



Stealth Ventures Ltd

**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2010**

April 29, 2011

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ABBREVIATIONS

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids
STB	standard tank barrels

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMbtu	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule
MM	Million

Other

AECO	A natural gas storage facility located at Suffield, Alberta.
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale.
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
BOE/d	barrel of oil equivalent per day
m ³	cubic metres
MBOE	1,000 barrels of oil equivalent
\$000s	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

CONVERSIONS

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres (Alberta)	Hectares	0.400
Hectares (Alberta)	Acres	2.500
Acres (British Columbia)	Hectares	0.405
Hectares (British Columbia)	Acres	2.471

DEFINITIONS

In this Annual Information Form, the following words and phrases have the following meanings, unless the context otherwise requires:

BCA: means the *Business Corporations Act* (British Columbia).

BOE: means barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices).

BOE/d: means barrel of oil equivalent per day.

Common Shares: means the common shares in the capital of the Corporation.

COGE Handbook: means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum.

Coalbed Methane or **CBM:** means natural gas produced from coal formations. To produce this gas, the pressure in the coal seam must be reduced so that the gas can flow through existing fractures, called cleats, to a production well.

Crude Oil or **Oil:** as described in the COGE Handbook means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas.

Development Costs: means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying and acquiring well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

Development Well: means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

Effective Date: means April 29, 2011, the date of this Annual Information Form.

Exploration Costs: means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defense, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells.

Exploratory Well: means a well that is not a development well, a service well or a stratigraphic test well.

Field: means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".

Forecast Prices and Costs: means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

Future Net Revenue: means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, CBM and other non-conventional reserves) estimated using forecast prices and costs.

Gross:

(a) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest.

³
m : means cubic metres.

AJM: means AJM Petroleum Consultants Ltd.

Natural Gas: as described in the COGE Handbook means a mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds.

Natural Gas Liquids: as described in the COGE Handbook means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

Net:

(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;

(b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and

(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

NI 51-101: means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*.

Non-associated Gas: means an accumulation of natural gas in a reservoir where there is no crude oil.

NRF: means the New Royalty Framework announced by the Alberta government on October 25, 2007 and made effective on January 1, 2009.

Operating Costs or Production Costs: means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

Production: means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

Property:

(a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and

(c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

Property Acquisition Costs: means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;

(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

Proved Property: means a property or part of a property to which reserves have been specifically attributed.

Reserves Report: means the report of AJM dated March 15, 2011, evaluating the crude oil, natural gas liquids and natural gas reserves of the Corporation as at January 1, 2011.

Reservoir: means a porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterized by a single pressure system.

Service Well: means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

Solution Gas: means natural gas dissolved in crude oil.

Stealth or the **Corporation:** means Stealth Ventures Ltd. a Calgary-based junior oil and gas exploration and development company incorporated under the laws of British Columbia. The Corporation's Common Shares are listed on the TSX-V under the symbol "SLV".

Stratigraphic Test Well: means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) "exploratory type" if not drilled into a proved property; or (b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

Support Equipment and Facilities: means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

TSX: means the Toronto Stock Exchange.

TSX-V: means the TSX Venture Exchange.

Unproved Property: means a property or part of a property to which no reserves have been specifically attributed.

Well Abandonment Costs: means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the wellsite.

FORWARD-LOOKING STATEMENTS

Certain of the statements 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. 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'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. Additional information on these and other factors that could effect Stealth'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), at Stealth's website (www.stealthventures.ca). 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 Corporation assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry is based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

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.

Unless otherwise specified, information in this Annual Information Form is current to the Corporation's year-end, being December 31, 2010. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

CORPORATE STRUCTURE

Stealth Ventures Ltd. is a Calgary based junior oil and gas exploration and development company incorporated under the BCA on December 19, 1996, and filed a Transition Application under the BCA on August 2, 2005.

The Common Shares of the Corporation are listed on the TSX-V under the symbol "SLV". Stealth is a reporting issuer in the provinces of British Columbia and Alberta, with its head and principal office located at Suite 3300 Bow Valley Square 2, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7 and its registered office at Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3

Stealth's corporate strategy is to bring its experience, expertise and technology that it has gained in the Canadian industry, into the international marketplace, in general and more specifically, into Asia with its initial focus being India. The Corporation's mandate is to leverage its core competency by analyzing and developing high-impact unconventional oil and gas resource plays primarily in India and later into other parts of South and East Asia. The Corporation is also aggressively examining and pursuing tight to very tight conventional resource plays, in which the Corporation can utilize its experience and expertise gained from unconventional resource plays and apply it for tight conventional resource plays, as well.

Stealth continues to aggressively execute its primary strategy of growing its presence in the international oil and gas sector, and, as such, the Management and the Board had determined that it is an appropriate time to assess strategic options to enable the Corporation to complete its transformation into the international arena. As such, Stealth has initiated the process to identify, examine and consider a range of strategic alternatives available to it, for enhancing shareholder value and had engaged Sayer Energy Advisors ("**Sayer**"), as financial advisors of the Corporation, to assist with evaluating strategic alternatives. Stealth's Management continues to evaluate such offers and subject to meeting of certain strategic objectives would recommend an appropriate decision to the Board for approval of such transaction.

The Canadian based assets being marketed are two unconventional gas projects, one in Alberta (accounting for Stealth's production base) and the other in Nova Scotia:

- Shallow shale gas in the Western Canadian Sedimentary Basin (WCSB) in Alberta; and
- CBM / Underground Coal Gasification proposed for Nova Scotia.

Stealth has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

In March, 2008 Stealth announced the first Colorado shale gas reserves booked in Alberta when it publicly released its NI 51-101 reserves table. The Corporation reported a starting position of proved plus probable reserves equal to 12.4 Bcf.

In April, 2008 Stealth retained a syndicate of agents led by D&D Securities Company ("**D&D**") and SMH Capital Inc. and included Union Securities Ltd. to offer a brokered private placement of up to \$20 million units of the Corporation. D&D led the financing in Canada and SMH was co-agent responsible for US placement. On May 30, 2008 the Corporation closed on aggregate gross proceeds of \$22.3 million at a subscription price of \$0.75 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase an additional Common Share at an exercise price of \$0.85 per share until May 30, 2010, subject to an extension to the term of the warrant until May 30, 2011, upon Stealth receiving Tier One status on the TSX-V or upon listing its Common Shares on the TSX.

During the third quarter of 2008, Stealth continued its corporate evolution by appointing Derek Krivak the President and Chief Executive Officer of the Corporation. W. Robert Bell stepped aside to assume the role of Chairman of the Board. Mr. Murray Smith of Calgary joined the Board of Directors in the previous quarter and Mr. Harold Kettleson resigned from the Board. Mr. Smith was appointed in January 2005 as the Official Representative of the Province of Alberta to the

United States of America. He led the Alberta Office in Washington, DC, until returning to Canada in the fall of 2007. Prior to his diplomatic posting, Mr. Smith served for twelve years as a Member of the Legislative Assembly in the Province of Alberta (winning three consecutive elections in Calgary), serving in four different Cabinet portfolios including Energy, Gaming, Labour, and Economic Development.

Due to the occurrence of the financial crisis in 2008, and which carried through 2009, Stealth halted all capital spending and began to implement cost cutting measures to manage its bottom line. Midway through 2009, with ongoing cost-cutting measures being taken and as part of a mutual understanding with emerging opportunities, Mr. Mark Roth stepped down as the Corporation's Chief Financial Officer accepting a role with a private international based junior oil and gas company and joined the Corporation's Board of Directors effective July 13, 2009. Effective the same date, Mr. Ian McMurtrie stepped down after serving on the Board of the Corporation for over six years. Ms. Lori Bobby-Magnusson, the Corporation's Controller, assumed on an interim basis the role of Chief Financial Officer of the Corporation. She was later approved as the Corporation's fulltime Chief Financial Officer in October 2009.

As the third quarter of 2009 came to an end Stealth continued to transition the Corporation's focus into shareholder growth models, irrespective that natural gas continued to suffer one of its worst pricing cycles in over a decade. The Corporation's Board of Directors approved a strategic equity issue and the Corporation announced a \$2,000,000 non-brokered private placement on November 19, 2009 which was subsequently increased to \$2,496,105 and closed after regulatory approval of a new insider being formed on January 6, 2010. The two combined tranches consisted of the sale of 35,658,643 units at a price of \$0.07 per unit for aggregate gross proceeds of \$2,496,105. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.15 per share until December 31, 2011, provided that, in the event the closing price of Stealth's Common Shares as traded on the TSX-V is \$0.25 or greater for a period of 30 consecutive trading days, Stealth may give notice of an earlier expiry of the warrants, in which case they would expire 30 calendar days from the giving of such notice. The use of proceeds from this financing was allocated for general working capital focused on the Shale Gas assets in Wildmere, Alberta and for strategic evaluations in the international marketplace namely Europe and Asia, with a focus on India. As part of the strategic transitioning into the international marketplace and as part of the latest above mentioned financing coinciding with closing, Mr. Subra V. Subramaniam was appointed to the Board of Directors effective January 18th, 2010. The continuing evolution of the Corporation saw Mr. Robert Bell (the Corporation's co-founder, past president and Chairman of the Board) step down as Chairman and from the Board effective January 18th, 2010 after 9 years of dedication and commitment to the Corporation.

Fiscal 2010 saw a tremendous period of change for Stealth as the international mandate became front and center. Key moves were made, reflected both at a Board level and in Management starting with the appointment of Mr. Subra Subramaniam as Chairman of the Board and Managing Director of the Corporation effective June 14, 2010. Mr. Murray Smith stepped down in July, 2010 after serving 2 years with the Corporation and Mr. Ian McMurtrie re-joined the Board in that same month.

The Corporation began 2010 with \$3.2 million drawn against its demand operating credit facility of \$5 million with a Canadian Chartered Bank. Throughout the course of year Stealth lowered its borrowing base to \$2.5 million and in November 2010 the Corporation ported out the debt from the Chartered Bank to a private lender. On November 1, 2010 Stealth signed a renewable, six month, interest only loan bearing interest at the 10% per annum. The credit facility is subject to periodic review, with the next required prior to April 30, 2011.

In June of 2010 the Corporation announced a non-brokered private placement of up to 30,000,000 units at a price of \$0.10 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.25 per share. The two combined tranches were closed raising aggregate gross proceeds of \$1,021,600 and consisted of the sale of 6,716,000 units in the first tranche and 3,500,000 units in the second. Each whole warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.25 per share until July 30, 2012 for the first tranche and October 26, 2012 on the second tranche.

In October, 2010 Ms. Lori Boby-Magnusson stepped down as the Corporation's Chief Financial Officer to pursue other opportunities and Mr. Roger Harman took over on an interim basis and was later appointed to the position November 1, 2010. Mr. Harman, a Certified Management Accountant, brings with him the wealth of experience gained over about 30

years and having worked with various public corporations listed in the TSX-V. His knowledge about the reporting requirements of all Canadian regulatory bodies and his working knowledge of the international business practices and procedures is the Corporation's mainstay for meeting its regulatory reporting requirements to be followed by the Corporation. Mr. Harman also has the knowledge and depth required for the procedures and practices to be followed for the producing properties of the Canadian operations of the Corporation.

Concurrent to Mr. Harman's placement as interim Chief Financial Officer, the Corporation's Board of Directors continued to aggressively execute on its primary strategy of growing its presence in the international oil and gas sector and as such they determined that it was an appropriate time to assess strategic options to enable the Corporation to complete its transformation into the international arena and engaged Sayer as its financial advisor to assist in the review process. This review process had carried on through the winter and into 2011.

On January 4, 2011 Stealth successfully closed a non-brokered private placement of 25,000,000 units at a price of \$0.10 per Unit, for aggregate proceeds of \$2,500,000. Each Unit consisted of one Common Share and one-half (1/2) of one non-transferable Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.25 per share until December 24, 2012.

Coinciding with the closing of this financing, Stealth also inducted Mr. Ash Bhasin as one of its independent members, to its Board of Directors. Mr. Bhasin is an independent businessman, and has been involved with the energy industry for the last 40 years, with large and small energy companies in Canada. After a 27 year career with Gulf Canada Resources, he moved on to join the Board of Directors and the management of Niko Resources Ltd. He then led Globex Resources Ltd. as its CEO and President for a period of 7 years, until 2005. He is currently serving as Chairman of the Board of Directors of Sonoma Resources Ltd., and being the active Community Volunteer that he is, he is also serving on the Board of Directors of United Way of Calgary Region. Mr. Bhasin's vast knowledge and experience about India has provided Stealth with the welcome support and guidance in pursuing its aggressive plans in India and South East Asia.

