended to April 1, 2011) the operator will receive (a) a drilling credit equal to \$200 of royalty per meter drilled on oil and natural gas wells and (b) a maximum royalty rate of 5% on such wells until the first to occur of twelve calendar months, 50,000 barrels of oil production or 500 million cubic feet (MMcf) of gas production.

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Royalties	<b>60,751</b>	201,193	<b>174,975</b>	368,144
% of sales	<b>7.5</b>	14.5	<b>8.8</b>	14.6
\$/boe	<b>1.78</b>	9.37	<b>2.33</b>	8.40

During the second quarter of 2009 royalties averaged 7.5 percent compared to 14.5 percent over the same quarter last year. For the first half of 2009, royalties averaged 8.8 percent compared to 14.6 percent in 2008. The decrease in the royalty rate over the same period last year is attributable to royalty incentives implemented in January 2009 and a lower gas reference price.

## Operating Costs

The Company's operating expenses include all expenses related to the day-to-day well and facility operations.

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Oil and gas operating	<b>481,381</b>	215,883	<b>867,919</b>	428,504
\$/boe	<b>14.14</b>	10.05	<b>11.58</b>	9.78

Operating costs were \$481,381 in the second quarter of 2009 compared to \$215,883 during the same period a year earlier. On a unit-of-production basis, operating costs averaged \$14.14/boe in the second quarter of 2009 compared to \$10.05/boe for the same period in 2008.

For the six months ended June 30, 2008 operating costs increased from \$428,504 in 2008, to \$867,919 for the first half of 2009. This increase in operating costs can be attributed to the payment of lease rentals that are payable in the second quarter and an increase in the number of locations over the same period last year. Operating costs were \$9.30/boe before lease rentals for the quarter ending June 30, 2009.

<b>Netbacks</b> (\$/boe)	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Sale price	<b>23.92</b>	64.57	<b>26.60</b>	57.44
Less:				
Royalties	<b>(1.78)</b>	(9.37)	<b>(2.33)</b>	(8.40)
Operating costs	<b>(14.14)</b>	(10.05)	<b>(11.58)</b>	(9.78)
<b>Field Netback</b>	<b>8.00</b>	45.15	<b>12.69</b>	39.26
General and administrative	<b>(19.73)</b>	(30.15)	<b>(18.01)</b>	(32.20)
Interest income	-	2.24	-	1.97
<b>Cash netback</b>	<b>(11.73)</b>	17.24	<b>(5.32)</b>	9.03

For the three months ended June 30, 2009 the field netback decreased to \$8.00 from \$45.15 in 2008. Field netback has decreased through the six month reporting period to \$12.69, from \$39.26 for the prior year in 2008. This can be attributed to the decrease gas prices and an increase in operating costs in the second quarter as a result of lease rentals coming due. Lease rentals in the second quarter 2009, attributed \$4.84/boe to total operating costs on a boe basis.

<b>General and Administrative</b>	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
G&A expenses	<b>673,043</b>	647,810	<b>1,352,801</b>	1,414,453
Overhead recoveries	<b>(1,476)</b>	(387)	<b>(3,160)</b>	(4,083)
Net G&A expenses	<b>671,567</b>	647,423	<b>1,349,641</b>	1,410,370
\$/boe	<b>19.73</b>	30.15	<b>18.01</b>	32.20
Share-based Compensation	<b>37,335</b>	82,200	<b>74,670</b>	180,700

General administration expenses increased 4 percent to \$671,567 for the second quarter 2009 from \$647,810 in the same quarter of 2008. For the six months ended June 30, 2009 G&A decreased by 5% compared to June 30, 2008. Share-based compensation decreased to \$37,335 in the period from \$82,200 in the first quarter of 2008. The decrease in share-based compensation is attributable to the cancellation and repricing of stock options.

The company has implemented an ongoing cost containment program initiated by management in December 2008. Under this program several measures have been taken. During the second quarter of 2009 \$39,947 was paid out in employee severance, \$67,928 for the six months ended June 30, 2009. Staff reductions will result in a decrease in salaries of 49% for the remainder of the year. Subsequent to the date of this report the company is in the process of relocating offices. Under the new sublease the Company will save 72% in office rent. The current annual rent is \$403,308; the new sub-lease will be \$112,018. Given all of the above mentioned initiatives the go forward G&A on a year over year basis is projected to decrease by 40%. The Company will continue to manage the bottom line through cost containment on an ongoing and as needed basis.

