

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2010

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Stealth Ventures Ltd. ("Stealth" or the "Company") for the year ended December 31, 2010. The MD&A includes comparisons for the corresponding year ended December 31, 2009. It should be read in conjunction with the audited financial statements for the year ended December 31, 2010 and 2009. This MD&A has been prepared effective April 20, 2011.

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

Non-GAAP measurements within the MD&A references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Netbacks equal total revenue less royalties and operating and transportation expenses calculated on a per barrel of oil equivalent ("boe") basis. Management utilizes these measures to analyze operating performance and leverage. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operations or other measures of financial performance calculated in accordance with Canadian GAAP. Funds from operations are commonly referred to as cash flow by research analysts and is used to value and compare oil and gas companies and frequently included in published research when providing investment recommendations. Disclosure provided herein in respect of boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Total boe are calculated by multiplying the daily production by the number of days in the period.

Description of Business and Review

Stealth Ventures Ltd. is a Calgary based junior oil and gas exploration and development company incorporated under the *Company Act* (British Columbia) on December 19, 1996, and filed a Transition Application under the *Business Corporations Act* (British Columbia) on August 2, 2005. Stealth's shares are listed on the TSX Venture Exchange, 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, 250 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7.

Corporate Strategy

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. After closing a \$2.5-million private placement in 2010, along with changes at the board level, Stealth began to move the focus of the Company into the international arena with an immediate focus on India and Indonesia, while keeping a close watch on other opportunities in and around Asia. The Company's mandate is to leverage its core competency by analyzing and developing high-impact unconventional oil and gas resource plays primarily in India as well as South and East Asia. In June, 2010, the Company entered into a Joint Study Agreement (JSA) with the Oil and Natural Gas Corp. Ltd., the National Oil Company of India, (ONGC) to evaluate emerging unconventional resource plays and

opportunities in India. Stealth is drawing on its extensive unconventional resource-play experience, expertise and technology utilization to favourably position itself in the early life cycle of such resource development with the ultimate objective of adding shareholder value and growth. Stealth continues to aggressively execute its primary strategy of growing its presence in the international oil and gas sector, and, as such, the Board determined that it was an appropriate time to assess strategic options to enable the Company to complete its transformation into the international arena.

Oil and Gas Properties

Wildmere, Alberta - The Colorado Group of Shales

The unconventional gas play at Wildmere has grown and matured to encompass a critical mass of land, technology, and production so that it has now evolved from being described as an exploration discovery in the Colorado Group of Shales to a development play in unconventional gas. To date Stealth has completed testing and production drilling designed to delineate appropriate technologies and further confirm geological characteristics.

With almost four years of production from the field, and two key sections of land being drilled to 4 wells per section as a pilot for economic viability, Stealth began the process of filing for holdings on its Wildmere property in late 2009. As per definition 5.200 of the Oil and Gas Regulations 151/71 of the Oil and Gas Conservation Act, a Holding is defined as; whole, contiguous drilling spacing units of common ownership. As such Stealth had applied for Holding Approval to have 8 drilling spacing units (wells) per section of land on 29 Sections in the Wildmere area. This is an increase from the 4 wells per section currently permitted under Energy Resources Conservation Board (ERCB) regulations. To date Stealth has received 100% success rate on the applications filed and has succeeded in securing 29 sections to 8 wells per section in its core area. These positions for infill drilling are in the most prolific areas of the land base, and Stealth plans to resume drilling as and when gas prices look favorable to support additional capital and operating costs.

Further regulatory compliance was met when Stealth received co-mingling approval for all wells within the Colorado Group. This will allow go forward developments to include multiple horizons increasing the recoverable reserves within the shale package compared to a single perforation horizon alone.

The current pricing for natural gas has made it a challenge to operate and develop this property. The Company has done extensive work to reduce the operating costs to improve the netback received. These measures continue into 2011 and will continue to add to the bottom line of Stealth.

Cumberland, Nova Scotia - The Cumberland Basin, Coalbed Methane

Stealth initially acquired a 75% working interest in the 177,000 acre Exploration Agreement by way of farm in and purchase in 2005 and 2006 which was finalized later that year with the buyout of Stealth's 25% working interest 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 producing assets on the property.