Effective February 4, 2011, the Corporation appointed Mr. Subra Subramaniam as Executive Chairman and Chief Executive Officer. Mr. Subramaniam who had joined the Board in January 2010 and had been the Executive Chairman and Managing Director since June 2010, has been instrumental in the transformation of the Corporation from being a Canadian domestic player, to a player in the International arena, specifically India and South East Asia. Mr. Subramaniam has spear-headed the efforts of the Corporation to leverage Stealth's strengths in the unconventional hydrocarbon resource development into the International market, with the continued movement of Stealth into these regions.

Together with this change in the Management, the Corporation also appointed Mr. Sam Charanek as an Advisor to the Board of Directors, to draw on his experience and expertise in corporate finance and his successful track record in assisting international oil & gas companies in some of their business development efforts. Mr. Charanek brings over 12 years of experience in Corporate Finance and Planning and has been instrumental in the creation of several companies including, Pan Orient Energy Corp., Canacol Energy Ltd., Petrodorado Energy Ltd., Excelsior Energy Ltd., Sagres Energy Inc. and Mena Hydrocarbons, to name a few.

Mr. Derek Krivak stepped down from the position of President & CEO and as a member of the Board of Directors, effective February 4, 2011 after almost six years of arduous service and building the Corporation's unconventional resource strengths, as it stands today. While Mr. Krivak has moved on to pursue other career opportunities, to date he continues as an Advisor to the Management of Corporation.

In February, 2011 the Corporation established an International Advisory Board ("**IAB**") to give the Corporation the opportunity to draw on the strengths and relationships of certain key individuals, located in India, to strengthen the Corporation's activities by providing their skills and expertise, as the Corporation expands its footprint in India and SE Asia. The members of the IAB are Mr. K.N. Venkatasubramanian, Mr. R.C. Shah, Mr. P. Murari and Mr. C.N. Ramdas. The Corporation strengthened its IAB with the induction of Dr. T.S.R. Prasada Rao on March 20, 2011.

On April 14, 2011, the Corporation entered into a firm letter of intent providing for the acquisition of working interest in certain producing oil & gas fields in SE Asia.

The Corporation also announced the appointment of Mr. Trevor Wong-Chor as its Corporate Secretary and Legal Counsel to move all its legal matters to Calgary, Alberta on February 14, 2011. The Corporation thanks the efforts and unstinted support provided by Mr. Glenn Yeadon for the all the years of his association with the Corporation, as its Corporate Secretary and Legal Council.

Mr. Rudy Cech continues as the longest serving member of the Board of Directors of the Corporation and his advice and support as the leading expert on unconventional resource plays has helped the Corporation to identify, evaluate and pursue some of the high impact unconventional hydrocarbon resources in the international marketplace.

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the financial year ended December 31, 2010.

Corporate Strategy

Stealth's corporate strategy for 2011 is to bring its experience, expertise and technology that it has gained in the Canadian industry, into the international marketplace, into Asia and more specifically, into India. The Corporation has established a three pronged business approach to see its international efforts to fruition:

- In June, 2010, the Corporation entered into a Joint Study Agreement (JSA) with the Oil and Natural Gas Corp. Ltd. ("ONGC"), the National Oil Company of India, to evaluate emerging unconventional resource plays and opportunities in India.
- Farm-in opportunities with various Indian based E&P Companies.
- Purchase exploration rights.

During 2011 Stealth anticipates it will commence operations in South East Asia by acquiring a working interest in at least one producing field and one exploration acreage in India, and will proceed with the setting up of a subsidiary company and the establishment of related offices in India and South East Asia.

DESCRIPTION OF THE BUSINESS

General

The Corporation is focused on the exploration for, and the acquisition, development and production of, unconventional natural gas reserves, derived primarily from shale gas, Coalbed Methane (CBM) and tight gas sand reservoirs. Stealth has been working on new technology in the form of Underground Coal Gasification (UCG) on its CBM play in Cumberland Basin, Nova Scotia. The Corporation operates in two geographic areas:

- Shallow shale gas in the Western Canadian Sedimentary Basin (WCSB) in Alberta; and
- CBM / Underground Coal Gasification proposed for Nova Scotia.

The Corporation's primary focus is its shale gas play at Wildmere Alberta, producing from the Cretaceous Colorado Group of Shales (Colorado). Stealth acquired these 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 new land purchases.

Shale Gas

Shale gas is natural gas stored in organic-rich, very fine-grained rocks such as shale, mudstone or laminated siltstones. The natural gas molecules are held in the reservoir rock by the process of adsorption onto the organic matter. The shale can be the source as well as the reservoir. The natural gas can be derived from either thermal or biogenic processes.

Shale gas is considered to be an unconventional gas source as the gas is contained in difficult-to-produce reservoirs but is produced in much the same way as conventional reservoirs. In shale reservoirs, the permeability (the ability to flow hydrocarbons) of the rock is very low, and stimulation techniques must be employed to intersect and create fracture pathways that will allow the gas to flow to the well. Recent success of commercial shale gas development in a number of basins throughout North America can be attributed to the application of advanced technologies that are used to drill and stimulate the shale-bearing formations.

Coalbed Methane (CBM)

CBM is natural gas, predominately methane gas, which occurs in coal seams. The gas can be produced economically by drilling conventional style vertical and horizontal gas wells and employing special completion techniques which are specific to this type of reservoir. CBM is virtually identical to the sweet gas produced from conventional sandstone reservoirs. In Alberta, CBM is subject to the same drilling, production and operational rules as other forms of sweet natural gas. CBM reservoir characteristics differ fundamentally from those of conventional petroleum reservoirs. In CBM reservoirs, gas molecules are attached, or adsorbed, to the coal matrix. As the pressure in the coal seam is depleted, the gas molecules detach, or desorb, from the coal surface and diffuse through the matrix until they reach a natural fracture called a cleat. The gas molecules then flow through the natural fracture system to the wellbore. The composition and geological history of a coal seam will determine whether it is saturated with gas or whether it exists in some state of undersaturation. In an undersaturated coal seam only water is produced initially, with gas production being delayed until reservoir pressure has declined to the point of saturation (critical gas desorption pressure).

Ultimate gas recovery from a CBM well is a function of a complex relationship between permeability, thickness, coalbed gas content and well spacing, but the production rates for the first portion of the well's economic life are almost solely dependent on the coal seam permeability and gas content. De-methanization, the removal of methane gas from coalbeds undergoing mining, has been carried out since World War II utilizing underground collection systems and boreholes drilled from the surface.

During the 1980s in the United States, oil field completion and stimulation techniques were applied to wells drilled from the surface resulting in profitable gas wells. This exploration and development technology is now being actively applied in, among others, Canada, Australia, India, China and the United Kingdom. Until the early 1980s, the natural gas industry considered CBM to be a coal mining industry problem. It was a nuisance and hazard to coal mining as opposed to a potential source of natural gas. Even though coal is a source rock for conventional reservoirs, coal seams were not considered as completion targets because they often had little or no gas shows and it was not considered probable that a thin, shallow horizon could hold economic quantities of gas. It took an understanding of the storage and production mechanisms, and modification of conventional oil and gas technology, before CBM became recognized as an important source of economic gas supplies.

Coal is unusual as a reservoir because it is both the source rock and the reservoir for the gas. Gas is stored in an adsorbed state on coal, and thus for a given reservoir pressure much more gas can be stored in a coal seam than in a comparable sandstone reservoir. The methane recovered from coal seams is virtually the same as sweet natural gas which is produced from conventional sandstone reservoirs, and therefore should have the same marketability and demand the same price.

Production of gas from coal seams is controlled by a three step process. First, the gas is desorbed from the coal. It then diffuses through the coal matrix to the cleat system. Coals contain small (typically, several per centimeter), regularly spaced, naturally occurring fractures called face and butt cleats. Finally, the gas flows through the fracture and cleat system to the well bore.

Many coal reservoirs are water saturated, and water maintains the reservoir pressure that holds the gas in the adsorbed state in the coals. Typically, water must be produced from coal seams to reduce the reservoir pressure and release the gas. The reservoir properties which most affect CBM recovery are net coal thickness, gas content, permeability and the desorption and diffusion characteristics of the coal. Well log, core data and laboratory studies are necessary to determine these parameters. Although some of this data is in the public domain, it is very disparate on a regional basis, and as such usually needs to be gathered from new samples.

As the reservoir pressure drops from the critical desorption pressure to the abandonment pressure, the amount of gas that the coal can store also decreases. This difference in storage capacities represents the amount of gas that can desorb and become available for production. For a successful CBM project, producers must accurately characterize the reservoir properties and apply the available technology to optimize production. In-situ CBM resources are estimated by applying industry standard reserve calculations. It must be noted that resource estimates have inherent errors due to the method of measurement, and the effect of moisture change, non organic content, lost gas on core extraction and other error sources.

To achieve an economical recovery, a coal must contain sufficient gas. The required combination of permeability and methane generation and storage occur in coals ranked between medium volatile and low volatile bituminous. Coal seams that have been targeted for CBM development usually have a rank between high volatile bituminous and medium volatile bituminous. Coal rank and gas content generally increase with depth, but increased depth can have a detrimental effect on permeability. Therefore, there is a trade off between increased gas content and diminishing permeability.

A satisfactory reservoir is one requirement to economic recovery of CBM resources. An entity must also develop successful drilling and completion techniques in order to depressure the coals and ultimately produce the associated gas. These techniques are and may be varied and their application will vary among different types of coal. Coal gas capacity is also reduced by the effect of ash (typically 5% to 30%) and increasing temperatures. Ash is an all encompassing term for mineral impurities; more impurities in the coal means fewer adsorption sites for methane molecules. Increasing coal seam temperature also reduces gas capacity in that the energy in the methane molecules causes the gas not to adsorb. The actual gas content of many coal seams can be less than the potential gas capacity. This can result from post depositional uplifting, faulting and erosion. Uplifting can reduce the coal's temperature and increase its gas capacity, hence producing an undersaturated coal. Faulting and erosion can allow gas to escape throughout geologic history and again lead to an undersaturated coal. As noted previously, in an undersaturated coal seam, pressure must be depleted past critical desorption pressure. The gas production is delayed until the reservoir pressure has declined to the level of saturation.

Underground Coal Gasification

Underground Coal Gasification is an industrial technique which enables un-mined coal to be converted, in-situ, into product gas "syngas" which is brought to the surface via a separate production well. The conversion of the coal to syngas is achieved through a controlled underground gasification process initiated by the injection and ignition of oxidants into the coal seam. The coal seam is ignited and gasified, generating Carbon Dioxide (CO₂), Hydrogen (H₂), Carbon Monoxide (CO) and small quantities of Methane (CH₄) and Hydrogen Sulphide (H₂S) at high pressure. As the coal face burns the immediate area becomes depleted, the oxidants injected are controlled by the operator with the objective of guiding the burn along the coal seam. The controlled nature of the burn allows complete seams of coal to be gasified.

The traditional UCG technology allows the exploitation of coal seams by vertical boreholes, which necessitates creating a physical connection by drilling a connecting borehole or fracturing the coal. Vertical drilling usually means boreholes are close together, so that accessing deeper seams is expensive. The more advanced Controlled Retraction Injection Point System "CRIP", a moveable injection point system adapted and developed from existing oil and gas drilling technologies. It is more flexible allowing the creation of in-seam boreholes which allow the exploitation horizontally of seams. This allows deeper coal seams – to at least 1000m – to be exploited and reduces the number of injection boreholes required to exploit a coal seam and thus significantly reduces the costs and timeline for exploitation of the coal seam.

Personnel

As at the Effective Date of this Annual Information Form, Stealth has 3 fulltime employees and 3 committed consultants besides its ability to draw on other consulting companies/individuals on a need basis, to implement its business plans in India. The Corporation also has a strategic alliance partner in India, to draw on the available personnel, logistics and establishment resources in certain key operation regions in India.

Environmental

The Corporation believes that it is in compliance with applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. However, the natural resources industry may in the future become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on earnings in the future.

Competitive Conditions

The Corporation's business pursuits in India and South East Asia are an exercise of an aggressive business development effort; hence inherent competition is bound to be encountered in the closing of such efforts. Notwithstanding this, the Corporation has immense knowledge and expertise to successfully negotiate and leverage its strengths to win over such competition. The Corporation's main strength is in its technical knowledge coupled with its strategic structuring of transactions to meet regulatory and business objectives that will have an edge over the competition that is expected to be encountered in the region.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions.

Reserves are classified according to the degree of certainty associated with the estimates.

