

STEALTH VENTURES LTD.
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 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

March 31, 2009 and December 31, 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,167	\$ 544,944
Accounts receivable	676,597	1,453,192
Prepaid expenses and deposits	1,195,201	1,171,295
	<u>1,882,965</u>	<u>3,169,431</u>
Property and equipment (note 5)	55,155,167	56,521,067
Investments (note 4)	572,040	793,000
	<u>\$ 57,610,172</u>	<u>\$ 60,483,498</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,125,906	\$ 6,340,460
Bank Debt	1,295,758	-
	<u>\$ 4,421,664</u>	<u>\$ 6,340,460</u>
Asset retirement obligations (note 6)	1,946,454	1,924,456
Shareholders' equity:		
Share capital (note 8(b))	65,281,760	65,281,760
Purchase warrants (note 8(c))	8,488,680	8,488,680
Contributed surplus (note 8(e))	5,975,370	5,938,035
Deficit	(28,503,756)	(27,489,893)
	<u>51,242,054</u>	<u>52,218,582</u>
	<u>\$ 57,610,172</u>	<u>\$ 60,483,498</u>

Future Operations (note 1)
Commitments (note 12)
Subsequent events (note 14)

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 Three Months Ended March 31, 2009 and 2008

	2009	2008
Revenues:		
Petroleum and natural gas sales	\$ 1,179,094	\$ 1,129,291
Royalties	(114,224)	(166,951)
	1,064,870	962,340
Interest Income	468	38,397
	1,065,338	1,000,737
Expenses:		
Operating expenses	386,538	212,621
General and administration	678,074	762,947
Stock-based compensation (note 8(e))	37,335	98,500
Write-down on investment (note 4)	(84,340)	715,000
Interest on debt	14,223	-
Depletion, depreciation and accretion	1,047,371	453,389
	2,079,201	2,242,457
Net loss before income taxes	(1,013,863)	(1,241,720)
Future income tax	-	-
Net loss and comprehensive loss	(1,013,863)	(1,241,720)
Deficit, beginning of period	(27,489,893)	(20,300,570)
Deficit, end of period	\$(28,503,756)	\$(21,542,290)
Loss per share:		
Basic and diluted (note 8(b))	\$(0.01)	\$(0.02)

See accompanying notes to financial statements.

STEALTH VENTURES LTD.

Statements of Cash Flows

Three months ended March 31, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Net loss for the period	\$ (1,013,863)	\$ (1,241,720)
Items not involving cash:		
Stock-based compensation	37,335	98,500
Depletion, depreciation and accretion	1,047,371	453,389
Write-down on investment (note 4)	(84,340)	715,000
	(13,497)	25,169
Change in non-cash operating working capital	(2,457,880)	(1,521,687)
	(2,471,377)	(1,496,518)
Financing:		
Issuance of share capital and purchase warrants	-	5,125
Increase in bank debt	1,295,758	-
	1,295,758	5,125
Investing:		
Proceeds from sale of property	600,000	-
Proceeds from marketable securities (note 4)	302,247	-
Additions of property and equipment	(260,405)	(3,700,984)
	641,842	(3,700,984)
Change in cash and cash equivalents	(533,777)	(5,192,377)
Cash and cash equivalents, beginning of period	544,944	6,789,878
Cash and cash equivalents, end of period	\$11,167	\$1,597,501

See accompanying notes to financial statements.

STEALTH VENTURES LTD.

Notes to Financial Statements

Three Months Ended March 31, 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.

For the three months ended March 31, 2009, the Company reported a net loss of \$1,013,863 and a working capital deficiency of \$2,538,690. 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. 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. Subsequent to March 31, 2009 the Company executed an additional physical hedge at \$4.06/mcf. These measures will mitigate the extent of potential losses in a declining gas price environment over the coming twelve months. In addition, the Company increased its credit facility with a Canadian bank from \$3.1 million to \$5 million. Refer to Note 7 for additional details.

2. Significant accounting policies:

The interim unaudited financial statements of Stealth Ventures Ltd. ("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.

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Notes to Financial Statements

Three Months Ended March 31, 2009 and 2008

4. Investments:

During 2007 the Company exchanged its interest in certain Saskatchewan properties for 13 million common shares of Panterra Resources Corp (“Pan Terra”) valued at a cost of \$0.25 per share. The Company’s holding represented approximately 19.5% of the outstanding common shares of Pan Terra. At March 31, 2009 these shares were revalued to its quoted market price of \$0.06 per share from \$0.055 per share at December 31, 2008, resulting in the recognition of a gain on investment of \$41,170. At March 31, 2008 the shares were valued at \$0.145 per share, resulting in a loss of \$715,000. 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. A gain of \$43,170 was recognized from the sale of the Panterra shares.