On October 25th, 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 trillion cubic feet 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 such as Underground Coal Gasification (UCG) or electrical generation.

Early in 2009, Stealth Ventures Ltd. 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 farm in candidates, which is both global and accredited. The marketing efforts continued through 2010 and the Cumberland Basin is included in the Sayer process.

RESULTS OF OPERATIONS

Sales volumes	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Natural gas (mcf/d)	1,636	1,929	1,740	2,217
Barrels of oil equivalent (boe/d @ 6:1)	273	321	290	370

Natural gas sales averaged 1,636 mcf/d in the fourth quarter of 2010, compared to 1,929 mcf/d for the same period in 2009. Fourth quarter sales decreased from 321 boe/d to 273 boe/d, a decrease of 15%. This reduction is due to normal declines along with some marginal wells being shut in due to low gas prices.

In the year ended December 31, 2010 natural gas sales averaged 1,740 mcf/d compared to 2,217 mcf/d for the same period of 2009. Sales for the year ended December 31, 2010 decreased 22 % from 370 boe/d to 290 boe/d, compared to the same period of 2009, primarily attributed to normal declines and shut-in wells as well as contribution from flush production in early 2009 from the executed 80 well drilling program in late 2008.

Revenue (in dollars)	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Natural gas	634,151	810,056	2,688,655	3,511,075
Interest and other income	743	12,625	1,702	27,959
Total revenue	634,894	822,681	2,690,357	3,539,034

For the three months ended December 31, 2010, gross revenue was \$634,151 compared to \$810,056 for the same period in 2009. The quarterly difference can be attributed to continued downward pressure on commodity prices and lower production. The gross revenue for the year ended December 31, 2010 was \$2,688,655 compared to the \$3,539,034 recorded in the year ended December 31, 2009. The difference is due to the declining volumes and the lower commodity pricing received during 2010.

Commodity prices	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Natural gas (\$/mcf)	4.21	4.57	4.23	4.32
Sale price per boe	25.28	27.40	25.41	25.94

Stealth received daily spot gas pricing in the form of AECO C, 5A at the wellhead for 100% of its gas production, except for 800 GJ/day sold through 2010 at a fixed price of \$4.90/GJ. (Approximately 775 mcf/day at \$5.05/mcf)

Royalties

Royalties are paid to the Provincial Government and owners of the mineral rights with whom leases are held. Alberta gas crown royalties are invoiced based on the Crown's share of production based on a monthly published Alberta Reference Price. The Alberta Reference Price is a monthly weighted average price of gas consumed in Alberta and gas exported from Alberta, reduced for transportation and marketing allowance. The Company's corporate royalty rate is calculated as a percentage of sales which will increase or decrease on sliding scales with

price and production fluctuations, the effective crown royalty rate will decrease as production rates decline. Also included in this royalty rate is the Gross Overriding Royalties (GOR) paid to third parties.

	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Royalties (dollars)	23,299	(79,017)	31,201	178,894
% of sales	3.7	(9.8)	0.1	14.4
\$/boe	0.93	(2.67)	0.29	1.32

During the fourth quarter of 2010 royalties averaged 3.7 % compared to (9.8) % over the same quarter in 2009. For the year ended December 31, 2010 the royalties averaged 0.1 % compared to 14.4 % in the same period of 2009. The reduction in late 2009 and 2010 is due to the annual Gas Cost Allowance (GCA) adjustment. Included in this royalty rate are the GOR's that various companies have on parts of Stealth's land base.

Operating Costs

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

	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Gas operating (dollars)	393,088	259,673	1,760,283	1,599,065
\$/boe	15.67	8.78	16.64	11.81

Operating costs were \$393,088 in the three months ended December 31, 2010 compared to \$259,673 during the same period 2009. On a unit of production basis, operating costs averaged \$15.67/boe for the three months ended December 31, 2010 compared to \$8.78/boe for the same period in 2009.

For the year ended December 31, 2010 operating costs increased to \$1,760,283 from \$1,599,065 incurred in the same period in 2009. On a unit of production basis, operating costs averaged \$16.64/boe for the year ended December 31, 2010 compared to \$11.81/boe for the same period in 2009. The increase in operating costs were due to a number of prior period charges submitted to the Company by facility operators during the fourth quarter of 2010.