## Capital Expenditures

Net capital expenditures for the second quarter of 2009 totaled \$0.29 million. In the second quarter, the majority of the costs were intangibles related to clean-up and lease rentals.

The following table is a summary of capital expenditures for the six and three months ended June 30, 2009 and 2008.

(\$000)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Land	23	183	70	365
Geological and geophysical	-	-	7	1
Drilling	92	529	116	2,368
Equipment, facilities and pipeline	122	455	279	1,029
Completions	58	1,299	78	2,384
Office and computer equipment	-	41	5	61
Total capital expenditures	295	2,507	555	6,208

## Summary of Quarterly Results

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
<b>Operations</b>					
Production					
Natural gas (mcf/d)	2,245	2,746	2,409	1,240	1,254
Oil (bbl/d)	-	-	16	22	27
Barrels of oil equivalent (boe/d @ 6:1)	374	458	418	229	236
Average product prices					
Natural gas (\$/mcf)	3.98	4.76	6.16	7.20	9.53
Oil (\$/bbl)	-	43.47	55.66	117.2	118.5
<b>\$/BOE</b>					
Average sale price (\$/boe)	23.92	28.29	37.65	50.28	64.57
Average royalties paid (\$/boe)	1.78	2.76	5.86	6.65	9.37
Average operating expenses	14.14	9.35	8.22	12.07	10.05
Field netback (\$/boe)	8.00	16.18	23.57	31.56	45.15
General & administrative expense (\$/boe)	19.73	16.45	21.68	50.23	30.15
Interest income (\$/boe)	-	0.01	0.99	5.70	2.24
Cash netback (\$/boe)	(11.73)	(0.26)	2.88	(12.97)	17.24

## Financial (\$000)

Oil and gas sales	<b>814</b>	<b>1,175</b>	<b>1,484</b>	<b>1,058</b>	<b>1,387</b>
Interest and other income	-	-	36	120	48
Royalties	<b>61</b>	<b>114</b>	<b>216</b>	<b>140</b>	<b>201</b>
Funds from operations	<b>(448)</b>	<b>(13)</b>	<b>131</b>	<b>(285)</b>	<b>370</b>
Funds from operations per unit	<b>(13.14)</b>	<b>(0.33)</b>	<b>0.86</b>	<b>(13.97)</b>	<b>17.24</b>
Earnings / (Loss)	<b>(1,354)</b>	<b>(1,013)</b>	<b>(4,807)</b>	<b>(7,939)</b>	<b>6,799</b>
Earnings / (Loss) per share	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.05)</b>	<b>(0.09)</b>	<b>0.11</b>
Capital expenditures	<b>295</b>	<b>256</b>	<b>9,842</b>	<b>12,323</b>	<b>2,507</b>
Weighted average shares	<b>90,128</b>	<b>90,128</b>	<b>90,649</b>	<b>91,682</b>	<b>71,101</b>

### Summary of Quarterly Results

	<b>June 30 2009</b>	<b>Mar31 2009</b>	<b>Dec 31 2008</b>	<b>Sept 30 2008</b>	<b>Jun 30 2008</b>	<b>Mar 31 2008</b>	<b>Dec 31 2007</b>	<b>Sept30 2007</b>
<b>Net Revenue</b>	<b>(753,354)</b>	<b>(1,065,339)</b>	<b>1,232,095</b>	<b>1,037,677</b>	<b>1,233,447</b>	<b>1,000,737</b>	<b>537,547</b>	<b>471,071</b>
<b>Net Earnings/ (Loss)</b>	<b>(1,354,758)</b>	<b>(1,013,863)</b>	<b>(4,807,123)</b>	<b>(7,938,983)</b>	<b>6,798,503</b>	<b>(1,241,720)</b>	<b>(7,054,697)</b>	<b>(4,977,062)</b>
<b>Net (Loss) /Earnings per Share</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.05)</b>	<b>(0.09)</b>	<b>0.11</b>	<b>(0.02)</b>	<b>(0.13)</b>	<b>( 0.08)</b>

### Depletion, Depreciation and Accretion

The second quarter provision for depletion, depreciation and accretion totaled \$860,879, compared to \$444,438 in the second quarter of 2008. The increase is a result of increased production and more producing wells.