- (a) **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (b) **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in the Canadian Oil and Gas Evaluation Handbook (COGE) which is prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum. Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories:

- (a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

- (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - (ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- (b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserve estimates are prepared). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- (b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods. Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

Disclosure of Reserves Data

The reserves data set forth below (the "**Reserves Data**") is based upon evaluation by AJM with an effective date of January 1, 2011 contained in the Reserves Report. The Reserves Data summarizes the crude oil and natural gas reserves of the Corporation and the net present values of future net revenue for these reserves using forecast prices and costs. The Reserves Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which we believe is important to the readers of this information. Stealth engaged AJM to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

All of the Corporation's reserves are in Canada and, specifically, in the province of Alberta. The Report on Reserves Data by Independent Qualified Reserves Evaluators in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached as Schedules "A" and "B" respectively, to this Annual Information Form.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of the Corporation's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

Date of Statement

Reserves information provided in the Reserves Report was prepared by AJM, independent resource and reserve evaluators. The effective date of the Reserves Report is January 1, 2011, and it consists of an evaluation of the P&NG reserves of Stealth interests in Alberta, Canada. This Reserves Report was prepared between January and February 2011 for the purpose of evaluating the Corporation's P&NG reserves according to Canadian Oil and Gas Evaluation Handbook reserve definitions that are consistent with the National Instrument 51-101. There has been no material change in the Reserves Report for the "unconventional" CBM assets.

Reserves Data (Forecast Case)

The following table discloses, in the aggregate, the Corporation's gross and net proved reserves, estimated using forecast prices and costs, by product type. "Forecast prices and costs" means future prices and costs used by AJM in the Reserves Report that are generally accepted as being a reasonable outlook of the future.

**SUMMARY OF OIL AND GAS RESERVES AND
NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2010
(FORECAST PRICES AND COSTS)**

RESERVES CATEGORY	RESERVES									
	LIGHT AND MEDIUM SHALE		HEAVY OIL		BITUMEN		ASSOCIATED & NON-ASSOCIATED		COALBED METHANE	
	Gross (Mstb)	Net (Mstb)	Gross (Mstb)	Net (Mstb)	Gross (Mstb)	Net (Mstb)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)
PROVED:										
Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	2,885.7	2,526.8	0.0	0.0
Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	61.8	55.1	0.0	0.0
Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	2,684.3	2,438.9	0.0	0.0
TOTAL PROVED:	0.0	0.0	0.0	0.0	0.0	0.0	5,631.8	5,020.8	0.0	0.0
PROBABLE:	0.0	0.0	0.0	0.0	0.0	0.0	2,183.5	1,938.0	0.0	0.0
TOTAL PROVED PLUS PROBABLE:	0.0	0.0	0.0	0.0	0.0	0.0	7,815.3	6,958.8	0.0	0.0

RESERVES CATEGORY	RESERVES					
	NATURAL GAS LIQUIDS		SULPHUR		TOTAL BOE	
	Gross (Mstb)	Net (Mstb)	Gross (Mit)	Net (Mit)	Gross (Mboe)	Net (Mboe)
PROVED:						
Developed Producing	0.0	0.0	0.0	0.0	481.0	421.1
Developed Non-Producing	0.0	0.0	0.0	0.0	10.3	9.2
Undeveloped	0.0	0.0	0.0	0.0	447.4	406.5
TOTAL PROVED:	0.0	0.0	0.0	0.0	938.6	836.8
PROBABLE:	0.0	0.0	0.0	0.0	363.9	323.0
TOTAL PROVED PLUS PROBABLE:	0.0	0.0	0.0	0.0	1,302.6	1,159.8

Net Present Value of Future Net Revenue (Forecast Case)

The following two tables disclose, in the aggregate, the net present value of the Corporation's future net revenue attributable to the reserves categories in the previous table, estimated using forecast prices and costs, before and after deducting future income tax expenses, and calculated using discount rates of 0%, 5%, 10%, 15% and 20%.

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE BEFORE INCOME TAXES DISCOUNTED AT (%/year)					UNIT VALUE BEFORE INCOME TAXES DISCOUNTED AT 10%/YEAR	
	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)	(\$/Boe)	(\$/Mcf)
PROVED:							
Developed Producing	1,643.5	1,606.8	1,499.7	1,383.9	1,276.7	3.56	0.59
Developed Non-Producing	34.4	26.0	19.5	14.4	10.3	2.12	0.35
Undeveloped	2,977.4	1,224.6	186.0	-443.5	-831.6	0.46	0.08
TOTAL PROVED:	4,655.3	2,857.4	1,705.2	954.8	455.4	2.04	0.34
PROBABLE:	6,094.5	3,991.8	2,781.7	2,043.8	1,566.8	8.61	1.44
TOTAL PROVED PLUS PROBABLE:	10,749.8	6,849.2	4,486.9	2,998.6	2,022.2	3.87	0.65

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE AFTER INCOME TAXES DISCOUNTED AT (%/year)				
	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)
PROVED:					
Developed Producing	1,643.5	1,606.8	1,499.7	1,383.9	1,276.7
Developed Non-Producing	34.4	26.0	19.5	14.4	10.3
Undeveloped	2,997.4	1,224.6	186.0	-443.5	-831.6
TOTAL PROVED:	4,655.3	2,857.4	1,705.2	954.8	455.4
PROBABLE:	6,094.5	3,991.8	2,781.7	2,043.8	1,566.8
TOTAL PROVED PLUS PROBABLE:	10,749.8	6,849.2	4,486.9	2,998.6	2,022.2

Future Net Revenue (Forecast Case)

The following two tables provide additional information regarding the future net revenue attributable to the reserves outlined in the previous table.

This table discloses, in the aggregate, certain elements of the Corporation's future net revenue attributable to its proved reserves and its proved plus probable reserves, estimated using forecast prices and costs, and calculated without discount.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) AS OF DECEMBER 31, 2010 (FORECAST PRICES AND COSTS)

RESERVES CATEGORY	REVENUE ⁽¹⁾ (M\$)	ROYALTIES (M\$)	OPERATING COSTS (M\$)	INVEST- MENT COSTS (M\$)	WELL ABANDON- MENT COSTS (M\$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES (M\$)
PROVED:								
Developed Producing	16,281.5	1,789.3	9,979.8	0.0	2,868.9	1,643.5	0.0	1,643.5
Developed Non-Producing	332.4	32.1	215.0	51.0	0.0	34.3	0.0	34.3
Undeveloped	17,592.5	1,438.3	7,550.7	4,966.3	659.7	2,977.5	0.0	2,977.5
TOTAL PROVED:	34,206.4	3,259.7	17,745.4	5,017.3	3,528.7	4,655.3	0.0	4,655.3
PROBABLE:	16,005.5	1,632.9	8,066.1	0.0	212.0	6,094.5	0.0	6,094.5
TOTAL PROVED PLUS PROBABLE:	50,211.9	4,892.6	25,811.5	5,017.3	3,740.7	10,749.8	0.0	10,749.8

Note:

1. Total revenue includes product revenue and other income from facilities, wells and corporate if specified.

This table discloses, by production group, the net present value of the Corporation's future net revenue attributable to its proved reserves and its proved plus probable reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10% discount rate.

**FUTURE NET REVENUE BY PRODUCTION GROUP
AS OF DECEMBER 31, 2010
(FORECAST PRICES AND COSTS)**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year)	
		(M\$)	UNIT VALUE ⁽³⁾
			(\$/Boe) (\$/Mcf)
Proved Producing	Light and Medium Oil	0.0	0.0
	Heavy Oil	0.0	0.0
	Associated & Non-Associated Gas	1,519.2	3.54 0.59
	Coalbed Methane	0.0	0.0
	Total	1,519.2	3.54 0.59
Proved	Light and Medium Oil	0.0	0.0 0.0
	Heavy Oil	0.0	0.0 0.0
	Associated & Non-Associated Gas	186.0	0.46 0.08
	Coalbed Methane	0.0	0.0 0.0
	Total	186.0	0.46 0.08
Proved plus Probable	Light and Medium Oil	0.0	0.0 0.0
	Heavy Oil	0.0	0.0 0.0
	Associated & Non-Associated Gas	1,705.2	2.04 0.34
	Coalbed Methane	0.0	0.0 0.0
	Total	1,705.2	2.04 0.34

*Light & Medium Oil contains Shale Oil; Heavy includes Bitumen and Ultra Heavy; Associated & Non-Associated Gas includes Shale Gas and Gas Hydrate.

Other revenue and costs not related to a specific production group have been allocated proportionately to production groups. Unit values are based on net reserves.

PRICING ASSUMPTIONS

Forecast Prices Used in Estimates

The forecast cost and price assumptions in this Annual Information Form assume primarily increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized in the Reserves Report were as follows:

**Summary of Pricing and Inflation Rate Assumptions
Forecast Prices and Costs Effective January 1, 2011**

Year	WTI Cushing Oklahoma (\$US/Bbl)	Edmonton Light Crude Oil (\$C/Bbl)	Alberta Bow River Hardcity Crude Oil (\$C/Bbl)	Brent Crude Oil (\$US/Bbl)	U.S. Henry Hub Gas Price (\$US/MMBtu)	Alberta AECO Spot Price (\$C/MMBtu)	Inflation Rates (%/ Year)	Exchange Rate (\$US/ \$Cdn)
2011	85.00	84.20	72.80	85.00	4.55	4.25	2.0	0.975
2012	87.70	88.40	75.00	87.20	5.30	4.90	2.0	0.975
2013	90.50	91.80	75.10	89.50	5.75	5.40	2.0	0.975
2014	93.40	94.80	77.50	92.30	6.30	5.90	2.0	0.975
2015	96.30	97.70	80.00	95.20	6.80	6.35	2.0	0.975
2016	99.40	100.90	82.50	98.30	7.35	6.75	2.0	0.975
2017	101.40	102.90	84.20	100.30	7.70	7.10	2.0	0.975
2018	103.40	104.90	85.90	102.30	8.00	7.40	2.0	0.975
2019	105.40	107.00	87.50	104.20	8.20	7.60	2.0	0.975
2020	107.60	109.20	89.30	106.40	8.35	7.75	2.0	0.975
2021+	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2.0	0.975

In 2010, the Corporation received a weighted average price of \$3.73 per Mcf (before transportation, marketing fees and hedging) for natural gas.

RECONCILIATION OF CHANGES IN RESERVES

Reserves Reconciliation

The following tables reconcile gross reserves as at December 31, 2010 to gross reserves as at December 31, 2009.

RECONCILIATION OF GROSS RESERVES BY PRINCIPAL PRODUCT TYPE (FORECAST PRICES AND COSTS)

	LIGHT AND MEDIUM OIL			HEAVY OIL		
	Gross Proved (Mstu)	Gross Probable (Mstu)	Gross Proved Plus Probable (Mstu)	Gross Proved (Mstu)	Gross Probable (Mstu)	Gross Proved Plus Probable (Mstu)
December 31, 2009	0.0	0.0	0.0	0.0	0.0	0.0
Production	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	0.0	0.0	0.0	0.0	0.0	0.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0
December 31, 2010	0.0	0.0	0.0	0.0	0.0	0.0

	ASSOCIATED & NON-ASSOCIATED GAS			COALBED METHANE		
	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)	Proved (MBoe)	Probable (MBoe)	Proved Plus Probable (MBoe)
December 31, 2009	7,910.0	3,490.0	11,399.0	0.0	0.0	0.0
Production	-622.0	0.0	-622.0	0.0	0.0	0.0
Technical Revisions	-654.5	-1,052.8	-1,551.9	0.0	0.0	0.0
Extensions & Improved Recovery	155.4	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	-1,157.2	-253.7	-1,409.9	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0
December 31, 2010	5,631.7	2,183.5	7,815.2	0.0	0.0	0.0

*Light & Medium Oil contains Shale Oil; Heavy includes Bitumen and Ultra Heavy; Associated & Non-Associated Gas includes Shale Gas and Gas Hydrate.

The reserves assigned to Stealth were located in one core area, Wildmere. The Corporation's gas production focused in the Wildmere property of Alberta. The Corporation did have a technical revision which was the result of activities pertaining to an area of Stealth's land position where the production results were less than the Corporation had expected. On the go forward the Corporation's land has been high graded for "sweet spots" and does not expect any future technical revisions.

The Corporation will continue to see a decrease in the full-cycle capital cost for any future development as the in-fill downspacing provides shorter tie-in costs and industry prices continue to be low in 2011.

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

Undeveloped reserves are attributable by AJM in accordance with standards and procedures contained in the COGE

Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less than certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production.

**SUMMARY OF PROVED UNDEVELOPED RESERVES⁽¹⁾
AS AT DECEMBER 31, 2010 (Forecast Prices & Costs)**

	Light & Medium Oil ⁽³⁾		Heavy Oil ⁽⁴⁾		Associated & Non-Associated Gas ⁽⁵⁾		Coalbed Methane	
	First Attributed (Mbbl)	Cumulative at Year End ⁽²⁾ (Mbbl)	First Attributed (Mbbl)	Cumulative at Year End ⁽²⁾ (Mbbl)	First Attributed (MMcf)	Cumulative at Year End ⁽²⁾ (MMcf)	First Attributed (Mbbl)	Cumulative at Year End ⁽²⁾ (Mbbl)
Year								
2010	0.0	0.0	0.0	0.0	139.5	2,684.3	0.0	0.0
2009	0.0	0.0	0.0	0.0	704.0	704.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	1,179.0	1179.0	0.0	0.0

Notes:

1. The numbers in this table are gross volumes.
2. Cumulative at Year End = Residual Cumulative of Previous Year PLUS First Attributed.
3. Includes Shale Oil
4. Includes Bitumen and Ultra Heavy.
5. Includes Shale Gas and Gas Hydrate.

Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned. Stealth does not anticipate developing any of these reserves until the gas prices recover.

**SUMMARY OF PROBABLE UNDEVELOPED RESERVES⁽¹⁾
AS AT DECEMBER 31, 2010 (Forecast Prices & Costs)**

	Light & Medium Oil ⁽³⁾		Heavy Oil ⁽⁴⁾		Associated & Non-Associated Gas ⁽⁵⁾		Coalbed Methane	
	First Attributed (Mbbl)	Cumulative at Year End ⁽²⁾ (Mbbl)	First Attributed (Mbbl)	Cumulative at Year End ⁽²⁾ (Mbbl)	First Attributed (MMcf)	Cumulative at Year End ⁽²⁾ (MMcf)	First Attributed (Mbbl)	Cumulative at Year End ⁽²⁾ (Mbbl)
Year								
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	2,308	2,308	0.0	0.0
2008	0.0	0.0	0.0	0.0	1,366	1,366	0.0	0.0

Notes:

1. The numbers in this table are gross volumes.
2. Cumulative at Year End = Residual Cumulative of Previous Year PLUS First Attributed.
3. Includes Shale Oil.
4. Includes Bitumen and Ultra Heavy.
5. Includes Shale Gas and Gas Hydrate.

Stealth will develop the proved undeveloped reserves when the gas price recovers appropriately.

In general, once proved and/or probable undeveloped reserves are identified they are integrated into Stealth's development plans. The Corporation's business plan generally envisions the development of proved and probable undeveloped reserves within two years of the date of such integration. The various factors that could result in delayed or cancelled development include (but are not limited to):

- Changing economic conditions;
- Changing technical conditions (production anomalies (i.e. water breakthrough, accelerated depletion));
- Multi-zone developments (i.e. prospective formation completion may be delayed until the initial completion is no longer economic);
- A larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and
- Surface access issues (landowners, weather conditions and regulatory approvals to name a few).

Significant Factors or Uncertainties Affecting Reserves Data

Other than as set forth below, the Corporation does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the reserves data. All assets are located in Canada and are not unusually subject to high operating costs, capital costs, contractual obligations, or unusual political risks. However, reserves can be affected significantly by fluctuations in product pricing, royalty regimes and well performance that are beyond our control. See "*Industry Conditions - Provincial Royalties and Incentives*".

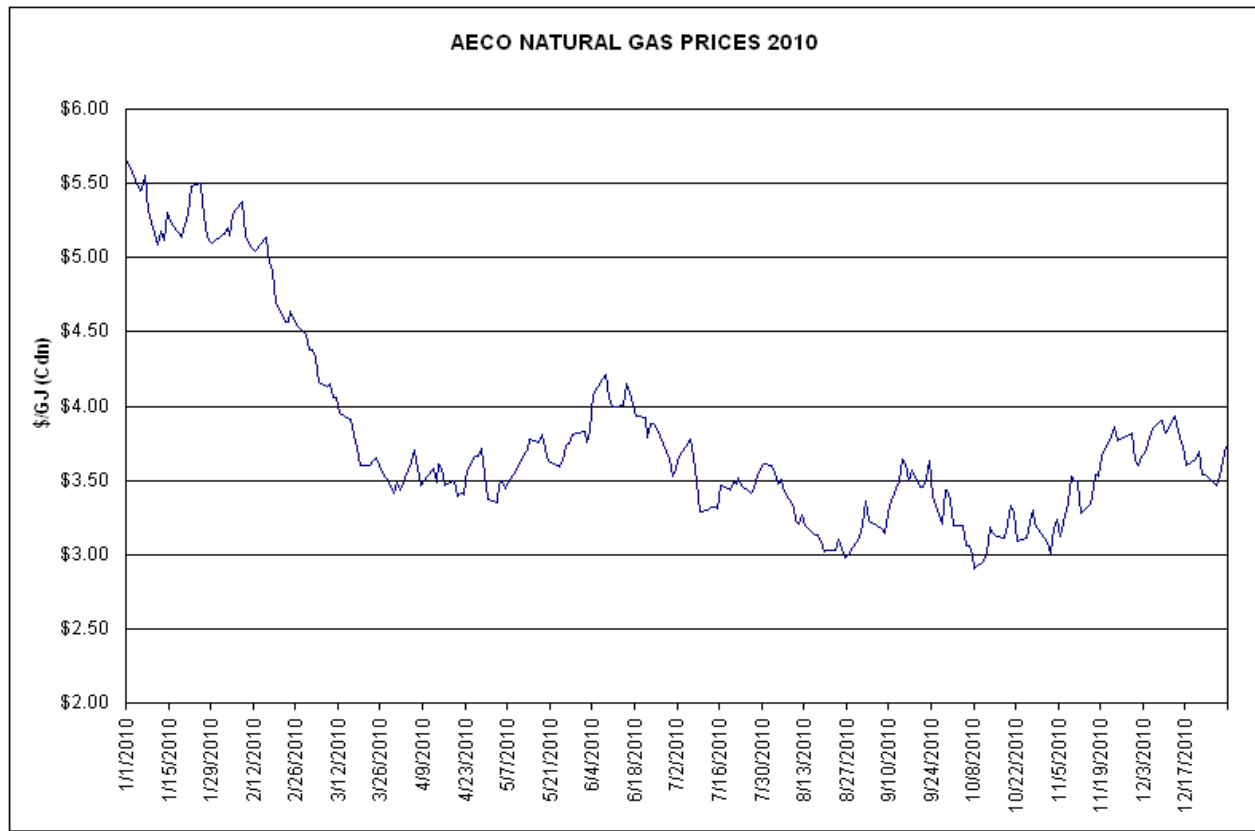
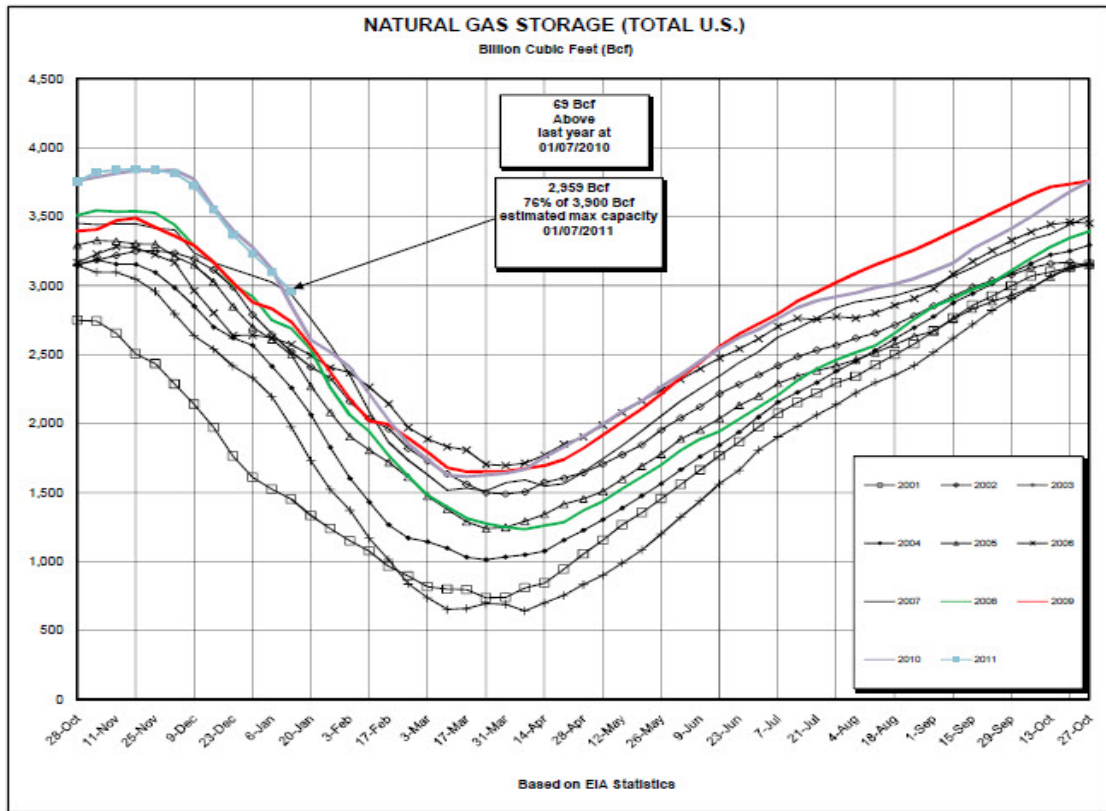
The Corporation continuously manages the pace of its capital spending program by monitoring forecasted production and commodity prices and resulting cash flows. The aggressive 2010 hedging program was instrumental in keeping the balance sheet in good position given the weak pricing cycle.

Trends for Natural Gas Storage and Pricing

With most of the recessionary issues behind us and growth starting to stabilize, 2010 was a year in which we saw most of the global commodities recover losses seen over the last two years and in some cases create new all-time highs. Oil was a perfect example of commodity price re-bounding even though we are nowhere near the 2008 highs. Natural gas pricing on the other remained soft throughout 2010 ranging for the most part between \$3.00 and \$4.00 (AECO Cdn/GJ) and from all early indications are tracking in a similar pricing trough through 2011. Regardless of the strong contraction of capital programs on an industry wide basis in Canada and the United States of America (US) there are still fundamental issues that are continuing to drive natural gas prices lower and will keep them low for some time to come.

Paramount to gas pricing is that regardless of the pullback in US drilling from record levels of ~1700 gas rigs per day in 2007/2008, the active fleet are more than adequate, and maybe slightly too high, for the domestic demand cycle. The gas storage for 2010 again approached record levels (almost 4 Trillion Cubic Feet (TCF)) even though with a moderate winter we are now currently around the 5 year average exiting the heating season. Demand has not come back in a big way and on the industrial front coal is still keeping a stranglehold on electrical generation.

The second major issue and more prevalent for domestic producers is the proximity to markets and ease of development these new shale plays pose. This has and will continue to put downward pressure on natural gas pricing for the immediate future and \$3.00 - \$5.00 pricing cycles could be the new norm.



As a summary, factors which will have an immediate impact on gas prices are: the supply demand balance in North America, imports of LNG, demand destruction from weather patterns, drilling trends in both Canada and the US and overall economic activity, as a function of rebounding from the recession of 2009.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the Corporation's future net revenue attributable to the reserve categories noted below.

Year	FORECAST PRICES AND COSTS	
	Total Proved Reserves (\$000s)	Total Proved Plus Probable Reserves (\$000s)
2011	2,000.0	2,000.0
2012	51.0	51.0
2013	936.4	936.4
2014	358.2	358.2
2015	1,285.4	1,285.4
2016	386.4	386.4
Subtotal	5,017.3	5,017.3
Total (Undiscounted)	5,017.3	5,017.3
10% Discounted	3,825.9	3,825.9

Stealth anticipates funding future development costs with one or a combination of funds generated from operations, existing credit facilities and/or public equity financing. There can be no guarantee that funds will be available or that the respective boards of directors will allocate funding to develop all of the reserves attributed in the Reserves Report. Failure to develop those reserves could have a negative impact on our future cash flow. See "*Risk Factors*".

The interest or other costs of external funding are not included in the reserves and future net revenue estimates and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation does not anticipate that interest or other funding costs would make development of any of these properties uneconomic.

Development costs of \$5.0 million (proved) and \$5.0 million (P+P) in the Reserves Report of December 31, 2010, are deducted in the estimation of future net revenue attributable to the proved reserves and the proved plus probable reserves using forecast prices and costs. The Corporation 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 thus the capital budget. Monthly financial and cash variance analysis are conducted. Should circumstances affect cash flow in a detrimental way, the Corporation is capable of altering its capital spending activity.

OTHER OIL AND GAS INFORMATION

Principal Properties

A summary description of Stealth's major producing and exploration properties is set out below. References to gross volumes refer to total production. References to net volumes refer to Stealth's working interest share before the deduction of royalties payable to others.



