

STEALTH VENTURES LTD.
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
September 30, 2009
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements.

STEALTH VENTURES LTD.

Balance Sheets

September 30, 2009 and December 31, 2008
(Unaudited)

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 82,107	\$ 544,944
Accounts receivable	295,715	1,453,192
Prepaid expenses and deposits	973,999	1,171,295
	<u>1,351,821</u>	<u>3,169,431</u>
Property and equipment (note 4)	54,103,706	56,521,067
Investments	-	793,000
	<u>\$ 55,455,527</u>	<u>\$ 60,483,498</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 683,673	\$ 6,340,460
Bank debt (Note 6)	4,066,532	-
	<u>4,750,205</u>	<u>6,340,460</u>
Asset retirement obligations (note 5)	1,990,450	1,924,456
Shareholders' equity:		
Share capital (note 7(b))	65,281,760	65,281,760
Purchase warrants (note 7(c))	8,488,680	8,488,680
Contributed surplus (note 7(e))	6,049,497	5,938,035
Deficit	(31,105,065)	(27,489,893)
	<u>48,714,872</u>	<u>52,218,582</u>
	<u>\$ 55,455,527</u>	<u>\$ 60,483,498</u>
Future Operations (note 1)		
Commitments (note 10)		
Subsequent events (note 12)		

See accompanying notes to financial statements.

On behalf of the Board:

“Rob Bell” _____ Chairman, Director

“Derek Krivak” _____ President, CEO, Director

STEALTH VENTURES LTD.

Statements of Loss, Comprehensive Loss and Deficit

For The Nine Months Ended September 30, 2009 and 2008

	Three Month Period Ended Sept. 30/09	Three Month Period Ended Sept. 30/08	Nine Month Period Ended Sept. 30/09	Nine Month Period Ended Sept. 30/08
Revenue				
Petroleum and natural gas sales	\$707,820	\$1,057,822	\$2,701,019	\$3,573,744
Royalties	(82,936)	(140,020)	(257,911)	(508,164)
Interest and other income	14,866		119,875	15,334
	206,276			
	639,750	1,037,677	2,458,442	3,271,856
Expenses				
Administration	\$583,721	\$1,056,655	\$1,933,362	2,467,019
Share based compensation (<i>Note 7(e)</i>)	36,792	296,700	111,462	477,400
Oil and gas operating	471,474	253,998	1,339,392	682,502
Interest Expense	49,345	-	96,811	-
Gain on sale of equipment	-	-	(947)	-
Depletion, depreciation and accretion (<i>Note 4</i>)	745,482	467,603	2,653,732	1,365,430
	1,886,814	2,074,956	6,133,812	4,992,351
Net loss before the following	(1,247,064)	(1,037,279)	(3,675,370)	(1,720,495)
Gain (loss) in value of Investments (<i>Note 9</i>)	-	(5,954,000)	75,500	(650,000)
Net (loss) before taxes	(1,247,064)	(6,991,279)	(3,599,870)	(2,370,495)
Future income tax (reduction)	-	(936,000)	-	-
Capital tax (recovery)	(512)	11,700	15,303	11,700
Net (loss) and comprehensive loss	(1,246,552)	(7,938,979)	(3,615,173)	(2,382,195)
Deficit - beginning of the period	(29,858,514)	(14,743,786)	(27,489,893)	(20,300,570)
Deficit - end of the period	\$(31,105,066)	\$(22,682,765)	\$(31,105,066)	\$(22,682,765)
Earnings (loss) per share (<i>Note 7</i>)	(0.01)	(0.09)	(0.04)	(0.03)

See accompanying notes

STEALTH VENTURES LTD.

Statements of Cash Flows

Three and nine months ended September 30, 2009 and 2008

	Three Month Period Ended Sept. 30/09	Three Month Period Ended Sept. 30/08	Nine Month Period Ended Sept. 30/09	Nine Month Period Ended Sept. 30/08
Cash provided by (used in):				
Operations:				
Net (loss) for the period	\$ (1,246,552)	\$(7,938,984)	\$ (3,615,172)	\$ (2,382,195)
Items not involving cash:				
Write-down on Investment (<i>note 9</i>)	-	5,954,000	(75,500)	650,000
Future income tax reduction	-	936,000	-	-
Depletion, depreciation and accretion	745,482	467,603	2,653,732	1,365,430
Share - based compensation	36,792	296,700	111,462	477,400
Gain on sale of equipment	-	-	(947)	-
	(464,278)	(284,681)	(926,425)	110,635
Change in non-cash operating working capital	114,769	4,857,842	(4,302,012)	3,191,021
	(349,509)	4,573,161	(5,228,437)	3,301,656
Financing:				
Issuance of share and purchase warrants	-	(52,334)	-	20,207,059
Increase in bank debt (<i>Note 6</i>)	531,368	-	4,066,532	-
	531,368	-	4,066,532	-
Investing:				
Additions of property and equipment	(214,249)	(12,323,491)	(769,560)	(18,531,129)
Proceeds from sale of property	-	-	600,000	-
Proceeds from marketable securities (<i>Note 9</i>)	-	-	868,628	-
	(214,249)	(12,323,491)	699,068	(18,531,129)
Change in cash and cash equivalents	(32,390)	(7,802,664)	(462,837)	4,977,586
Cash and cash equivalents, beginning of period	114,497	19,570,128	544,944	6,789,878
Cash and cash equivalents, end of period	\$ 82,107	\$ 11,767,464	\$ 82,107	\$ 11,767,464