### Net Loss

The Company had a net loss for the quarter of (\$1,354,758), compared to net earnings in the second quarter 2008 of \$6,798,503. The majority of earnings in the second quarter 2008 were due to an unrealized gain on PanTerra shares of \$6,019,000, whereas in the second quarter 2009 a loss on the sale of PanTerra shares of \$39,670 was realized. Revenue decreased 39% in the quarter while production increased by 58% compared to the same period of 2008. The decrease in revenue is a direct result of the gas price decreasing to \$3.98/MCF from \$9.53/MCF in the same quarter of 2008. Operating expenses increased by 123% due to increased production and the majority of the yearly lease rentals coming due in the second quarter. 30% of operating costs in the second quarter of 2009 are attributable to lease rentals. Depletion, depreciation and accretion increased by over 93% as a result of the 2008 drilling program. The main contributing factor to the loss reported in the three and six months ended June 30, 2008, was the average price per mcf received, which decreased by 58% from the second quarter of 2008.

## Commitments

The Company has executed various farm-in and permit agreements. These agreements require the Company to incur total expenditures of approximately \$1.5 million for the Cumberland Basin Production Permit for fiscal 2009. However, the asset may be surrendered as an option. Nova Scotia commitments in future years increase with commercial development projections, but in each case the requirements are reviewed yearly.

The Company has the following office lease agreements:

Minimum lease payments remaining under the Company's current office lease agreement are:

2009	\$67,218
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Minimum lease payments required under the Company's new sub-lease are as follows:

2009	\$28,005
2010	\$102,685

The Company has sub-leased their existing space effective August 31, 2009 and has entered into a new sub-lease effective October 1, 2009 through to November 30, 2010. Under the new sub-lease the Company will save 72% in rent on an annualized basis.

## Related Party Transactions

An officer of the Company was also a Director of an entity (Golden Hill) with whom Stealth has a management services agreement. No compensation was paid to the officer by the entity during the second quarter of 2009. The officer did not spend material management time providing services to the Golden Hill. During the second quarter the Company sold its entire investment in the entity for \$150,000. A gain of \$72,000 was recognized from the sale. Subsequent to the quarter-end the officer resigned and became an independent Director of the Company.

## Off Balance Sheet Arrangements

The Company enters lease agreements in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of June 30, 2009. The Company holds no financial derivatives. In the first and second quarter, the Company entered two physical fixed price gas delivery hedges as detailed above.

## Financial Condition, Liquidity and Capital Resources

The Company had cash and cash equivalents of \$114,498 and a working capital deficiency of \$2,719,859 at June 30, 2009. As the operator of its major properties, Stealth controls the timing and amount of capital expenditures on its material assets. As 2009 began it was recognized by management that the commodity pricing environment on which the company depends for operating revenue had changed and could be depressed. This could extend the history of operating losses sustained by the Company, and together with negative working capital could cast doubt on the Company's ability to continue to meet its obligations as they become due. Accordingly, management embarked upon a program of capital and administrative cost containment in order to regain positive cash flow on a month over month basis. In addition, the Company executed two physical hedges as detailed above in order to protect revenue on expanding production. These measures will mitigate the extent of potential losses in a declining gas price environment over the coming months.

During the second quarter 2009, the Company increased its demand operating credit facility from \$3.1 million to \$5 million. Stealth may borrow via Prime-based loans bearing interest at the prime bank rate plus 225 basis points per annum, subject to a minimum interest rate of 5%. The facilities do not contain any financial covenants. The

credit facility is subject to periodic review, with the next required prior to April 30, 2010. It revolves (interest only) until review. As at June 30, 2009, \$3,535,164 had been drawn against these facilities.

The Company will continue to monitor its counterparty credit positions to mitigate any potential credit losses. For activities conducted with joint venture partners, Stealth collects its partners' share of capital and operating expenses on a monthly basis. These revenues are subject to normal collection risk. At June 30, 2009, the Company had no material accounts receivable that it deemed uncollectible. Accounts payable consist of amounts payable to suppliers relating to head office, field operating activities and capital spending activities. Stealth endeavors to process these invoices within the Company's normal payment period.