Colorado Shale Gas – Alberta Wildmere

The shale gas play at Wildmere, Alberta has grown and matured to encompass a critical mass of land, technology, and production so that it has now turned the corner from being described as an exploration discovery in the Cretaceous Colorado to a development play in unconventional shale gas. In 2007 Stealth completed a round of test and production drilling designed to delineate appropriate technologies and further confirm geological characteristics. With sufficient capital raised Stealth set out to aggressively develop its Wildmere property and in 2008 drilled 78 gross wells at an average working interest of 99.97%. Stealth also participated in the recompletion of four wells in which Stealth acquired a 75% working interest. Overall, Stealth increased its well count in 2008 to 120 gross, 112 net wells for an overall average working interest of 94.3% in its wells. In addition to the aggressive drilling campaign Stealth continued to acquire land through that year purchasing 41 sections of deeper natural gas rights underlying lands in which Stealth already owned the shallow gas rights and 6 additional section of land at crown sales. These deeper rights offer additional prospective formations which can be commingled, providing greater economic returns for each well drilled on the related sections.

Stealth's overall gross acreage position remained unchanged through fiscal 2009 and 2010 as there was a freeze on all capital spending. Aside from growing the land based in early 2009 Stealth initiated a down spacing initiative on two key sections which had been drilled to 160 acre spacing (4 wells per section which is the maximum allowable by the Alberta Energy Resources Conservation Board ("ERCB") without special downspacing approval). In the third quarter of 2009 Stealth received spacing approval from the ERCB to proceed with eight wells per section on two sections of land in the Wildmere area. As at the Effective Date, Stealth has 27 sections approved for downspacing.

With the worst of the recession over, 2010 saw Stealth continue to acquire land by way of available crown leases, the most economical method by which to acquire land for this play-type, adding an additional 17 sections bringing the total land holdings up to 90,899 gross, 60,434 net acres.

In the fourth quarter of 2010 the Corporation's Board of Directors continued its aggressive mandate to grow Stealth's presence in the international oil and gas sector and as such determined that it was an appropriate time to assess strategic options for the Canadian asset base. To enable the Corporation to complete its transformation into the international arena Stealth engaged Sayer as its advisor to assist in the review process. This review process was carried on through the winter and into 2011.

If natural gas prices improve, the majority of Canadian capital expenditures in 2011 will occur in the Wildmere shale gas. The continued depressed natural gas pricing may push these plans farther into the future.

Properties with No Attributed Reserves

The following table sets out the developed and undeveloped land holdings of Stealth as at December 31, 2010.

	DEVELOPED ACRES		UNDEVELOPED ACRES		TOTAL ACRES	
	Gross	Net	Gross	Net	Gross	Net
Cumberland, Nova Scotia	0.0	0.0	177,000	177,000	177,000	177,000
Wildmere, Alberta	19,520	17,947	71,369	42,487	90,889	60,434
Total	19,520	17,947	248,369	219,487	267,889	237,434

Over the next 12 months, approximately 11% of these undeveloped acres will be subject to expiry. There are no material work commitments on such properties and, where it has been determined appropriate, the Corporation can continue with the leases by either making the necessary applications to extend, paying nominal fees or performing the necessary work.

The following table sets forth the gross area in which Stealth has an interest, the interest held by Stealth, the location and the existence, timing and costs of all work commitments for the unproved properties of the Corporation.

Canadian Property	Unproven Acreage		Requirements & Expiries
	(Gross)	(Net)	
Cumberland, Nova Scotia	177,000	177,000	CBM Production Lease obligations (\$3,000,000 for 2011) Expires October, 2017
Wildmere, Alberta	71,369	42,487	Varied crown leases, earned lands by farm-in drilling

The following table sets forth the number and status of wells in which the Corporation had a working interest as at December 31, 2010.

Property Area	Number of Wells (Gross)	Number of Wells Producing			
		(Gross)		(Net)	
		Oil	Gas	Oil	Gas
Cumberland, Nova Scotia*	5	0	5	0	5
Wildmere, Alberta	120	0	92	0	84.8

*For the reporting period the Corporation drilled no new wells.

The Cumberland Basin (Nova Scotia) - 100% Working Interest

Stealth initially acquired a 75% working interest in the 177,000 acre Exploration Agreement by way of farmin and purchase in 2005 and 2006 which was finalized later that year with the buyout of Stealth's 25% WI partner. 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 producible 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 to contain 1.18 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.

In the spring of 2009 Stealth informed the Department of Energy that it was actively looking for a joint venture partnership to continue exploring the Cumberland basin through the use of farm-in dollars. To facilitate the marketing of the Cumberland basin, Stealth contracted PLS/Divestpro in the spring of 2009 and a strong push was made to market the property to their proprietary data base of prospective farmin candidates which is both global and accredited. Out of those efforts, four companies signed confidentiality agreements with no offers being made. The marketing efforts continued through 2009 unsuccessfully.

Late in 2009 Stealth began discussions on a "one off" basis with Clean Coal Resources USA ((CCR) a part of the Life Power & Fuels consortium) a United States based organization, whose focus and expertise is in Underground Coal Gasification (UCG). Stealth management took time to understand the technical application of UCG and the validity to a project like the Cumberland basin coals. Although not new, the most common type of coal gasification is done at surface with the predominate technology coming from the Germans and South Africans. To Stealth's knowledge the surface coal gassifier in North Dakota is the closest active gassifier in the USA. UCG has been going on for decades with the Russians being the foremost authorities on the subject and the current UCG pilot in Alberta is based on this technology. Pilot programs and or active UCG projects are ongoing throughout the world and there are numerous case studies and examples from which we can glean information. Upon acceptance of the applicability of the technology and the partnership with Clean Coal Ltd. ((CCL) a part of the Life Power & Fuels consortium) Stealth signed a deal for the rights to the Cumberland basin CBM permit on December 22, 2009. Technical specialists with Clean Coal Ltd. worked together with Stealth through the majority of 2010, however, the partnership was terminated on September 20, 2010 citing irreconcilable differences and the effective date of termination was April 8, 2010 (as per the contract).

Stealth is continuing to work with the Nova Scotia Department of Energy for the 2011 fiscal year and as at the Effective Date has ongoing negotiation possible suitors for farm-in/purchase of the Cumberland basin.

Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

The current pricing structure for natural gas in Canada is providing a tough time for developing natural gas reserves. As market conditions and pricing increase the Corporation will be able to spend more effort on developing the properties that currently have no reserves attributed to them.

Forward Contracts and Marketing

Through fiscal 2010 Stealth had the following fixed price physical contract put in place with a well established counterparty, to protect a portion of its future earnings and cash flows from operations to provide a stable platform for growth.

Natural Gas Period Hedged	Type	Daily Volume	Price (CAD \$/GJ)
Nov. 1, 2009 - Dec. 31, 2010	Fixed price	800 GJ	\$4.90

Stealth receives daily spot gas pricing in the form of AECO C, 5A at the wellhead for 100% of its gas production other than what has been identified above.

Additional Information Concerning Abandonment and Reclamation Costs

The Corporation has estimated the cost of abandonment and reclamation, by including the cost of cementing and plugging back each well to be abandoned as per Alberta and Nova Scotia Government requirements, as well as and including lease clean up and other considerations required to, restore each particular lease to its original state. Lease clean up should be minimal as the Corporation went "Minimal Disturbance" (on its Alberta Shale Gas Properties) in its lease design and a lot of the wells were located on cultivated land which needs little to restore the leases themselves.

The Corporation's asset retirement obligations result from net ownership in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Corporation estimates the total undiscounted amount of cash flows required to settle its retirement obligations is approximately \$1,645,080 as at December 31, 2010 (2009 - \$1,815,349), which will be incurred between 2011 and 2023 on approximately 125 wells. A credit-adjusted risk-free rate of 8% and an inflation rate of 2% were used to calculate the fair value of the asset retirement obligations which sits at

\$1,645,080 for the year ended December 31, 2010.

Stealth will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the properties held by it upon abandonment. Ongoing environmental obligations are expected to be funded out of cash flow.

Tax Horizon

Given the emerging nature of developing a “resource based” project, and Stealth’s prior exploration activities and aggressive development drilling, Stealth’s has created a substantial tax pool base and the Corporation does not foresee paying income tax for the next two to three years. Stealth tax pools are approximately as follows:

CEE – Canadian Exploration Expense (\$18.9MM)
 CDE – Canadian Development Expense (\$24.7MM)
 COGPE – Canadian Oil & Gas Property Expense (\$2.9MM)
 UCC 41 – just a regular capital cost category – for items not captured under the previous (\$20.1MM)

Including approximately \$11 million in non-capital losses, the Corporation currently has a total of \$77.7 million of Canadian income tax pools and net capital losses of \$1.2 million.

Capital Expenditures

The following table summarizes in Canadian dollars certain expenditures of the Corporation during the financial year ended December 31, 2010.

PROPERTY ACQUISITION / DISPOSITION COSTS AND CAPITAL EXPENDITURES FOR THE YEAR ENDING DECEMBER 31, 2010	
	Amount (\$000)
Property Acquisition	
Proved	0.0
Unproved	0.0
Capital Expenditures	
Exploration Costs	0.0
Development Costs	394.7
Other	(7.6)
TOTAL	387.1

**The definitions of the various categories of properties and expenses are those set out in NI 51-101.*

Exploration and Development Activities

During the year ended December 31, 2010, Stealth participated in no exploratory or development wells.

See “Additional Information Relating to Reserves Data – Principal Properties” above for a description of Stealth’s exploration and development plans for 2011.

Production Estimates

The following table sets out the volumes of the Corporation's working interest production estimated for the year ended December 31, 2011, which is reflected in the estimate of future net revenue disclosed in the forecast price tables contained under "Statement of Reserves Data and Other Oil and Gas Information –Reserves Data".

Field	Light and Medium Oil (Bbls/d)	Heavy Oil (Bbls/d)	Associated & Non-Associated Gas (Mcf/d)	Coalbed Methane (Boe/d)
Wildmere, Alberta	0.0	0.0	1,740	0.0
Cumberland, Nova Scotia	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	1,740	0.0
Total Proved plus Probable	0.0	0.0	1,740	0.0

*Light & Medium Oil contains Shale Oil; Heavy includes Bitumen and Ultra Heavy; Associated & Non-Associated Gas includes Shale Gas and Gas Hydrate.

Production History

The following tables summarize certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for the periods indicated below. Netbacks are calculated on the basis of prices received before hedging on sales volumes, less related royalties and related production costs. For multiple-product well types, production costs are entirely attributed to that well's principal product type.

	Quarter Ended 2010				Year Ended Dec. 31, 2010
	Mar. 31	June 30	Sept. 30	Dec. 31	
Average Daily Production⁽¹⁾					
Light and Medium Crude Oil (Bbl/d)	0.0	0.0	0.0	0.0	0.0
Heavy Oil (Bbl/d)	0.0	0.0	0.0	0.0	0.0
Assoc. & Non-Assoc. Gas (Mcf/d)	1,787.0	1,822.0	1,714.0	1,636.0	1,740.0
Coalbed Methane (Boe/d)	0.0	0.0	0.0	0.0	0.0
Average Prices Received					
Light and Medium Crude Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Heavy Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Assoc. & Non-Assoc. Gas (\$/Mcf)	4.78	4.63	3.76	4.21	4.23
Coalbed Methane (\$/Boe)	0.0	0.0	0.0	0.0	0.0
Royalties Paid⁽²⁾					
Light and Medium Crude Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Heavy Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Assoc. & Non-Assoc. Gas (\$/Mcf)	0.38	(0.52)	0.20	0.15	0.05
Coalbed Methane (\$/Boe)	0.0	0.0	0.0	0.0	0.0
Production Costs⁽³⁾⁽⁴⁾					
Light and Medium Crude Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Heavy Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Assoc. & Non-Assoc. Gas (\$/Mcf)	1.99	3.64	2.79	2.61	2.77
Coalbed Methane (\$/Boe)	0.0	0.0	0.0	0.0	0.0
Netback Received⁽⁵⁾					
Light and Medium Crude Oil (\$/Bbl)	0.0	0.0	0.0	0.0	1.41
Heavy Oil (\$/Bbl)	0.0	0.0	0.0	0.0	0.0
Assoc. & Non-Assoc. Gas (\$/Mcf)	2.41	1.51	0.77	1.45	1.41
Coalbed Methane (\$/Boe)	0.0	0.0	0.0	0.0	0.0

Notes:

1. Before deduction of royalties.
2. Royalties for light oil have been included with natural gas royalties due to the immaterial nature and the dual production from the property.
3. Production costs are composed of direct costs incurred to operate both oil and gas wells. A number of assumptions are required to allocate these costs between oil, natural gas and natural gas liquids production and in this case, light oil production costs have been included with natural gas production costs due to the immaterial nature and close association with the natural gas property.

4. Operating recoveries associated with operated properties are charged to production costs and accounted for as a reduction to general and administrative costs.
5. Netbacks are calculated by subtracting royalties, production costs, transportation and losses/gains on commodity and foreign exchange contracts from revenues.