See accompanying notes

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

1. Nature of operations:

Stealth Ventures Ltd. ("Stealth" or "the Company") is engaged primarily in exploration for, and production of, petroleum and natural gas reserves in Western Canada and Nova Scotia. At the date of this report the Company's production was 100% natural gas. These financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these financial statements, and that the Company will be able to continue its business activities.

For the nine months ended September 30, 2009, the Company reported a net loss of \$3,615,173 and a working capital deficiency of \$3,398,384. It was recognized by management that the commodity pricing environment on which the Company depends for operating revenue had changed and could be depressed over the course of 2009. This could extend the history of operating losses sustained by the Company and raise doubt about the Company's ability to continue as a going concern. Management embarked upon a program of capital and administrative cost containment in order to match revenues and cash costs. In addition, the Company executed a physical hedge at \$5.48/mcf on a portion of its production in January 2009 in order to protect revenue on expanding production. Effective June 1, 2009 the Company executed an additional physical hedge at \$4.06/mcf. Both hedges expire October 31, 2009 and therefore, the Company committed to hedge a portion of production effective November 1, 2009 until December 31, 2010 at \$4.90/GJ. Refer to Note 8 for additional details. These measures will provide a stable platform for future growth in a declining gas price environment. In addition, the Company increased its credit facility with a Canadian bank from \$3.1 million to \$5 million. Refer to Note 6 for additional details.

2. Significant accounting policies:

The interim unaudited financial statements of the Company have been prepared by management in accordance with accounting policies generally accepted in Canada. The interim unaudited financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended December 31, 2008. The interim financial statements should be read in conjunction with the financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2008.

3. Change in accounting policies:

Effective January 1, 2009 the Company adopted the following new accounting standards issued by the Canadian Institute 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 interim financial results.

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

4. Property and equipment:

2009	Cost	Accumulated Depletion and Amortization	Net Book Value
Computer and office equipment	\$ 406,959	\$ 210,647	\$ 196,312
Leasehold improvements	61,600	20,673	40,927
Automobiles	84,296	64,120	20,176
Petroleum and natural gas properties	70,700,667	16,854,376	53,846,291
	<u>\$71,253,522</u>	<u>\$17,149,816</u>	<u>\$54,103,706</u>
December 31, 2008			
Computer and office equipment	\$ 403,995	\$ 179,348	\$ 224,647
Leasehold improvements	55,162	14,585	40,577
Automobiles	84,296	58,704	25,592
Petroleum and natural gas properties	69,940,509	13,710,258	56,230,251
	<u>\$70,483,962</u>	<u>\$ 13,962,895</u>	<u>\$56,521,067</u>

At September 30, 2009, petroleum and natural gas properties included \$14,942,719 (2008 - \$14,809,751) relating to unproved properties which have been excluded from the depletion calculation, and future development costs of \$20,850,000 (2008 - \$8,122,208) were included in the depletion calculation. No general and administrative costs were capitalized during the period.

The Company applied the ceiling test to its capitalized assets at September 30, 2009. No write-down was required.

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

5. Asset retirement obligations:

Changes to the asset retirement obligation for the Nine months ended September 30, 2009 are as follows:

	Sept, 30 2009	Dec, 31 2008
Asset retirement obligations, beginning of period	\$1,924,456	\$870,842
Liabilities incurred	-	946,607
Liabilities disposed	-	-
Accretion expense	65,994	107,007
Asset retirement obligations, end of period	\$1,990,450	\$1,924,456

6. Credit Facility:

Effective April 15, 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. The facility is collateralized by a \$10 million demand fixed and floating debenture over all of Stealth's assets. It revolves (interest only) until review. As at September 30, 2009, \$4,066,532 had been drawn against these facilities.