**Funds from Operations**
**Three Months ended  
June 30**
**Six months ended  
June 30**

(\$000)	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net Loss	<b>(1,354)</b>	<b>6,798</b>	<b>(2,369)</b>	<b>5,557</b>
Items not requiring cash:				
Write-down of investments	<b>9</b>	<b>(6,019)</b>	<b>(75)</b>	<b>(5,304)</b>
Future income tax reduction	<b>-</b>	<b>(936)</b>	<b>-</b>	<b>(936)</b>
Depletion, depreciation and accretion	<b>861</b>	<b>445</b>	<b>1,908</b>	<b>897</b>
Share - based compensation	<b>37</b>	<b>82</b>	<b>75</b>	<b>181</b>
Gain on sale of equipment	<b>(1)</b>		<b>(1)</b>	<b>-</b>
Funds from operations	<b>(448)</b>	<b>370</b>	<b>(462)</b>	<b>395</b>
Funds from operations/boe	<b>(13.14)</b>	<b>17.24</b>	<b>(6.20)</b>	<b>9.02</b>

The Company continuously manages the pace of its capital spending program by monitoring forecasted production, commodity prices and resulting cash flows. Current volatility in commodity prices creates uncertainty as to the funds from operations and capital budget. Monthly financial and cash variance analysis are conducted. Should circumstances affect cash flow in a detrimental way, the Company is capable of altering its capital spending activity. For the second quarter funds from operations totaled \$(448,651) or \$(13.14) per boe, compared to \$370,141 in the prior year.

### Securities issued during the period

During the six month period ended June 30, 2009, the Company issued no additional securities.

### Capital Stock, Options and Warrants

Authorized  
 Issued and outstanding as at June 30, 2009

Unlimited common shares without par value  
 90,128,043 common shares

#### ***Schedule of Warrants and Options outstanding as at August 11, 2009:***

	<u>Number of Shares</u>	<u>Price</u>	<u>Expiry Date</u>
Options:	250,000	\$0.55	March 2010
	100,000	\$0.98	May 2010
	1,250,000	\$0.98	June 2013
	2,871,000	\$0.25	December 2013
	<u>450,000</u>	\$0.25	December 2013
	4,921,000		
Warrants:			
	14,863,478	\$0.85	May 2010
	<u>1,781,818</u>	\$0.75	May 2010
	16,645,296		
Total:	26,645,296		

### Critical Accounting Estimates

#### *Significant accounting policies*

#### *Property and equipment*

The Company follows the full cost method of accounting whereby all costs related to the exploration for and development of oil and gas reserves are accumulated in one Canadian cost centre. Costs include lease acquisition, geological and geophysical expenditures, carrying costs of non-productive properties, the drilling of productive and non-productive wells and related plant and production equipment costs. Proceeds received from the disposal of properties are normally deducted from the full cost pool without recognition of a gain or loss, unless such sale results in a change in the rate of depletion of 20% or more.

#### *Depletion and Depreciation*

Depletion and depreciation of oil and gas properties and equipment is computed using the unit-of-production method where the ratio of production to proved reserves, before royalties, determines the proportion of depletable costs to be expensed in each period. Undeveloped properties are excluded from the depletion calculation until quantities of proved reserves are found or impairment occurs. Volumes are converted to equivalent units using the ratio of one barrel of oil to six mcf of natural gas. Depreciation on computer equipment and automobile is provided for on a 30% declining balance method.

#### *Recovery of capitalized costs*

The Company performs a cost recovery test which recognizes impairment when the carrying amount of the property and equipment, by cost centre, exceeds its undiscounted future cash flows from proved reserves based on estimated future commodity prices. If impairment is recognized, the amount of impairment is determined as the excess of the carrying amount over the fair value. Fair value is based on the present value of expected cash

flows, reflecting discounting at the risk-free rate of interest. Both proved and probable reserves are used in estimating fair value. This cost centre impairment test is conducted at each balance sheet date or more frequently if conditions indicating potential impairment are present.

#### *Revenue Recognition*

Oil and natural gas sales are recognized when commodities are sold and title passes to the customer.

#### *Use of estimates*

The amounts recorded for depletion and depreciation of property and equipment, the accretion expense associated with the asset retirement obligation and the cost recovery assessments for property and equipment are based on estimates of proven reserves, production rates, oil and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.

#### *Business risks*

An investment in Stealth should be considered highly speculative due to the nature of Stealth's involvement in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas reserves and its current stage of development. Oil and gas operations involve many risks which even a combination of experience and knowledge and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Stealth.

#### *Change in accounting policies*

Effective January 1, 2009 the Company adopted the following new accounting standards issued by the Canadian Institutes of Chartered Accountants (CICA):

##### Goodwill and Intangible Assets

On January 1, 2009, the Company retrospectively adopted CICA Section 3064, Goodwill and Intangible Assets issued by the AcSB. This section clarifies the criteria for the recognition of assets, intangible assets and internally developed intangible assets. The adoption of this standard did not impact the Company's financial results.