Also 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 International Holdings Ltd. at cost since the shares do not have a quoted price in an active market.

5. Property and equipment:

	Cost	Accumulated Depletion and Amortization	Net Book Value
2009			
Computer and office equipment	\$ 408,863	\$ 194,902	\$ 213,961
Leasehold improvements	55,162	16,680	38,482
Automobiles	84,292	60,644	23,648
Petroleum and natural gas properties	70,195,107	15,316,031	54,879,076
	\$70,743,424	\$15,588,257	\$55,155,167
2008			
Computer 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
	\$70,483,962	\$ 13,962,895	\$56,521,067

At March 31, 2009, petroleum and natural gas properties included \$14,927,095 (2008 - \$14,583,725) relating to unproved properties which have been excluded from the depletion calculation, and future development costs of \$20,850,000 (2008 - \$9,076,339) were included in the depletion calculation. No general and administrative costs were capitalized during the year.

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Notes to Financial Statements

Three Months Ended March 31, 2009 and 2008

The Company applied the ceiling test to its capitalized assets at March 31, 2009. No impairment was recognized.

6. Asset retirement obligations:

Changes to the asset retirement obligation for the three months ended March 31, 2009 are as follow:

	Mar, 31 2009	Dec, 31 2008
Asset retirement obligations, beginning of period	\$1,924,456	\$870,842
Liabilities incurred	-	946,607
Liabilities disposed	-	-
Accretion expense	21,998	107,007
Asset retirement obligations, end of period	\$1,946,454	\$ 1,924,456

7. Credit Facility:

Effective December 31, 2008, 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 March 31, 2009, \$1,295,758 had been drawn against these facilities.

8. 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	90,128,043	65,281,760
Balance March 31, 2009	90,128,043	\$65,281,760

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Notes to Financial Statements

Three Months Ended March 31, 2009 and 2008

8. Share capital (continued):

Per Share Amounts

Per share amounts were calculated using the weighted average common shares outstanding of 90,128,043 (2008 – 61,954,587). 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 March 31, 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	24,082,096			\$8,488,680
Balance March 31, 2009	24,082,096			\$8,488,680

(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

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Three Months Ended March 31, 2009 and 2008

8. Share capital (continued):

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:

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	100,000	0.55
Cancelled	100,000	1.50
Cancelled	1,125,000	2.30
Cancelled	10,000	0.80
Cancelled	275,000	0.98
Cancelled	150,000	0.48
Cancelled	250,000	0.80
Cancelled	843,000	1.50
Cancelled	100,000	2.30
Cancelled	400,000	1.20
Cancelled	300,000	0.65
Cancelled	200,000	0.50
Cancelled	350,000	0.55
Cancelled	300,000	0.98
Cancelled	400,000	0.80
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

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Three Months Ended March 31, 2009 and 2008

8. 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:

	Mar, 31 2009	Dec, 31 2008
Balance, beginning of period	\$ 5,938,035	\$ 3,888,200
Stock-based compensation expense	37,335	1,190,446
Normal course issuer bid	-	859,389
Balance, end of period	\$5,975,370	\$5,938,035

9. 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 oil and 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 petroleum and 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

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.

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Three Months Ended March 31, 2009 and 2008

(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 March 31, 2009.

(d) Fair value of financial instruments:

Financial instruments comprise cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturities.

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, investments and accounts payable. Cash and cash equivalents and investments are classified as held-for-trading financial assets. Accounts receivable are classified as loans and receivables and accounts payable are classified as other financial liabilities. The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet as at March 31, 2009 are as follows:

Cash and Cash Equivalents	Carrying Amount	Fair Value
Cash and Cash Equivalents	\$ 11,167	\$ 11,167
Accounts receivable	676,597	676,597
Investments	572,040	572,040
Accounts payable	3,125,897	3,125,897

11. Related party transactions:

An officer of the Company is also a Director of an entity, with whom Stealth has executed a management services agreement. No compensation was paid to the officer by the entity during the first quarter of 2009. The officer has not spent material management time providing services to the entity.

12. Commitments:

(a) The Company has executed various farm-in and permit agreements. These agreements require Stealth to incur total expenditures of approximately \$1.5 million per year, but in each case 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.

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(b) Minimum lease payments required under the Company's office lease agreement are as follows:

2009	267,295
2010	200,471

13. 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.

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 three months ended March 31, 2009.

14. Subsequent events:

Panterra – Sale of Shares

Stealth sold the remainder of its share position of Panterra Resource Corp., for net proceeds of \$386,366.

15. 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-orientated enterprises for interim and annual financial statements for fiscal years beginning

STEALTH VENTURES LTD.

Notes to Financial Statements

Three Months Ended March 31, 2009 and 2008

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.