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

7. Share capital:

(a) Authorized: Unlimited common shares without par value

(b) Issued:

	Number of Shares	Amount
Balance December 31, 2007	61,954,587	\$49,919,481
Warrants expired	-	1,970,220
Private placement at \$0.75 per unit	29,726,956	17,316,217
Normal course issuer bid	(1,553,500)	(1,126,409)
Share issue costs	-	(2,797,749)
Balance December 31, 2008 and September 30, 2009	90,128,043	\$65,281,760

Per Share Amounts

Per share amounts were calculated using the weighted average common shares outstanding of 90,128,043 (2008 – 74,973,692). The stock options were not included in the diluted earnings per share calculation because to do so would be anti-dilutive.

(c) Purchase warrants

At September 30, 2009 there were 24,082,096 share purchase warrants outstanding as follows:

Description	Number	Exercise price	Expiry date	Carrying amount
Balance December 31, 2007	11,287,380			\$4,838,400
Private placement	14,863,478	0.85	May 2010	4,979,000
Finders' fees	1,781,818	0.75	May 2010	641,500
Warrants expired	(3,281,258)	2.30	March 2008	(1,595,720)
Warrants expired	(569,322)	1.60	March 2008	(374,500)
Balance December 31, 2008 and September 30, 2009	24,082,096			\$8,488,680

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

7. Share capital (continued):

(d) Stock option plan

The Company has in place an Incentive Stock Option Plan (the "Plan"), which is administered by the Directors of the Company. All directors, officers, employees and consultants of the Company are eligible to be granted incentive stock options under the Plan. The exercise price of options granted under the Plan cannot be less than the market price of the Company's shares as traded on the TSX Venture Exchange (the "Exchange") at the time of the grant, less the permissible discount allowed by the Exchange. The Plan was amended through the course of 2008. These amendments provide that: (1) options may be granted under the Plan in respect of up to an aggregate of 18,000,000 common shares, provided that (i) options in respect of no more than 5% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one optionee in any 12 month period; (ii) options in respect of no more than 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one consultant in any 12 month period; and (iii) options in respect of no more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted in any 12 month period to optionees conducting investor relations activities; (2) the maximum term of options granted under the Plan has been extended from 5 years to 10 years; and (3) options granted under the Plan having an exercise price at or above the market price of the Company's shares may become vested immediately upon the date of the grant (as opposed to being vested on a quarterly basis over an 18 month period).

Stock option activity with respect to the Company's stock option plan is as follows:

	Number of Shares	Weighted Avg. Exercise Price
Balance December 31, 2007	5,228,000	\$1.49
Granted	100,000	0.80
Granted	1,865,000	0.98
Granted	150,000	0.48
Granted	3,439,000	0.25
Cancelled	4,903,000	1.31
Expired	50,000	0.25
Expired	300,000	2.07
Expired	300,000	1.32
Balance December 31, 2008	5,229,000	0.52
Expired	100,000	1.20
Expired	50,000	2.30
Balance March 31, 2009	5,079,000	0.49
Expired	40,000	0.98
Expired	118,000	0.25
Balance June 30, 2009	4,921,000	0.50
Expired	325,000	0.25
Balance September 30, 2009	4,596,000	0.51

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

7. Share capital (continued):

(e) Stock-based compensation:

The Company accounts for options issued under its Plan using the fair value method. Under this method, a compensation cost is charged to expense for stock options granted to employees and directors with a corresponding increase to contributed surplus.

The following table reconciles the Company's contributed surplus:

	Sept, 30 2009	Dec, 31 2008
Balance, beginning of period	\$ 5,938,035	\$ 3,888,200
Stock-based compensation expense	111,462	1,190,446
Normal course issuer bid	-	859,389
Balance, end of period	\$6,049,497	\$5,938,035

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

8. Financial instruments and Risk management:

(a) Credit risk:

Portions of the Company's accounts receivable are with joint venture partners in the oil and gas industry and are subject to normal industry credit risks. Purchasers of the Company's oil and natural gas products are subject to an internal credit review designed to mitigate the risk of non-payment.

(b) Commodity price risk:

The Company is subject to commodity price risk on the sale of natural gas. The Company entered into these fixed price contracts with a well established counterparty, to protect a portion of its future earnings and cash flows from operations from the volatility of natural gas prices.

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

Based on Stealth's reported sales volumes for 2009, a change of \$0.10 Cdn in natural gas prices at the wellhead would have the approximate effect of changing pre-tax earnings for the year by \$54,000.

(c) Foreign currency risk:

While substantially all of the Company's sales are denominated in Canadian dollars, the market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar.

(e) Interest rate risk:

The Company is exposed to interest rate risk to the extent that changes in market interest rates will impact the Company's cash and cash equivalents that have a floating interest rate. The Company had no interest rate swaps or hedges at September 30, 2009.

(d) Fair value of financial instruments:

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, bank debt and accounts payable. Cash and cash equivalents are classified as held-for-trading financial assets. Accounts receivable are classified as loans and receivables and bank debt and accounts payable are classified as other financial liabilities.