The following table sets forth our average daily production for the year ended December 31, 2010.

	Light and Medium Crude Oil (Bbls/d)	Heavy Oil (Bbls/d)	Natural Gas (Mcf/d)	BOE (Boe/d)
Wildmere, Alberta	0.0	0.0	1,740	0.0
Cumberland, Nova Scotia	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	0.0	0.0	1,740	0.0

For the year ended December 31, 2010, 100% of the gross revenue was derived from natural gas.

SHARE CAPITAL

Stealth is authorized to issue an unlimited number of Common Shares. As of December 31, 2010, an aggregate of 161,002,686 Common Shares were issued and outstanding. As at the Effective Date, there are 161,002,686 Common Shares issued and outstanding.

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation's shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attached to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors of the Corporation and are entitled to receive the remaining property upon liquidation of the Corporation.

DIVIDENDS

Stealth has not paid any dividends on the outstanding Common Shares. The Board of Directors of Stealth will determine the actual timing, payment and amount of dividends, if any, that may be paid by Stealth from time to time based upon, among other things, the cash flow, results of operations and financial conditions of Stealth, the needs for funds to finance ongoing operations and other business considerations as the Board of Directors of Stealth considers relevant. Payment of dividends is subject to the consent of Stealth's lenders.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares of Stealth are listed and posted for trading on the TSX-V under the symbol "SLV". The following table sets forth the price range (high and low closing prices) in Canadian dollars of Common Shares and volume traded on the TSX-V for the periods indicated (as reported by the TSX-V).

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2010			
April	\$0.16	\$0.115	6,872,422
May.....	\$0.115	\$0.08	3,085,988
June.....	\$0.13	\$0.075	8,213,487
July.....	\$0.105	\$0.085	1,623,641
August.....	\$0.11	\$0.09	3,840,066
September.....	\$0.10	\$0.075	1,953,704
October.....	\$0.10	\$0.07	5,453,689
November.....	\$0.135	\$0.085	6,940,222
December.....	\$0.20	\$0.12	9,213,318
2011			
January.....	\$0.18	\$0.14	6,554,658
February.....	\$0.16	\$0.14	4,517,975
March.....	\$0.165	\$0.10	5,482,533
April ⁽¹⁾	\$0.15	\$0.10	3,966,900

Note:

(1) Up to and including April 28, 2011.

Prior Sales

The following table summarizes the issuances of securities convertible into Common Shares for the year ended December 31, 2010 up to and including the Effective Date.

<u>Date of Issuance</u>	<u>Securities</u>	<u>Number of Securities</u>	<u>Price per Security</u>
June 2, 2008	Warrants ⁽¹⁾	14,863,478	\$0.85
June 3, 2008	Options ⁽²⁾	550,000	\$0.98
December 3, 2008	Options ⁽³⁾	1,070,000	\$0.25
December 11, 2009	Warrants ⁽⁴⁾	17,829,322	\$0.15
June 17, 2010	Warrants ⁽⁵⁾	3,358,000	\$0.25
October 26, 2010	Warrants ⁽⁶⁾	1,750,000	\$0.25
December 24, 2010	Warrants ⁽⁷⁾	12,500,000	\$0.25
February 14, 2011	Options ⁽⁸⁾	5,350,000	\$0.15

Notes:

- (1) These securities were issued pursuant to a brokered private placement of units of the Corporation at a subscription price of \$0.75 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.85 per share until May 30, 2010, subject to an extension in the term of the warrant until May 30, 2011 upon the Corporation receiving Tier One status on the TSX Venture Exchange or upon listing its shares on the TSX.
- (2) These securities were granted to directors and officers of the Corporation at the time of the grant. Each option is exercisable into one Common Share of the Corporation for a period of 5 years at an exercise price of \$0.98 per share. Of these options, 550,000 options remain outstanding and unexercised.
- (3) These securities were granted to directors and officers of the Corporation at the time of the grant. Each option is exercisable into one Common Share of the Corporation for a period of 5 years at an exercise price of \$0.25 per share. Of these options, 1,070,000 options remain outstanding and unexercised.
- (4) These securities were issued pursuant to a private placement of units of the Corporation at a subscription price of \$0.07 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.15 per share until December 10, 2011.
- (5) These securities were issued pursuant to the first tranche of a non-brokered private placement of units of the Corporation at a subscription price of \$0.10 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.25 per share until July 30, 2012.
- (6) These securities were issued pursuant to the second tranche of a non-brokered private placement of units of the Corporation at a subscription price of \$0.10 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.25 per share until October 26, 2012.
- (7) These securities were issued pursuant to a non-brokered private placement of units of the Corporation at a subscription price of \$0.10 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.25 per share until December 24, 2012.
- (8) These securities were granted to directors, officers and consultants of the corporation at the time of the grant. Each option was exercisable into one Common Share of the Corporation for a period of 5 years at an exercise price of \$0.15 per share. Of these options, 5,350,000 options remain outstanding and unexercised.

ESCROWED SECURITIES

As at December 31, 2010, none of the securities of the Corporation are held, to the knowledge of the Corporation, in escrow or are subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets forth the names and municipalities of residence of the current directors and executive officers of the Corporation, their respective positions and offices with the Corporation and date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years.

Name and Residence	Position with Steath	Principal Occupation During Previous Five Years
SUBRA V. SUBRAMANIAM⁽²⁾ Calgary, Alberta Canada	Director since January 2010, Executive Chairman since June 2010 and Chairman & Chief Executive Officer and since February 2011	Mr. Subramaniam is a successful and well established business executive and entrepreneur specialized in international business in the oil and gas industry with a market focus on Asia and with specific expertise on India. His wide industry expertise ranges from strategic planning, establishment of strategic partnerships / joint ventures, business development, government relations, operations management and general management, with proven experience and expertise in the upstream oil and gas business. He is also well-versed with the nuances of the mid-stream and down-stream activities of the oil industry.
ASH BHASIN⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta Canada	Director since December 2010	Mr. Bhasin is an independent businessman, and has been involved with the energy industry for the last 40 years, with large and small energy companies in Canada. After a 27 year career with Gulf Canada Resources, he moved on to join the Board of Directors and the management of Niko Resources Ltd. He then led Globex Resources Ltd. as its CEO and President for a period of 7 years, until 2005.
IAN B. MCMURTRIE⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta Canada	Director since July 2010	Since January 2008, Executive Vice President, Exploration and Development and at present a Member of the Board of Directors of Bankers Petroleum Ltd. and prior thereto. Vice President, Exploration of Rally Energy Corp. Chairman of Porto Energy Corp. since January 2011 and director of Porto Energy Corp. since 2007. Mr. McMurtrie began his career with Texaco Exploration Canada Ltd. and received a B.Sc. (Honours) degree in Geology from Queen's University in 1970.
RUDY CECH⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta Canada	Director since November 2007	Vice-President of Sproule Associates Limited from 1970 until June 2006, Independent Businessman from June 2006.

Name and Residence	Position with Stealth	Principal Occupation During Previous Five Years
ROGER HARMAN Calgary, Alberta Canada	Chief Financial Officer since November 2010	Mr. Harman joined Stealth in November of 2010 and brings a broad background to the Corporation covering all aspects of finance and accounting including both the Canadian and the International oil and gas industry. Mr. Harman is a Certified Management Accountant with over 30 years of extensive experience that covers all aspects of the finance and accounting groups including financial, operational, marketing, mid-stream and marketing operations.
TREVOR WONG-CHOR Calgary, Alberta Canada	Corporate Secretary since February 2011	Since September 17, 2004, Barrister and Solicitor with Davis LLP. From October 1998 to September 17, 2004, Barrister and Solicitor with Borden Ladner Gervais LLP, and its predecessor firms.

Notes:

- (1) Member of the Reserves Committee
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee and Corporate Governance Committee.

As at December 31, 2010, the directors and senior officers of Stealth as a group beneficially owned, directly or indirectly, or exercised control or direction over, 17,655,714 Common Shares of Stealth, representing 10.97% of the 161,002,686 Common Shares issued and outstanding. The directors listed above will hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

Corporate Cease Trade Orders or Bankruptcies

Except as described below, no director or executive officer of the Corporation is, as at the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Mr. McMurtrie was a director of Nickel Petroleum Resources Ltd. (“Nickel”) from May 2004 to December 2005. On December 6, 2005, Nickel was subject to a cease trade order in British Columbia and an interim cease trade order in Alberta for failing to file financial statements. On December 16, 2005, the Alberta interim cease trade order became final.

Mr. McMurtrie was a director of Raptor Capital Corp. (“Raptor”) from March 1998 to June 2008. On May 7, 2007, each of the Alberta Securities Commission and the British Columbia Securities Commission issued a cease trade order against

Raptor for failure to file annual audited financial statements for the year ended December 31, 2006. Subsequently, Raptor rectified this matter and the cease trade order was lifted.

Mr. Bhasin was a director of Planet Organic Health Corp. ("Planet") from December 2000 to October 2009. On April 29, 2010, six months after Mr. Bhasin left Planet, Planet filed for creditor protection under the Companies Creditors' Arrangement Act. On June 8, 2010, the Corporation announced sale of its assets. As a result, the corporation had no longer any operating assets or active business and trading of the shares was halted for failing to maintain the minimum listing requirement of the TSX-V.

The above information was provided by management of Stealth.

Penalties or Sanctions

None of the directors, officers or insiders of Stealth have been subject to any penalties or sanctions under securities legislation.

Personal Bankruptcies

To the knowledge of management of Stealth, there has been no director or officer, or any shareholder holding a sufficient number of securities of Stealth to affect materially the control of Stealth that is, or within the 10 years before the date of this Annual Information Form has been, a director or officer of any other issuer that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of management of Stealth, there has been no director or officer, or any shareholder holding sufficient number of securities of Stealth to affect materially the control of Stealth, or a personal holding company of any such person that has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

To the knowledge of management of Stealth, no director or officer, or any shareholder holding a sufficient number of securities of Stealth to affect materially the control of Stealth, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. Some of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or

proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

RISK FACTORS

Overview

The Corporation's business consists of the exploration and development of oil and gas properties in Alberta and Nova Scotia. There are a number of inherent risks associated with the exploration, development and production of oil and gas reserves. Many of these risks are beyond the control of the Corporation.

An investment in the Common Shares involves a number of risks. In addition to the other information contained in this Annual Information Form, investors should give careful consideration to the following, factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Corporation would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may also impair or have a material adverse effect on the Corporation's operations. In addition to the risks described elsewhere and the other information contained in this Annual Information Form, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors. References in the below Risk Factors to "we", "our" or "us" refer to the management of the Corporation.

Operational

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, Stealth is not fully insured against all of these risks, nor are all such risks insurable. Although Stealth maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Stealth could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Stealth and may delay exploration and development activities.

To the extent Stealth will not be the operator of its oil and gas properties, Stealth will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Although Stealth intends to operate the majority of its properties, there is no guarantee that it will remain operator of such properties or that Stealth will operate other properties it may acquire in the future. In addition, the success of Stealth will be largely dependent upon the performance of its management and key employees. Stealth does not have any key man insurance policies and, therefore, there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Corporation.

Stealth's ability to market oil and natural gas from its wells also depends upon numerous other factors beyond its control, including, among other things, the availability of natural gas processing and storage capacity, the availability of pipeline capacity, the price of oilfield services and the effects of inclement weather. Because of these factors, Stealth may be

unable to market some or all of the oil and natural gas it produces or to obtain favorable prices for the oil and natural gas it produces.

Shale Gas Operations

Shale gas is natural gas stored in organic-rich, very fine-grained rocks such as shale, mudstone or laminated siltstones. The natural gas molecules are held in the reservoir rock by the process of adsorption onto the organic matter. The shale can be the source as well as the reservoir. The natural gas can be derived from either thermal or biogenic processes.

Shale gas is considered to be an unconventional gas source as the gas is contained in difficult-to-produce reservoirs but is produced in much the same way as conventional reservoirs. In shale reservoirs, the permeability (the ability to flow hydrocarbons) of the rock is very low, and stimulation techniques must be employed to intersect and create fracture pathways that will allow the gas to flow to the well. Recent success of commercial shale gas development in a number of basins throughout North America can be attributed to the application of advanced technologies that are used to drill and stimulate the shale-bearing formations.

Stealth's business is subject to all of the operating risks associated with drilling for and producing natural gas, including fires, explosions, blow-outs and surface cratering, uncontrollable flows of underground natural gas, formation water, natural disasters, pipe or cement failures, casing collapses, embedded oilfield drilling and service tools, abnormally pressured formations and environmental hazards, such as natural gas leaks, pipeline ruptures and discharges of toxic gases. As Stealth has 65 producing wells, the effect of a catastrophic event at a single well facility would be minimal when considering Stealth's total asset base. In addition, the exploration for, and production of shale gas, differs from conventional oil and gas and can pose additional operating risks.