Netbacks (\$/boe)	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Sale price	25.28	27.40	25.41	25.90
Less:				
Royalties	(0.93)	2.67	(0.29)	(1.32)
Operating costs	(15.67)	(8.78)	(16.64)	(11.82)
Field Netback	8.68	21.29	8.48	12.76
General and administrative	(48.28)	(13.97)	(22.62)	(17.50)
Interest income	0.03	0.43	0.02	0.21
Interest on debt	(1.86)	(1.71)	(1.35)	(1.09)
Cash netback	(41.43)	6.04	(15.47)	(5.62)

For the three months ended December 31, 2010 the field netback decreased to \$8.68 from \$21.29 in 2009. Field netback has decreased through the year to \$8.48 from \$12.76 for 2009. The decrease is due to the continuing pressure on gas prices, lower production and the prior period charges as noted above.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion for the year ended December 31, 2010 was \$2,787,508 down from \$4,153,010 for the year ended December 31, 2009. The decrease is a result of the asset impairment write down at year-end 2009.

General and Administrative Costs

	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
G&A expenses	1,210,880	428,259	2,393,172	2,361,621
\$/boe	48.28	14.48	22.62	17.45
Share-based Compensation	-	706,229	-	817,691

On a year over year basis the general administration expenses increased slightly to \$2,393,172 from \$2,361,621. The domestic cost containment was mitigated by some non routine charges that occurred late in 2010 as well as increased costs on the international front. During the three months ended December 31, 2010 the general and administrative costs increased dramatically to \$1,210,880 from \$428,259 in 2009. The dramatic increase in general and administrative costs are due to some settlement payments due to the staffing changes along with the increased international travel and technical costs to incurred while evaluating the India and SE Asia opportunities.

Net Loss

The Company had a net loss for the year ended December 31, 2010 of \$14,055,528 compared to a loss in the year ended December 31, 2009 of \$38,704,241. The net loss for 2010 is due to the write down of property and equipment which is mainly attributable to continued downward pressure on commodity prices.

Capital Expenditures

Net capital expenditures for the fourth quarter of 2010 totaled (\$112,408) and for the year ended December 31, 2010 was \$387,123. The final tie in costs from the 2009 drilling program were incurred in the early part of 2009 and the other costs were intangibles related to clean-up and land retention costs.

	Three months ended December 31		Year ended December 31	
	2010	2009	2010	2009
Land - lease rentals	(\$97,106)	48,386	82,085	141,683
Geological and geophysical	-	49,322	-	160,159
Drilling (clean-up and lease rentals)	-	4,852	48,477	174,102
Equipment, facilities and pipeline	-	301,537	257,833	608,325
Completions	(2,267)	39,282	6,258	119,327
Office and computer equipment	(13,035)	(20,115)	(7,530)	(10,772)
Total capital expenditures	(112,408)	423,264	387,123	1,192,824

Summary of Quarterly Results

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Operations						
Natural gas (mcf/d)	1,636	1,714	1,823	1,787	1,929	1,979
Barrels of oil equivalent (boe/d @ 6:1)	273	286	304	298	321	330
Natural gas (\$/mcf)	4.21	3.76	4.13	4.78	4.57	3.89
\$/boe						
Average sale price	25.28	22.56	27.83	28.70	27.40	23.33
Average royalties paid (credit)	0.93	1.20	(3.11)	2.30	(2.67)	2.73
Average operating expenses	15.67	16.71	21.87	11.92	8.78	15.54
Field netback	8.68	4.65	9.07	14.48	21.29	5.06
	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
G & A expense /boe	48.28	16.41	14.72	12.66	13.97	19.20
Interest income /boe	0.03	0.02	-	0.02	0.43	0.49
Interest on debt /boe	1.86	1.49	1.08	0.99	1.71	1.60
Cash netback (Loss) /boe	(41.43)	(13.23)	(6.72)	0.85	6.04	(15.25)
Financial (\$000)						
Oil and gas sales	637	593	684	777	810	708
Interest and other income	0.7	0.5	-	0.5	13	15
Royalty expense / (credit)	23	32	(86)	(62)	(79)	83
Funds / (Loss) from operations	(1,039)	(348)	(272)	21	178	(464)
Funds / (Loss) from operations / boe	(41.42)	(13.25)	(9.80)	0.80	6.00	(15.30)
Earnings / (Loss)	(11,947)	(865)	(981)	(647)	(35,089)	(1,247)
Earnings / (Loss) per share	(0.09)	(0.01)	(0.02)	(0.01)	(0.37)	(0.01)
Capital expenditures	(112)	95	106	298	419	214
Weighted average shares outstanding	136,916	129,510	125,786	125,786	95,207	90,128