#### *Future accounting policies*

##### International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board ("ASCB") confirmed the changeover from Canadian GAAP to IFRS will be required for publically accountable profit-orientated enterprises for interim and annual financial statements for fiscal years beginning on or after January 1, 2011, including comparatives for 2010. The changeover from Canadian GAAP to IFRS represents a change in accounting standards and is a significant undertaking that may materially impact the Company's financial statements. The Company is currently reviewing the standards to determine the potential impact, and it has allocated resources to enable it to meet its IFRS reporting obligations.

### *Subsequent events*

Subsequent to quarter-end on July 14, 2009, the Company announced Executive and Board changes. The Chief Financial Officer, Mark Roth, resigned as CFO and joined the Board of Directors. He effectively replaced board member Ian McMurtrie, who concurrently resigned from the Board. Lori Bobye-Magnusson accepted the vacant post of CFO. She was previously Controller at Stealth. These changes in general reflect the ongoing evolution of junior producing gas companies in Canada, where companies must consolidate their activities in the face of reduced operating tempos and dramatically decreased revenues as a result of reduced gas pricing. The Board of Directors thanks Mr. McMurtrie for his significant contribution to the Board over six years, and wishes him the best in his future endeavors.

### *Office Lease*

The Company has sub-leased their existing space effective August 31, 2009 and has entered into a new sub-lease effective October 1, 2009 through to November 30, 2010. Under the new sub-lease the Company's office rent will decrease by 72%.

### *Financial Instrument*

The Company has entered into the following fixed price contract:

<b>Natural Gas</b>	<b>Type</b>	<b>Daily Volume</b>	<b>Price (CAD)</b>
<b>Period Hedged</b> November 1, 2009-December 31, 2010	Fixed price	800 GJ	\$4.90

### *Down-spacing*

Subsequent to quarter end (August 7<sup>th</sup>), Stealth received notification from the ERCB that its first of two sections applied for were approved to 8 wells per section holding. These two sections that were a 4 well per section pilot will set the precedent for the remaining 120+ section of Stealth lands. Rate transient analysis work performed on the pilots showed no interference between near well bores and potential to infill up to eighteen wells per section without interference. This is further proof of the large original gas in place in the Colorado Shale package.

### **Outlook**

During the second quarter Stealth pursued a strategy to increase its available drilling locations via 8 well per section downspacing applications with its regulator. Based on rate transient analysis from existing producing wells Stealth should add effectively to production and reserves upon resumption of drilling on the down-spaced locations, while incrementally reducing drill and tie-in costs. The company is also maintaining an aggressive cost control program that does not overlook any part of the Company's operations or general and administrative costs.

In addition, Stealth is aware that acquiring more drillable locations via crown land sales is very efficient due to the low cost of land. It has a program in place to add to its land base. Wildmere is the Company's core, and its development is based on several years of shale gas research and development.

The Company continues to evaluate selective acquisition targets that create value on a per share basis. Stealth has been evaluating corporate opportunities on similar-sized oil and gas companies. This size of transaction would provide the necessary critical mass and cash flow to enable faster development of Stealth's development drilling opportunities. Management will continue to assess market conditions and strategic transactions in the best interests of shareholders.

**Directors and Officers**

Derek Krivak, Calgary, Alberta, President/CEO and Director  
Lori Bobye-Magnusson, Calgary, Alberta, CFO  
Gary Addison, Calgary, Alberta, VP Exploration  
Chris Morrison, Calgary, Alberta, VP Operations  
W. Robert Bell, Calgary, Alberta, Board Chairman  
Rudy Cech, Calgary, Alberta, Director  
Mark J. Roth, Calgary, Alberta, Director  
Murray Smith, Calgary, Alberta, Director  
Glenn R. Yeadon, Vancouver, BC, Corporate Secretary

**Contact Stealth Ventures Ltd.**

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**FORWARD LOOKING STATEMENTS**

Certain information set forth in the Management's Discussion and Analysis contained herein including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, drilling and re-completion plans, timing of drilling, re-completion and tie-in of wells, productive capacity of wells and productive capacity of wells and capital expenditures and the timing thereof may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. By their nature, forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. The recovery and reserve estimates of Stealth Venture Ltd's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Additional information relating to Stealth Ventures Ltd's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)), and Stealth Venture Ltd's website ([www.stealthventures.ca](http://www.stealthventures.ca)).