As shale gas is relatively new in Canada, there is additional regulatory complexity. This includes testing requirement imposed by regulators for offset water wells, collection of core and pressure data from drilling and production operations. Any problems experienced by other operators might adversely impact Stealth, through additional regulations or greater difficulty in acquiring leases, permits or regulatory approvals.

In addition, Stealth could incur substantial losses as a result of loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of the Corporation's operations and repairs to resume operations.

Coalbed Methane Operations

CBM operations in Canada are in the early stages of development. As a result, many factors affecting the economics and success of CBM operations are unknown or not fully known at this time. Stealth has a number of exploration wells that have been designed to provide the Corporation with information regarding well productivity, reserve recovery factors and reservoir characteristics. This information is required to advance the project areas to commercial development.

Stealth's business is subject to all of the operating risks associated with drilling for and producing natural gas, including fires, explosions, blow-outs and surface cratering, uncontrollable flows of underground natural gas, formation water, natural disasters, pipe or cement failures, casing collapses, embedded oilfield drilling and service tools, abnormally pressured formations and environmental hazards, such as natural gas leaks, pipeline ruptures and discharges of toxic gases. In addition, the exploration for, and production of CBM, differs from conventional oil and gas and can pose additional operating risks.

CBM can require higher capital commitments than similar depth conventional gas developments due to such factors as the type of drilling and completion techniques required, which can entail the complexity of development of multiple coal seams. In some instances, more wells per section are required to effectively develop the resource in place. Lower wellhead pressures are typical with CBM production which can require additional compression or larger flow lines.

CBM also requires a longer timeframe for testing and development. Coalbed methane often comes with water. In a sandstone or limestone reservoir, the gas molecules are between the rock particles. With CBM, the gas molecules are stuck to the coal or adsorbed, and the spaces between the coal, referred to as the "cleats", must be drained of water before gas will come out of the coal. The length of this dewatering process is different in each instance, and in some

instances can be lengthy before CBM production begins. Stealth's operations may require long lead times before peak production is reached, and the sustainability of production is subject to greater uncertainty than with conventional gas.

Water production from CBM firstly requires adequate disposal into government approved formations. The large volumes produced potentially create such operational concerns as freezing, scale formation, or backpressure caused by inefficient pumping.

As CBM is relatively new in Canada, there is additional regulatory complexity. With the recent introduction of CBM development in Canada, operators drilling or producing CBM wells are subject to public scrutiny. Any problems experienced by other operators might adversely impact Stealth, through additional regulations or greater difficulty in acquiring leases, permits or regulatory approvals. In addition, Stealth could incur substantial losses as a result of loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of the Corporation's operations and repairs to resume operations.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including many factors beyond the control of Stealth. The reserve and cash flow information set forth herein represent estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Stealth. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. These evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

Industry Regulation and Competition

There is strong competition relating to all aspects of the oil and natural gas industry. Stealth will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than Stealth. Some of those organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw. Stealth's ability to increase reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. The marketability of oil and natural gas acquired or discovered will be affected by numerous factors beyond the control of Stealth. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing, transportation and royalty rates) are subject to extensive controls and regulations imposed by various levels of government, including those described above under the heading "*Industry Conditions*", which may be amended from time to time. Stealth's oil and natural gas operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Changes to the regulation of the oil and gas industry in jurisdictions in which Stealth operates may adversely impact Stealth's ability to economically develop existing reserves and add new reserves.

Alberta Royalty Regime

The Alberta provincial government has implemented changes to its royalty structure, as discussed above under the heading "*Industry Conditions – Provincial Royalties and Incentives – Alberta*". These changes to the Alberta royalty

regime, as well as the potential for additional future changes and corresponding changes in the royalty regimes applicable in other provinces have created uncertainty surrounding the ability to accurately estimate future royalties, resulting in additional volatility and uncertainty in the oil and gas market. Increases to royalty rates in jurisdictions in which Stealth operates may negatively impact Stealth's results from operations and its ability to economically develop existing reserves or add new reserves.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 with its effects continuing into 2009 and 2010, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

Delay in Cash Receipts

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of Stealth's properties, and by the operator to Stealth, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of Stealth's properties or the establishment by the operator of reserves for such expenses.

Dilution

Common Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board of Directors may determine. In addition, Stealth may issue additional Common Shares from time to time pursuant to the stock option plan and the incentive plan of Stealth. The issuance of these Common Shares could result in dilution to holders of Common Shares.

Net Asset Value

Stealth's net asset value will vary dependent upon a number of factors beyond the control of Stealth management, including oil and natural gas prices. The trading prices of the Common Shares is also determined by a number of factors which are beyond the control of management and such trading prices may be greater than or less than the net asset value of Stealth.

Reliance on Stealth Management

Common Shareholders will be dependent on the management of Stealth in respect of the administration and management of all matters relating to Stealth and its properties and operations. Investors who are not willing to rely on the management of Stealth should not invest in Common Shares.

Impact of Future Capital Expenditures

The reserve value of Stealth's properties, as estimated by independent engineering consultants, is based in part on cash flows to be generated in future years as a result of future capital expenditures. The reserve value of Stealth's properties,

as estimated by independent engineering consultants, will be reduced to the extent that such capital expenditures on such properties do not achieve the level of success assumed in such engineering reports.

Permits and Licenses

The operations of Stealth may require licenses and permits from various governmental authorities. There can be no assurance that Stealth will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Title to Properties

Although title reviews will be done according to industry standards prior to the purchase of most natural gas producing properties or the commencement of drilling wells as determined appropriate by management, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of Stealth which could result in a reduction of the revenue received by Stealth.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada. Such claims, in relation to any of Stealth's lands, if successful, could have an adverse effect on its operations. Stealth is not currently producing from any aboriginal or Métis land.

Corporate Matters

To date, Stealth has not paid any dividends on its outstanding Common Shares. Certain of the directors and officers of Stealth are also directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of Stealth, as the case may be, and as officers and directors of such other companies.

Failure to Maintain Listing of the Common Shares

The Common Shares are currently listed and posted for trading on the facilities of the TSX-V. The failure of Stealth to meet the applicable listing or other requirements of the TSX-V in the future may result in the Common Shares ceasing to be listed and posted for trading on the TSX-V, which would have a material adverse affect on the value of Common Shares. There can be no assurance that Common Shares will continue to be listed and posted for trading on the TSX-V for the life of the Common Shares.

Structure of Stealth

From time to time, Stealth may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of Stealth. If the manner in which Stealth structures its affairs is successfully challenged by a taxation or other authority, Stealth and its shareholders may be adversely affected.

Changes in Legislation

It is possible that the Canadian federal and provincial government or regulatory authorities could choose to change the Canadian federal income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect Stealth and the shareholders of Stealth and the market value of the Common Shares.

Legal Proceedings

There are no legal proceedings to which Stealth is or was a party or in respect of which any of its properties are or were subject during the year ended December 31, 2010, nor are there any such proceedings known to Stealth to be contemplated, other than proceedings involving claims for damages for which the potential exposure is less than 10% of

Stealth's current assets. During the year ended December 31, 2010 there were (i) no penalties or sanctions imposed against Stealth by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Stealth that Stealth believes would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements entered into by Stealth with a court relating to securities legislation or with a securities regulatory authority.

Volatility of Oil and Gas Prices and Markets

Stealth's financial performance and condition are substantially dependent on the prevailing prices of oil and natural gas which are unstable and subject to fluctuation. Fluctuations in oil or natural gas prices could have an adverse effect on Stealth's operations and financial condition and the value and amount of its reserves. Prices for crude oil fluctuate in response to global supply of and demand for oil, market performance and uncertainty and a variety of other factors which are outside the control of Stealth including, but not limited, to the world economy and OPEC's ability to adjust supply to world demand, government regulation, political stability and the availability of alternative fuel sources. Natural gas prices are influenced primarily by factors within North America, including North American supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources.

Prices varied considerably throughout 2010 and since August 2008 the price of oil has decreased significantly, concurrent with the downturn in the global economy. Decreases in oil and natural gas prices typically result in a reduction of Stealth's net production revenue and may change the economics of producing from some wells, which could result in a reduction in the volume of Stealth's reserves. Any further substantial declines in the prices of crude oil or natural gas could also result in delay or cancellation of existing or future drilling, development or construction programs or the curtailment of production. All of these factors could result in a material decrease in Stealth's net production revenue, cash flows and profitability causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to Stealth will in part be determined by the Corporation's borrowing base. A sustained material decline in prices from historical average prices could further reduce such borrowing base, therefore reducing the bank credit available and could require that a portion of its bank debt be repaid.

From time to time Stealth has and may in the future enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Stealth will not benefit from such increases.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of the respective companies.

Technology Risk

Stealth will rely on information technology to manage its day to day operations and perform reporting obligations including the preparation of financial statements, reporting to joint partners, and various governments in relation to payment of royalties and taxes.

Variations in Foreign Exchange Rates and Interest Rates

Stealth's expenses will be denominated in Canadian dollars, while the price of oil and natural gas will generally be denominated in U.S. dollars or impacted by the Canadian dollar to U.S. dollar exchange rate. As the exchange rate for the Canadian dollar versus the U.S. dollar increases, Stealth will generally receive fewer Canadian dollars for its production. If the value of the Canadian dollar against the U.S. dollar increases, the financial results of Stealth may be negatively affected. Stealth management may initiate certain hedges to mitigate these risks. Future fluctuations in the Canadian/United States foreign exchange rate may impact the future value of Stealth's reserves as determined by

independent evaluators. In addition, variations in interest rates could result in a significant change in the amount Stealth will pay to service debt, potentially adversely affecting the value of the Common Shares.

Reserve Replacement

Stealth's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Stealth may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in reserves will depend not only on Stealth's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Stealth's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas. Common Shares will have no value when reserves from Stealth's properties can no longer be economically produced.

Substantial Capital Requirements

Stealth may have to make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If revenues or reserves decline, Stealth may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require Stealth to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Issuance of Debt

From time to time Stealth may enter into transactions to acquire assets or shares of other corporations or to expand production. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. Stealth may also incur debt for general corporate purposes. Stealth's articles and by-laws do not limit the amount of indebtedness it may incur. The level of Stealth's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Environmental Concerns

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. Such legislation may be changed to impose higher standards and potentially more costly obligations on Stealth. Compliance with environmental legislation can require significant expenditures, including expenditures for clean up costs and damages arising out of contaminated properties and failure to comply with environmental legislation may result in the imposition of fines and penalties. Although it is not expected that the costs of complying with environmental legislation will have a material adverse effect on Stealth's financial condition or results of operations, no assurance can be made that the costs of complying with environmental legislation in the future will not have such an effect.

In 1994, the United Nations' Framework Convention on Climate Change came into force and three years later led to the Kyoto Protocol which requires participating countries, upon ratification, to reduce their emissions of carbon dioxide and other greenhouse gases. Canada ratified the Kyoto Protocol in late 2002, and the Canadian federal government and various Canadian provincial governments are currently evaluating other proposals and legislative measures that would achieve similar objectives. However, until a detailed implementation plan is developed, it is difficult to determine what, if any, impact future environmental laws and regulations may have on Stealth's environmental liabilities, on prices for oil and natural gas or on other general economic factors which may affect Stealth's financial position and results. It is possible that Stealth could face increased operating costs in order to comply with emissions legislation. See "*Industry Conditions – Environmental Regulation*".

Abandonment and Reclamation Costs

Stealth will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and reclamation costs may be substantial. A breach of such legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

Possible Failure to Realize Anticipated Benefits of Future Acquisitions

Stealth may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Stealth's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect Stealth's ability to achieve the anticipated benefits of these and future acquisitions.