Summary of Quarterly Results

	December 31 2010	September 30 2010	June 30 2010	March 31 2010	December 31 2009	September 30 2009	June 30 2009	March 31 2009
Net Revenue	611,595	517,568	770,583	715,169	901,698	639,750	753,354	1,065,339
Net Loss	(11,946,576)	(865,393)	(981,302)	(647,027)	(35,089,068)	(1,246,551)	(1,354,758)	(1,013,863)
Net Loss per Share	(0.09)	(0.01)	(0.01)	(0.01)	(0.37)	(0.01)	(0.02)	(0.01)

Commitments

The Company has executed various farm in and permit agreements. These agreements require Stealth to incur total expenditures of \$3.0 million which is for the Cumberland Basin Production Permit for fiscal 2011; however, the asset with a carrying value of \$750,000, at December 31, 2010, may be surrendered as an option. Nova Scotia commitments in future years increase with commercial development projections, but in each case the requirements are reviewed yearly.

Lease Agreements

Stealth has entered into lease arrangements for office space to November 30, 2011. The future minimum lease payments total approximately \$62,000 plus operating costs. Included in this amount is October and November lease payment that will be paid from the deposit being held.

Off Balance Sheet Arrangements

The Company enters lease agreements in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. The Company holds no financial derivatives, however has entered into fixed economic price contracts.

Financial Condition, Liquidity and Capital Resources

The Company had cash and cash equivalents of \$315,816 and a working capital deficiency of \$2,458,187 as at December 31, 2010. During 2010, management continued the program of capital and administrative cost containment in order to match revenues and cash costs. The Company had executed a hedge at \$4.90/GJ on a portion of its production that was in effect through 2010.

During the year the Company's bank review was completed which resulted was a reduction in the operating facility from \$4.0 million to \$2.5 million mainly due to the reserve write-down at year-end 2009 and lower commodity pricing forecasts used for 2010. Late in 2010 the Company secured a loan arrangement from a private group and settled in full, all outstanding payments to the bank. The new financing is a six month term load due for renegotiation or repayment May 1, 2011.

The Company will continue to monitor its counterparty credit positions to mitigate any potential credit losses. For activities conducted with joint venture partners, Stealth collects its partners' share of capital and operating expenses on a monthly basis. These revenues are subject to normal collection risk. At December 31, 2010, the Company had no material accounts receivable that it deemed uncollectible. Accounts payable consist of amounts payable to suppliers relating to head office, field operating activities and capital spending activities. Stealth endeavors to process these invoices within the Company's normal payment period.

The Company will require both short term and long term capital as it continues to move into the projects in India and Southeast Asia. The Company is looking at many financing options including debt or new financings as the market allows and requirements dictate. The management of the Company are well connected into the financial market and believe that raising capital for the exciting upcoming projects will be manageable.

Securities issued during the period

During the year ended December 31, 2010, the Company closed the private placement announced on June 17, 2010 in two tranches. The initial tranche consisted of the sale of 6,716,000 units at a price of \$0.10 per unit, for gross proceeds of \$671,600, each unit consisting of one (1) common share and one-half (1/2) of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.25 until July 30, 2012. The Second tranche consisted of the sale of 3,500,000 units at a price of \$0.10 per unit, for gross proceeds of \$350,000, each unit consisting of one (1) common share and one-half (1/2) of a share purchase

warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.25 until October 26, 2012.