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

8. Financial instruments and Risk management (continued):

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet as at September 30, 2009 are as follows:

Financial Instruments	Carrying Amount	Fair Value
Cash and Cash equivalents	\$82,107	\$82,107
Accounts receivable	295,715	295,715
Bank debt	4,066,532	4,066,532
Accounts payable	683,673	683,673

9. Investments:

During 2007 the Company exchanged its interest in certain Saskatchewan properties for 13 million common shares of PanTerra Resources Corp ("PanTerra") valued at a cost of \$0.25 per share. The Company's holding represented approximately 19.5% of the outstanding common shares of PanTerra. During the first quarter of 2009, 4,766,000 shares of Panterra were sold at an average price of 0.063 per share for proceeds of \$302,247. During the second quarter of 2009 the remaining 8,234,000 shares of PanTerra were sold at an average price of \$0.048552 per share for proceeds of \$399,777. A loss of \$39,670 was recognized from the sale of the PanTerra shares in the second quarter of 2009.

During 2008 the Company acquired 6 million shares of a foreign unlisted private company Golden Hill International Holdings Limited ("Golden Hill") valued at a cost of \$78,000. The Company accounts for its investment in Golden Hill at cost since the shares do not have a quoted price in an active market. During the second quarter of 2009, the Company sold its entire investment in Golden Hill for \$150,000. A gain of \$72,000 was realized from the sale.

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

10. Commitments:

(a) In October of 2007 Stealth signed a ten year production lease with the Province of Nova Scotia with the anniversary date of October 25th annually. On October 20th a formal request letter was submitted to the Province requesting an extension as the Company is seeking capital partners to help accelerate the development of the Cumberland Basin property and reduce its capital commitments. This agreement requires 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.

(b) The Company has the following office lease agreements:

Minimum lease payments required under the Company's new sub-lease are as follows:

2009	\$18,218
2010	\$100,208

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 73% in rent on an annualized basis.

11. Capital disclosures:

Stealth defines capital as debt and shareholders' equity comprised of retained earnings and share capital. Stealth's primary capital management objective is to maintain a strong balance sheet affording the Company financial flexibility to achieve goals of continued growth and access to capital. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment.

The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, issue new shares, issue new debt or repay existing debt. Subsequent to year-end the long-term debt of the Company was increased, but it does not have any capital leases or any off-balance-sheet obligations. Stealth's short term goal with respect to debt is limit its use as management pursues balance sheet strength.

The Company monitors working capital, cash flow per share and total shareholders' equity on a monthly basis and makes adjustments to its business plan and capital budget accordingly.

No dividends have been paid or declared on any of the Company's shares since the date of incorporation. This policy is based on operational results, financial policy and financing requirements and is continuously reviewed by the Company.

STEALTH VENTURES LTD.

Notes to Financial Statements

Nine Months Ended September 30, 2009 and 2008

11. Capital disclosures (continued):

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2009.

12. Subsequent events:

Financing

Subsequent to the third quarter (November 19, 2009), the Company press released a non-brokered private placement, to consist of the sale of up to 28,571,429 units at a price of \$0.07 per unit to raise gross proceeds of up to \$2,000,000. Each unit will consist of one (1) common share and one-half (1/2) of a non-transferable share purchase warrant, with each whole warrant to entitle the holder to purchase one additional common share at a price of \$0.15 for a period of two (2) years from closing, provided that, in the event the closing price of Stealth's shares as traded on the TSX Venture Exchange is \$0.25 or greater for a period of 30 consecutive trading days, it may give notice of an earlier expiry of the warrants, in which case the warrants would expire 30 calendar days from the giving of such notice. Stealth may pay finders' fees in accordance with TSX Venture Exchange policy in respect of all or a portion of the funds raised pursuant to this private placement.

The proceeds from this private placement will be used for working capital purposes, including allowing Stealth to explore potential strategic opportunities in India.

13. Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, The CICA Accounting Standards Board ("ASCB") confirmed the changeover from Canadian GAAP to IFRS will be required for publically accountable profit-oriented 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 has developed an IFRS conversion plan and a preliminary implementation timetable. During the initial stage of the plan, the Company has performed a preliminary impact assessment, identifying and documenting key differences between the Company's current accounting policies under Canadian GAAP and those required by IFRS. Starting October, 2009, the Company has begun the next stage of the conversion process, defining IFRS ongoing accounting policies, methods, practices and disclosure requirements that will drive the Company's financial reporting under IFRS. In addition to assessing the impact of IFRS and managing the complex conversion process, the Company will continue to ensure that information systems, controls, processes, procedures and staff are ready to implement the new standards for January 1, 2011. Additional disclosures of significant components of the conversion project and its progress will be provided as the information becomes available.