INDUSTRY CONDITIONS

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the Governments of Canada, Alberta, Saskatchewan and Manitoba, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect the operations of Stealth in a manner materially different than they would affect other oil and gas issuers of similar size. All current legislation is a matter of public record and Stealth is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

Pricing and Marketing - Natural Gas

In Canada, natural gas is sold throughout the country at various market hubs that are connected to several pipelines within Canada and the United States. The transaction price is determined by negotiation between buyers and sellers and includes the utilization of electronic trading platforms and various publications and reference indexes. Prices depend on many variables including but not limited to supply and demand fundamentals, the price of NYMEX natural gas contracts, distance to alternate markets, pipeline costs, natural gas storage, competing fuels, contract term, weather conditions and foreign exchange rates. Natural gas exported from Canada is subject to regulation by the National Energy Board (the "NEB") and the Government of Canada. The price received for natural gas that is exported depends largely on the same variables noted above including the market hub prices at the delivery end of the export pipelines. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. As in the case with oil, natural gas exports for a term of less than 2 years or for a term of 2 to 20 years (in quantities of not more than 30,000 cubic metres per day), must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export license from the NEB and the issuance of such license requires the approval of the Governor in Council. The governments of Alberta and Saskatchewan also regulate the removal of natural gas from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

The North American Free Trade Agreement

On January 1, 1994, the North American Free Trade Agreement ("NAFTA") among the governments of Canada, the U.S. and Mexico became effective. The NAFTA carries forward most of the material energy terms contained in the Canada U.S. Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the U.S. or Mexico will be allowed, provided that any export restrictions are justified under certain provisions of the General Agreement on Tariffs and Trade, and further provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to the total supply of the energy resource (based upon the proportion prevailing in the most recent 36 month period or in such other representative period as the parties may agree), (ii) impose an export price higher than the domestic price subject to an exception with respect to certain measures which only restrict the volume of exports, and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum or maximum export or import price requirements, provided, in the case of export price requirements, prohibition in any circumstances in which any other form of quantitative restriction is prohibited, and in the case of import price requirements, such requirements do not apply with respect to enforcement of countervailing and anti dumping orders and undertakings.

The NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The NAFTA also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, which is important for Canadian natural gas exports.

Provincial Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations that govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas, natural gas liquids and sulphur production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is also subject to certain provincial taxes and royalties.

Operations not on Crown lands and subject to the provisions of specific agreements are also usually subject to royalties negotiated between the mineral owner and the lessee. These royalties are not eligible for incentive programs sponsored by various governments as discussed below. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are from time to time carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests. From time to time the governments of the western Canadian provinces have established incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry. Royalty holidays and reductions would reduce the amount of Crown royalties paid by oil and gas producers to the provincial governments and would increase the net income and funds from operations of such producers. However, the trend in recent years has been for provincial governments to allow such incentive programs to expire without renewal, and consequently few such incentive programs are currently operative.

For taxation years that begin after 2006, a deduction will be allowed for federal income tax purposes with respect to the actual provincial and other crown royalties and mining taxes paid and the 25% resource allowance will be eliminated.

Alberta

In Alberta, the Crown royalty rates on conventional oil and natural gas fluctuate, depending on when a well was drilled, well depth, well production volume and the price of oil and natural gas. On October 25, 2007 the Alberta Government introduced a new royalty regime which became effective on January 1, 2009 and is applicable to all existing conventional oil and natural gas wells in Alberta. The new royalty regime assesses the applicable royalty rate on a well by well basis using a sliding scale which takes into account the price of oil and/or natural gas and the well's production volumes.

Under the new Alberta royalty regime, the royalty reserved to the Alberta Crown on conventional oil production ranges from zero percent (0%) to fifty percent (50%) and is capped at fifty percent once the price of conventional oil reaches Cdn \$120 per barrel. The royalty applicable to natural gas production under the new royalty regime ranges from five percent (5%) to fifty percent (50%) and is capped at 50% once the price of natural gas reaches Cdn \$16.59 per gigajoule. The new royalty regime has retained the Natural Gas Deep Drilling Program and the Deep Oil Exploration Program. The new royalty regime also sets royalties for natural gas liquids at forty percent (40%) for pentanes and thirty percent (30%) for butanes and propane. On November 19, 2008 and November 24, 2008, the Alberta Government announced details of an optional five-year transitional royalty program ("Transitional Program"). The Transitional Program applies to conventional oil and natural gas wells drilled to measured depths between 1,000 to 3,500 meters between November 19, 2008 and January 1, 2014. For each well, the producer can make a one time election to produce the well under the Transitional Program or the new royalty regime. As of January 1, 2014 all production subject to the Transitional Program will revert to the new royalty regime. The Natural Gas Deep Drilling and Deep Oil Exploration programs are not available to wells producing under the Transitional Program. For conventional oil produced under the Transitional Program, the royalty reserved to the Alberta Crown is variable, depending on the pool's vintage (when the pool was discovered), oil density, well production volume, and the price of oil. The royalty is capped at thirty-five percent (35%), which maximum is reached at an oil price of approximately Cdn \$30 per barrel, depending on other factors such as production rates.

For natural gas produced under the Transitional Program, the royalty reserved to the Alberta Crown varies depending on the vintage, production volume and the inflation adjusted price of gas less adjustments for the cost of processing the Crown's share of the gas. The royalty will vary between fifteen percent (15%) to thirty-five percent (35%), which maximum is reached at a natural gas price of approximately Cdn \$3.70 per gigajoule, depending on other factors such as production rates. Stealth will review estimated production volumes and commodity price forecasts, on a well by well basis, to determine which royalty regime is more likely to result in the lowest possible royalty rates for any qualified wells to be drilled in Alberta after November 19, 2008 and will elect to have either the new Alberta royalty regime or the old royalty regime apply based on the results of its review.

Land Tenure

Crude oil and natural gas located in the western Canadian provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licenses and permits for varying periods and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Environmental Regulation

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other greenhouse gases, or GHGs. On October 19, 2006, the Canadian Federal Government introduced into Parliament the *Clean Air Act* (Bill C-30) and released its accompanying Notice of Intent to Develop and Implement Regulations and Other Measures to Reduce Air Emissions, or the "Notice". The Bill and the Notice were intended to reflect the Government's "made in Canada" approach to Canada's Kyoto Protocol obligations and reduce criteria air pollutants and GHG emissions in Canada. Bill C-30 had not received Royal Assent as of the proroguing of Parliament on September 14, 2007 and therefore died as of that date. However, the Government has continued to develop a framework for the regulation of GHGs. On April 26, 2007, the Government announced a Regulatory Framework for Air Emissions and Other Measures to Reduce Air Emissions, or the "Framework". The Framework proposed new requirements governing

the emission of GHG's and other industrial air pollutants. On March 10, 2008, the Government further elaborated on the regulatory framework in *Turning the Corner: Taking Action to Fight Climate Change*. *Turning the Corner* sets a target of a 20 percent reduction in GHG emissions from 2006 levels by 2020 and a 60 to 70 percent reduction from 2006 levels by 2050. The reductions will be achieved by regulating specified industrial sectors including the oil and gas sector. The upstream oil and gas sector will be required to reduce GHG emissions intensity by 18 percent from 2006 levels by 2010 and by an additional 2 percent annually after 2010. The regulatory reduction obligations may be met through actual reductions in GHG emissions, contributions to a technology fund, domestic offsets, credits under the Kyoto Clean Development Mechanism and voluntary GHG reductions achieved between 1992 and 2006. The Government intends to publish draft regulations in the fall of 2008 and to publish final regulations by the fall of 2009 for implementation on January 1, 2010.

On April 20, 2007, the Government of Alberta passed the *Climate Change and Emissions Management Amendment Act* establishing a framework for GHG emission reductions. The *Specified Gas Emitters Regulation* created under the *Act* came into effect on July 1, 2007. The *Regulation* requires facilities that emit more than 100,000 tonnes of carbon dioxide equivalent annually to reduce their emission intensity for the July 1, 2007 to December 31, 2007 period by 12 percent from 2003-2005 levels. These obligations may be met through actual reductions in GHG emissions, the purchase of emission reduction or offset credits, or contributions to a provincial technology fund. On January 24, 2008, the Government of Alberta released its 2008 Climate Change Strategy. The goal of the strategy is to reduce GHG emissions in Alberta by 50 percent or 200 megatonnes below business as usual levels by 2050. Reductions in GHG emissions from energy production will account for 37 megatonnes or 18 percent of the proposed reductions. The Government proposes to use funds from the provincial technology fund to support the testing, demonstration and implementation of new technologies to reduce GHG emissions from energy production.

Future legislated GHG and industrial air pollutant emission reduction targets and emission intensity targets, or emission reduction requirements in future regulatory approvals, may require the reduction of emissions or emissions intensity from Stealth's operations and facilities. The reductions may not be technically or economically feasible for Stealth and the failure to meet such emission reduction requirements may materially adversely affect the Stealth's business and result in fines, penalties and the suspension of operations. As well, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other methods of reducing emissions or emission intensity to required levels in the future may significantly increase operating costs or reduce output. There is a risk that the federal and/or provincial governments could pass legislation which would tax such emissions or require, directly or indirectly, reductions in such emissions or emission intensity produced by energy industry participants for which Stealth may be unable to mitigate. Mitigation of the risk of future legislative or regulatory limits on the emission of GHGs may include the acquisition of emission reduction or off-set credits from third parties. However, emission reduction or off set-credits may not be available for acquisition by Stealth or may not be available on an economic basis and may not be recognized or qualify under future legislative or regulatory regimes as mitigation for the emission of GHGs by Stealth.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are currently no outstanding legal proceedings in which Stealth is involved that are outside the ordinary course of business or that Stealth would anticipate would result in a material adverse impact to Stealth, its financial condition or its results of operations.

There have been no penalties or sanctions imposed against Stealth relating to securities legislation or by a securities regulatory authority, nor has Stealth entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority, since incorporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Stealth are KPMG LLP, Chartered Accountants, located at Suite 2700 – 205 5th Avenue S.W., Calgary, Alberta T2P 4B9.

The transfer agent and registrar for the Common Shares of Stealth is Computershare Investor Services Inc., located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than set forth herein or on SEDAR, there are no material interests, direct or indirect, of any informed person of the Corporation, any proposed directors of the Corporation or any associates or affiliates of such persons, in any material transaction or in any proposed material transaction which has materially affected or would materially affect the Corporation.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business and except as disclosed elsewhere herein, there were no material contracts that are required to be filed under NI 51-102 entered into during the financial year ended December 31, 2010 that are still in effect.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than AJM, the Corporation's independent engineering evaluators and KPMG LLP, the Corporation's auditors.

As at the date of hereof, the principal reserve evaluators of AJM, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

KPMG LLP, Chartered Accountants, is the current auditor of the Corporation and is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta

Certain legal matters relating to this Annual Information Form will be passed upon by Davis LLP on behalf of the Corporation. As at the date hereof, the partners and associates of Davis LLP, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares. Mr. Trevor Wong-Chor, the corporate secretary of the Corporation, is a partner of Davis LLP.

ADDITIONAL INFORMATION

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Stealth's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Proxy Statement and Information Circular of Stealth dated June 4, 2010 and prepared in connection with the Annual Meeting of shareholders of Stealth held on July 8, 2010 that involved the election of directors. Additional financial information is provided in Stealth's annual financial statements and related management discussion and analysis for the year ended December 31, 2010, which is available on SEDAR at www.sedar.com.

Copies of this Annual Information Form, Stealth's annual financial statements and related management discussion and analysis, interim financial statements and related management discussion and analysis, Stealth's Proxy Statement and Information Circular and other additional information relating to Stealth are available on SEDAR at www.sedar.com.

APPENDIX A
FORM 51-101 F2
REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES
EVALUATOR OR AUDITOR

To the Board of Directors of Stealth Ventures Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at January 1, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at January 1, 2011 estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year end January 1, 2011 and identifies the respective portions thereof that we have evaluated and reported on to the Company's management/Board of Directors:

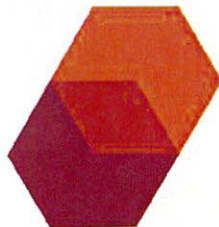
Independent Qualified Reserves Evaluator or Auditor	Stealth Ventures Ltd. Reserve Estimation and Economic Evaluation	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (\$M, before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
AJM Petroleum Consultants	March 15, 2011	Canada	-	\$4,486.9	-	\$4,486.9

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgments regarding future events, actual events will vary and the variations may be material.
8. Executed as to our report referred to above:

AJM Petroleum Consultants
Fifth Avenue Place, East Tower
6th Floor, 425 – 1st Street S.W.
Calgary, Alberta
T2P 3P8

Original signed by: "Lynn Kis"
Lynn Kis, P. Eng.
Vice President Engineering

Execution date: March 15, 2011



**APPENDIX B
FORM 51-101F3
REPORT OF
MANAGEMENT AND DIRECTORS
ON RESERVES DATA AND OTHER INFORMATION**

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

**Report of Management and Directors
on Reserves Data and Other Information**

Management of Stealth Ventures Ltd. (the “**Corporation**”) are responsible for the preparation and disclosure of information with respect to the Corporation’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2010, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Corporation’s reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Corporation has:

- (a) reviewed the Corporation’s procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation and, in the event of a proposal to change the independent qualified reserves evaluator, to inquire whether there had been disputes between the previous independent qualified reserves evaluator and management; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Corporation’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data is based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) "Subra Subramaniam"

Subra Subramaniam, Chief Executive
Officer

(signed) "Roger Harman"

Roger Harman, Chief Financial Officer

(signed) "Rudy Cech"

Rudy Cech, Director

(signed) "Ian McMurtrie"

Ian McMurtrie, Director

April 29, 2011