The Company also closed the private placement announced on December 1, 2010. The private placement consisted of the sale of 25,000,000 units at a price of \$0.10 per unit, for gross proceeds of \$2,500,000, each unit consisting of one (1) common share and one-half (1/2) of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.25 until December 24, 2012. All of the securities issued in connection with the closing of this initial tranche are subject to a hold period in Canada until April 25, 2011.

Capital Stock, Options and Warrants

Authorized: Unlimited without par value	Number	Amount
Voting common shares:		
Balance, December 31, 2008	90,128,043	\$ 63,311,540
Private placement, \$0.07 per unit	35,658,643	1,782,753
Share issue costs	-	(99,920)
Balance, December 31, 2009	125,786,686	64,994,373
Private placement \$0.10 per unit	6,716,000	511,536
Private placement \$0.10 per unit	3,500,000	271,242
Private placement \$0.10 per unit	25,000,000	1,203,280
Share issue costs		(88,277)
Balance December 31, 2010	161,002,686	\$ 66,892,154
Purchase warrants issued:		
Balance, December 31, 2008	24,082,096	8,488,680
Private placement	17,829,322	713,351
Balance December 31, 2009	41,911,418	9,202,031
Expired	(7,436,800)	(2,868,180)
Expired	(1,781,818)	(641,500)
Private placement	3,358,000	160,064
Private placement	1,750,000	78,758
Private placement	12,500,000	1,296,720
Warrant equity December 31, 2010	50,300,800	7,227,893
Share capital, December 31, 2010		\$ 74,120,047
Share purchase options		
	Number of options	Weighted average exercise price
Balance December 31, 2008	5,229,000	\$ 0.52
Cancelled	(390,000)	0.59
Expired	(543,000)	0.42
Balance December 31, 2009	4,296,000	0.50
Expired	(350,000)	0.67
Forfeited	(2,050,000)	0.50
Balance December 31, 2010	1,896,000	\$ 0.46

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates that affect the reported amounts of assets, liabilities, revenues and expenses. The following discussion outlines accounting policies and practices that are critical to determining the Companies financial results.

Petroleum and Natural Gas Properties

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

Depletion and Depreciation

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

Recovery of capitalized costs

The Company performs a cost recovery test which recognizes impairment when the carrying amount of the property and equipment, by cost centre, exceeds its undiscounted future cash flows from proved reserves based on estimated future commodity prices. If impairment is recognized, the amount of impairment is determined as the excess of the carrying amount over the fair value. Fair value is based on the present value of expected cash flows, reflecting discounting at the risk-free rate of interest. Both proved and probable reserves are used in estimating fair value. This cost centre impairment test is conducted at each balance sheet date or more frequently if conditions indicating potential impairment are present.

Revenue Recognition

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

Use of estimates

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

Business risks

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

Change in accounting policies

International Financial Reporting Standards (IFRS)

On February 13, 2008, the CICA Accounting Standards Board announced that Canadian public reporting issuers will be required to report under International Financial Reporting Standards (“IFRS”), which will replace current GAAP for years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require, for comparative purposes, of the Company’s operating balance sheet as at January 1, 2010, all interim quarterly periods in 2010 and for its year end December 31, 2010. The objective is to improve financial reporting by having one single set of accounting standards that are comparable with other entities on an international basis.

Entities that are adopting IFRSs for the first time are provided guidance from IFRS 1, First-time Adoption of International Reporting Standards. This standard provides a number of optional and mandatory exemptions to the general requirement of full retrospective application of IFRSs. The Company has completed its initial review of IFRS 1 which has identified that many do not lead to a material difference when comparing IFRSs and Canadian GAAP, thus minimizing the number of adjustments required to the Corporation’s opening balance sheet upon adoption of IFRS.

The management of the Company has assessed the impact of IFRS on the Company and has completed in-depth reviews on cash generating units, options available under IFRS for modified full cost accounting, decommissioning liabilities, share based compensation and an analysis of the data gathering and reporting systems. The Company then engaged an IFRS advisor to further detail the specifics, quantify effects of each of the options and exemptions available to the Company so the Company can finalize their accounting policy choices and IFRS 1 exemptions. The Company has not yet finalized these accounting policy and IFRS 1 exemption decisions.

The key areas where changes in accounting policies are expected to or may impact the Company’s financial statements are set out below. The list and comments thereon should not be regarded as a complete list of changes that will result from transitioning and adopting IFRS. The board of directors will review and approve the accounting policy choices that management has recommended during the 2010 year end. Accordingly, management conclusions reached at this point in time may change.

a) **Oil and Gas Expenditures**

Petroleum and natural gas expenditures fall under IFRS 6 – “Exploration for and Evaluation of Mineral Resources,” and IAS 16 – “Property, Plant and Equipment.” Capital expenditures incurred will be segregated into three categories:

- 1) Pre-exploration expenditures
- 2) Exploration and evaluation expenditures
- 3) Development and production expenditures

1) Pre-exploration expenditures

These are costs incurred by the Company before acquiring the legal right to explore in a specific area. These expenditures do not meet the definition of an asset as defined by IAS 16 and therefore will be expensed by the Company as incurred. We do not anticipate these costs to be significant to the Company on conversion but may be in the future.

2) Exploration and evaluation expenditures

IFRS 6 provides flexibility on the accounting for exploration and evaluation (“E&E”) expenditures, allowing the Company to choose what type of expenditures will be capitalized or expensed. The costs incurred in the E&E phase will be capitalized once the legal right to explore in a specific area has been obtained. The assets are classified as E&E assets until technical feasibility and commercial viability of extracting resources is proven.

The Company is still evaluating the options involved in accounting for E&E expenditures but is anticipating not to amortize E&E assets rather they will move them to developed and producing (“D&P”) assets once technical and commercial feasibility has been established. The standard does not define technical

feasibility and commercial viability. Generally, once proved reserves are established, the respective E&E assets will be transferred into the development and production category. E&E assets will be assessed for impairment if such information becomes available or there has been a change in facts and circumstances that would lead management to believe that the assets may be impaired. The following is a list of examples of changes in facts and circumstances that indicate an impairment test is needed:

- Remaining land lease terms have expired or expire in the near future and is not expected to be renewed
 - Dry holes
 - Management decisions to continue or discontinue activities in an area
 - Budgeted or planned capital spending in an area is significantly reduced or eliminated
 - Other information that may come to management's attention indicating that the carrying amount of the E&E asset is unlikely to be recovered in full
- A company has the option to test E&E assets for impairment separate from developing and producing ("D&P") assets, at the cash generating unit level or an aggregated cash generating unit level (as long as it is not at a level higher than an operating segment).

The Company intends on testing the E&E assets for impairment along with the respective developing and producing assets at the aggregated cash generating unit level. An impairment test is required before any E&E asset is transferred to the developing and producing phase.

3) Developing and production expenditures

Once technical feasibility and commercial viability has been established, the assets are classified as D&P assets and will be subject to depreciation and depletion.

b) Depletion of Petroleum and Natural Gas Assets

Under Canadian GAAP, depletion of petroleum and natural gas assets is based on proved reserves and is calculated at the country cost level. Under IFRS, depletion is to be calculated at a lower unit of account level. It is anticipated that this change will not affect the Company on conversion, but will have an impact as the Company grows. The Company will continue to evaluate the options but anticipates that the unit of account level will be the Cash Generating Unit. Under IFRS the Company also has the option of choosing the reserve base that it will use for its depletion calculation. The Company is still evaluating this, but anticipates using proved plus probable as its reserve base for its depletion calculations. If this choice is made it is anticipated that the depletion charges will be lower under IFRS as the base for the calculations will be larger.

c) Decommissioning Liabilities

IAS 37, Provisions, Contingent Liability, and Contingent Asset, requires for a long term liability that has resulted due to the capitalization of property, plant, and equipment to be measured at its net present value utilizing a risk free rate of return for a comparable time period for when the asset is to be retired. The impact of applying IAS 37 and IFRS 1 is to increase the asset retirement obligation by approximately \$500,000 - \$600,000 with a corresponding increase in the deficit as at January 1, 2010

d) Contributed Surplus

IFRS 2, Share-based Payments, is required to be adopted for equity instrument (options, and warrants) grants prior to the transition date. Under IFRS 1 a discretionary exemption allows for IFRS 2 to be applied to equity instruments that have not vested as of the transition date. Management has decided to use this IFRS 1 election. As at January 1, 2010 all options and warrants have vested which has resulted in no transitional adjustment being required.

IFRS 1, First-Time Adoption of International Financial Reporting Standards, provides entities adopting IFRS for the first time, with a number of optional and mandatory exemptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company is still finalizing certain accounting policy choices available.

Subsequent events

Subsequent to the end of the year

- Mr. Subra Subramaniam was appointed Chairman and CEO and Mr. Sam Charanek was appointed as an advisor to the board.
- February 16, 2011 Mr. Trevor Wong-Chor was appointed corporate secretary of the Company.
- The Company granted 2,350,000 stock options to directors and officers of the Company.
- February 23, 2011 the Company announced the establishment of an International Advisory Board consisting of Mr. K.N. Venkatasubramanian; Mr. R.C. Shah; Mr. P. Murari and Mr. C.N. Ramdas., all of which are senior professionals with extensive experience in India.
- The Company entered into a firm Letter of Intent for the acquisition of a working interest in certain producing oil and gas fields in SE Asia. The acquisition is subject to various approvals and consents, including regulatory approvals.

Outlook

The Company continues to aggressively execute on its primary strategy of growing its presence in the international oil and gas sector. An immediate focus was placed on India and on June 9, 2010 Stealth successfully signed a Joint Study Agreement (JSA) with the Oil and Natural Gas Corp. Ltd., the National Oil Company of India, (ONGC), focusing on unconventional hydrocarbon exploration and development in India. By sticking to the Company's core competency of analyzing and developing high impact unconventional oil and gas resource plays Stealth is well positioned to enter into India's unconventional sector. By diversifying out of the North American gas markets and into emerging marketplaces the Company is bringing its extensive unconventional resource play experience, expertise and technology, to position itself in the early lifecycle of such resource development and ultimately to add shareholder value and growth. The Company continues to assess other oil & gas opportunities in the Asian region, with a view to acquire exploration and production acreages that present a strong upside to the unconventional resource plays, besides having untapped potential in the conventional resource recoveries. The long term objective of the Company is to position itself as a leader of the unconventional resource plays in the international oil & gas market.

Stealth Ventures Ltd. is a Calgary based junior oil and gas exploration and Development Company focused on the exploration for, acquisition, development and production of unconventional hydrocarbon reserves, derived primarily from shale, Coalbed Methane (CBM) and tight sand reservoirs.

Directors and Officers

Subra Subramaniam, Calgary, Alberta, Chairman and CEO
Roger Harman, Calgary, Alberta, CFO

Rudy Cech, Calgary, Alberta, Director
Ian McMurtrie, Calgary, Alberta, Director
Ashok Bhasin, Calgary, Alberta, Director
Trevor Wong-Chor Alberta, Corporate Secretary

Contact Stealth Ventures Ltd.

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FORWARD LOOKING STATEMENTS

Certain information contained herein may contain forward looking statements including management's assessment of future plans and operations, drilling plans and the timing thereof, commodity price risk management strategies, expected 2011 average production and exit rate, expected first quarter 2011 average production and production to be tied in, updating of ceiling test calculations, plans and timing related to the adoption of IFRS and the effects thereof, elections anticipated to be made under IFRS, anticipated liquidity of the Company and various matters that may impact such liquidity, expected 2011 operating expenses and general and administrative expenses, 2011 capital expenditures budget and the nature of capital expenditures and the timing and method of financing thereof, method of funding drilling commitments, commodity prices and expected volatility thereof, estimated amount and timing of incurring asset retirement obligations and use of proceeds from recent financings, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, 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 the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Events or circumstances may cause actual results to differ materially from those predicted, as a result of the risk factors set out and other known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. In addition, forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. In addition, forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information in order to provide shareholders with a more complete perspective on the Company's future operations. Such information may prove to be incorrect and readers are cautioned that the information may not be appropriate for other purposes. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future commodity gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Additional information on these and other factors that could affect the Company'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 the Company's website (www.stealthventures.ca). Furthermore, the forward-looking statements contained herein are made as at the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

The reader is further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based upon available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes