

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008  
FORM 51-102F1**

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Stealth Ventures Ltd. ("Stealth" or the "Company") for the three and nine month period ended September 30, 2008. The MD&A includes comparisons for the corresponding three and nine month periods ended September 30, 2007. It should be read in conjunction with the interim unaudited financial statements for the three months ended September 30, 2008, and the audited financial statements for the year ended December 31, 2007. This MD&A has been prepared effective November 19, 2008.

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

Non-GAAP measurements within the Management's Discussion and Analysis 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 BOE basis. Management utilizes these measures to analyze operating performance and leverage. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operations or other measures of financial performance calculated in accordance with Canadian GAAP. Funds from operations are commonly referred to as cash flow by research analysts and is used to value and compare oil and gas companies and frequently included in published research when providing investment recommendations. Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Total BOEs are calculated by multiplying the daily production by the number of days in the period.

#### Description of Business and Review

Stealth is a Canadian junior oil and gas exploration and production company incorporated under the laws of British Columbia, with its offices in Calgary and shares listed for trading on the TSX Venture Exchange under the symbol SLV. The Company's business strategy is focused on developing "unconventional" gas reserves such as Coalbed Methane (CBM), Shale Gas, and tight gas sand reservoirs. The Company operates in two geographic areas and two types of strategic plays: CBM at Cumberland, Nova Scotia, and biogenic shale gas in Alberta. However, the focus for Stealth is clearly its shale gas development in Alberta where the Company is producing gas and cash flow and will spend more than 90% of its capital budget in 2008. In the third quarter of 2008 Stealth spent \$12.3 million capital, including \$11.5 million on drilling, completion, and facilities on its properties in Alberta and Nova Scotia, compared to \$4.7 million total spent in the third quarter of 2007.

#### The Colorado Shale in Alberta

On July 3, 2008 Stealth commenced a 70 well drilling program in the Wildmere region. In the third quarter 41 wells were drilled, 20 completed and 6 tied in. It is the company's intention to tie in substantially all of the wells by year end. Subsequent to quarter end on November 19, 2008, 68 wells have been drilled, 64 completed and 34 tied in. At the time of writing operations were ahead of schedule and under the budgeted \$350,000 (tied-in) per-well cost.

## Nova Scotia

Stealth's focus is on the Wildmere shale program in Alberta; therefore little capital has been spent in Nova Scotia. Operationally the dewatering process continues with no expected changes. All Company CBM wells have not yet produced gas in commercial quantities. Subsequent to quarter-end Stealth signed a letter of intent to joint venture with another Canadian private company with respect to the Nova Scotia properties. This will allow Stealth to continue its focus on Wildmere while still exploring the significant potential of CBM in Nova Scotia.

## Oil &amp; Gas Properties:

## Colorado Shale Gas – Alberta Wildmere

The shale gas play at Wildmere in the Cretaceous Colorado has become a development program. At the end of the third quarter 2008, 99 gross wells (88.3 net) were drilled or re-entered over a large 600 section geographical area. Subsequent to quarter-end and as of the date of this report a further 18 net wells were drilled.

**RESULTS OF OPERATIONS**

Production	Three months ended September 30		Nine Months ended September 30	
	2008	2007	2008	2007
Natural gas (mcf/d)	<b>1,240</b>	227	<b>1,256</b>	186
Oil and natural gas liquids (bbl/d)	<b>22</b>	28	<b>28</b>	33
Barrels of oil equivalent (boe/d @ 6:1)	<b>229</b>	66	<b>237</b>	64

Natural gas production averaged 1,240 mcf/d in the third quarter of 2008, compared to 227 mcf/d for the same period in 2007. Oil and natural gas liquids production averaged 22 bbl/d, a decrease from 28 bbl/d reported the three months ended September 30 of the prior year. Third quarter production increased from 66 boe/d to 229 boe/d, an increase of 247 percent from a year earlier.

In the nine months ended September 30, 2008 natural gas production averaged 1,256 mcf/d. Natural gas production was 186 mcf/d for the same period of 2007. Oil and natural gas liquids production averaged 28 bbl/d, compared to 33 bbl/d reported in the nine months ended September 30, 2007. Production for the first nine months of 2008 increased 270 percent from 64 boe/d to 237 boe/d, compared to the same period of 2007.

Revenue	Three months ended September 30		Nine Months ended September 30	
	2008	2007	2008	2007
Natural gas	<b>821,414</b>	102,248	<b>2,751,480</b>	270,869
Oil and natural gas liquids	<b>236,408</b>	194,847	<b>822,264</b>	705,695
Interest and other income	<b>119,875</b>	202,303	<b>206,276</b>	481,605
Total revenue	<b>1,177,697</b>	499,398	<b>3,780,020</b>	1,458,169

For the three months ended September 30, 2008, gross revenue was \$1,177,697 compared to \$499,398 for the same period in 2007. Gross revenue for the nine months ended September 30, 2008 was \$3,780,020, up from \$1,458,169 for the same period in 2007. This is primarily a result of the ongoing increase in production of shale gas as well as increased commodity pricing compared to the previous periods.

Commodity Prices	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Natural gas (\$/mcf)	7.20	4.89	8.00	5.33
Oil and natural gas liquids (\$/bbl)	117.20	75.64	107.32	78.33
Sale price per BOE	50.20	48.92	54.97	55.03

Stealth receives daily spot gas pricing in the form of AECO C wellhead for 100% of its gas production. There are no physical hedges or pricing derivatives in place at present, although such hedges may be considered in the future if price and production levels permit.

### Royalties

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

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Royalties	140,020	28,327	508,164	89,701
% of sales	13.2	9.5	14.2	9.2
\$/boe	6.65	4.67	7.82	5.05

During the third quarter of 2008 royalties averaged 13.2 percent compared to 9.5 percent over the same quarter last year.

For the nine months ended September 30, 2008 royalties as a percentage of sales averaged 14.2 percent, an increase from the 9.2 percent for the same period last year. When royalty review rates are implemented in 2009, it is estimated the effective rate will be well below 10%.

### Operating Costs

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

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Oil and gas operating	253,998	61,687	682,502	161,839
\$/boe	12.07	10.11	10.54	8.90

Operating costs were \$253,998 in the third quarter of 2008 compared to \$61,687 during the same period a year earlier. On a unit-of-production basis, operating costs averaged \$12.07/boe in the third quarter of 2008 compared to \$10.11/boe for the third quarter of 2007.

For the nine months ended September 30, 2008 operating costs were 682,502, an increase from \$161,839 spent in 2007. On a unit-of-production basis, operating costs averaged \$10.54/boe versus \$8.90 in 2007.

The increase in operating costs is attributed to increased processing and admin fees incurred through contract operating and third party gas processing. Some of these fees are incurred on a one-time basis, and so operating costs should remain stable or decrease.

Netbacks (\$/boe)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Sale price	<b>50.28</b>	48.71	<b>54.97</b>	55.15
Less:				
Royalties	<b>6.65</b>	4.67	<b>7.82</b>	5.05
Operating costs	<b>12.07</b>	10.11	<b>10.54</b>	8.90
<b>Field Netback</b>	<b>31.56</b>	33.93	<b>36.61</b>	41.20
General and administrative	<b>50.23</b>	98.81	<b>37.95</b>	113.37
Interest income	<b>(5.70)</b>	(33.31)	<b>(3.17)</b>	(27.14)
Cash netback	<b>(12.97)</b>	(31.57)	<b>1.83</b>	(45.03)

Field netback has decreased through the three and nine month reporting period, from a high of \$41.20 for the nine months ended September 30, 2007, to \$31.56 for the three months ended September 30, 2008. Operating costs rose and BOE sale price remained fairly flat, resulting in this shift. Royalties have also increased in the comparison periods. It is expected, however, that royalties will start decreasing through 2009 with changes in government rates, and that costs should not increase as a trend. Field netback, therefore, should remain steady or increase with improvements in royalty rates and continued improvements in operating efficiency.

General and Administrative	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
G&A expenses	<b>1,064,536</b>	612,027	<b>2,473,010</b>	2,088,867
Overhead recoveries	<b>(7,877)</b>	(12,040)	<b>(5,986)</b>	(77,138)
Net G&A expenses	<b>1,056,659</b>	599,987	<b>2,467,024</b>	2,011,729
\$/boe	<b>50.23</b>	98.81	<b>37.99</b>	113.37
Stock-based Compensation	<b>296,700</b>	421,900	<b>477,400</b>	1,570,673

General administration expenses increased 76% to \$1,056,659 for the third quarter 2008 from \$599,987 in the same quarter of 2007. This increase is attributed to several factors. In the third quarter the Investor Relations budget was dramatically increased in order to prepare for new free trading shares generated as a result of the May 2008 equity financing, and also in order to combat increasing pressure on the market price of Stealth. Approximately three quarters of the third quarter increase is due to this marketing effort. Given current market realities the Company decreased its IR budget to minimal levels for the fourth quarter and into the foreseeable future. Other expense increases for the third quarter of 2008 are directly related to the rapidly increasing tempo of operational activity from the major drilling program that started in July 2008. This includes an additional employee, travel to the field, professional and consulting fees, and also improvements in the reporting process related to anticipated Toronto Stock Exchange trading requirements. Stock-based compensation decreased to \$296,700 in the period from \$421,900 in the second quarter of 2007. Stock-based compensation is expensed per quarter as options vest using the Black-Scholes option pricing model.

For the nine months ended September 30, 2008, general administration expenses increased to \$2,467,024 for the period, from \$2,011,729 in the same period of 2007. In addition to the above, for the nine months ended September 30, 2008 office rent was more than twice as great as in 2007 because Stealth doubled its office space during the third quarter of 2007. Although general administration expense increased materially for the third quarter of 2008, it is expected that Stealth will approximately meet its general administrative expense budget for 2008 of approximately 3.2 million dollars. Stock-based compensation decreased to \$477,400 in the period from \$1,570,673 in the nine months ended September 30, 2007.

### Capital Expenditures

Net capital expenditures for the third quarter of 2008 totaled \$12.3 million. Exploration and development activities represented \$9.3 million or 76% of the total spent, and expenditures on equipment and facilities totaled 3.0 million or 24% of total expenditures.

For the nine months ended September 30, 2008, exploration and development activities were \$14.4 million or 78% of the total expenditures, and spending on equipment and facilities totaled \$4.0 million. The following table is a summary of capital expenditures for the quarter and nine months ended September 30, 2008.

	Three months ended September 30		Nine months ended September 30	
(\$000)	2008	2007	2008	2007
Land	23	385	388	841
Geological and geophysical	7	106	8	515
Drilling	5,943	2,707	8,311	5,479
Equipment and facilities	2,985	88	4,014	624
Completions	3,341	1,351	5,725	2,469
Office and computer equipment	24	46	85	99
Total capital expenditures	12,323	4,683	18,531	10,027

### Summary of 2008 Quarterly Results

	Q3	Q2	Q1
<b>Operations</b>			
Production			
Natural gas (mcf/d)	<b>1,240</b>	1,265	1,261
Oil (bbl/d)	<b>22</b>	27	35
Barrels of oil equivalent (boe/d @ 6:1)	<b>229</b>	238	245
<i>Average product prices</i>			
Natural gas (\$/mcf)	<b>7.20</b>	9.52	7.26
Oil (\$/bbl)	<b>117.2</b>	118.5	92.48
<b>\$/BOE</b>			
Average sale price (\$/boe)	<b>50.28</b>	64.02	50.65
Average royalties paid (\$/boe)	<b>6.65</b>	9.30	6.28
Average operating expenses	<b>12.07</b>	9.98	9.65
Field netback (\$/boe)	<b>31.56</b>	44.78	33.46
General & administrative expense (\$/boe)	<b>50.23</b>	29.91	34.17
Interest income (\$/boe)	<b>5.70</b>	2.22	1.72
Cash netback (\$/boe)	<b>(12.97)</b>	17.09	1.01
<b>Financial (\$000)</b>			
Oil and gas sales	<b>1,058</b>	1,387	1,129
Interest and other income	<b>120</b>	48	38
Royalties	<b>140</b>	201	167

Funds from operations	<b>(285)</b>	370	25
Funds from operations per unit	<b>(13.97)</b>	16.90	1.13
Earnings / (Loss)	<b>(7,939)</b>	6,799	(1,242)
Earnings / (Loss) per share	<b>(0.09)</b>	0.11	(0.02)
Capital expenditures	<b>12,323</b>	2,507	3,808
Weighted average shares	<b>91,682</b>	71,101	61,955

### Depletion, Depreciation and Accretion

The third quarter provision for depletion, depreciation and accretion totaled \$467,603, compared to \$635,554 in the third quarter of 2007. Depletion, depreciation and accretion for the nine months ended September 30, 2008, totaled \$1,365,430 up from \$1,218,722 for the same period last year.

### Net Loss

The Company had a net loss for the period of \$7,938,983, compared to a loss in the third quarter of 2007 of \$4,977,062. This is mainly attributed to an unrealized loss in the value of an investment (13 million shares of Panterra Resource Corp.) of \$5,954,000. The net loss before this item is \$1,984,983 for the quarter, compared with a net loss for the third quarter of 2007 of \$4,197,062. Although net oil and gas sales increased from prior periods, this increase did not yet reflect the rapid increases in revenue that are currently occurring because of increases in gas production – as a result of connecting new producing gas wells.

The net loss for the nine month period is \$2,382,200, compared to a loss in the same period in 2007 of \$7,323,500. This is mainly attributed to an unrealized loss in the value of an investment (13 million shares of Panterra Resource Corp.) of \$650,000. The net loss before this item is \$1,732,200 for the nine months ended September 30, 2008, compared with a net loss for the same period in 2007 of \$6,543,500. This dramatic decrease is directly attributed to the Panterra working interest conversion, and the loss on investment that it caused.

### Commitments

The Company has executed various farm-in and Permit agreements. These agreements require Stealth to incur total expenditures of approximately \$1.9 million per year, but in each case the asset may be surrendered as an option. Nova Scotia commitments in future years increase with commercial development projections, but in each case the requirements are reviewed yearly.

Stealth has entered into lease arrangements for office space to September 30, 2010. The future minimum annual lease payments total approximately \$267,295 plus operating costs.

### Related Party Transactions

The Chief Financial Officer of the Company is also a Director of Golden Hill International Holdings Limited (“Golden Hill”) of Hong Kong, with whom Stealth has executed a management services agreement. No compensation has been paid to the Chief Financial Officer by Golden Hill during the third quarter of 2008, and the Chief Financial Officer has not spent material management time providing services to Golden Hill.

### Off Balance Sheet Arrangements

The Company enters lease agreements in the normal course of operations. All leases are treated as operating leases whereby lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases in the balance sheet as of September 30, 2008. The Company has not entered into any commodity hedging programs to date, and holds no financial derivatives.

## Financial Condition, Liquidity and Capital Resources

The Company had cash and cash equivalents of \$11,767,764 and working capital of \$7,362,083 at September 30, 2008. Cash and working capital were positive as a result of a large financing closed May 30, 2008. Stealth controls the timing and amount of capital expenditures on its material assets. The Company had funds on hand to meet all of its expected immediate future obligations, and in future periods it should prove that it is cash flow self-sufficient. Stealth had access to an operating line of credit of \$70,000 with a Canadian chartered bank, secured by a General Security Agreement, and used for VISA credits.

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 September 30, 2008, the Company had no material accounts receivable that it deemed uncollectible. Accounts payable consist of amounts payable to suppliers relating to head office, field operating activities and capital spending activities. Stealth endeavors to process these invoices within the Company's normal payment period.

Funds from Operations (\$000)	Three Months ended September 30		Nine Months ended September 30	
	2008	2007	2008	2007
Net Earnings	(7,938,983)	(4,977,062)	(2,382,200)	(7,323,500)
Items not requiring cash:				
Unrealized loss in value of investments	5,954,000	780,000	650,000	780,000
Future income tax expense	936,000	-	-	-
Depletion, depreciation and accretion	467,603	635,554	1,365,430	1,218,722
Stock based compensation	296,700	421,900	477,400	1,570,673
Loss on sale of assets	-	2,949,005	-	2,949,005
Funds from operations	(284,680)	(190,603)	110,630	(805,100)
Funds from operations/boe	(13.51)	(2.90)	1.70	(45.37)

The Company continuously manages the pace of its capital spending program by monitoring forecasted production, commodity prices and resulting cash flows. Current volatility in commodity prices creates uncertainty as to the funds from operations and capital budget. Monthly financial and cash variance analysis are conducted. Should circumstances affect cash flow in a detrimental way, the Company is capable of altering its capital spending activity. The 2008 capital expenditure budget is approximately \$26 million, but may be adjusted by the Board according to capital available for investment.

For the third quarter funds from operations totaled \$(284,680) or \$(13.51) per boe, compared to \$(190,603) in the prior year.

During the nine months ended September 30, 2008 funds from operations was positive at \$110,630, while a year earlier it was \$(805,100). During this same period funds from operations per unit for 2008 was \$1.70 and 2007 \$(45.37).

### Securities issued during the period

During the three month period ended March 31, 2008, the Company issued no additional securities.

During the three month period ended June 30, 2008, the Company issued the following securities:

1. 29,726,956 units at a subscription price of \$0.75 per unit. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant to entitle the holder to purchase an additional common share at an exercise price of \$0.85 until May 30, 2010, subject to an extension in the term of the warrant until May 30, 2011, upon Stealth receiving Tier One status on the TSX Venture Exchange or upon listing its shares on the TSX. All securities issued pursuant to this private placement, including any securities issued in payment of commissions or finders' fees, are subject to a hold period in Canada until October 1, 2008.

During the three month period ended September 30, 2008, the Company issued no additional securities.

## Capital Stock, Options and Warrants

Authorized unlimited common shares without par value  
 Issued and outstanding as at September 30, 2008 91,681,543 common shares

*Schedule of Warrants and Options outstanding as at November 24, 2008:*

	<u>Number of Shares</u>	<u>Price</u>	<u>Expiry Date</u>
Options:	150,000	\$0.48	August 2013
	200,000	\$0.50	November 2009
	600,000	\$0.55	April 2010
	300,000	\$0.65	June 2010
	400,000	\$0.80	November 2009
	150,000	\$0.80	October 2012
	100,000	\$0.80	February 2013
	100,000	\$0.98	March 2010
	300,000	\$0.98	June 2010
	1,565,000	\$0.98	June 2013
	500,000	\$1.20	October 2010
	743,000	\$1.50	November 2010
	100,000	\$1.50	March 2012
	<u>100,000</u>	<u>\$2.30</u>	<u>May 2011</u>
	5,308,000		
Warrants:	14,863,478	\$0.85	May 2010
	<u>1,781,818</u>	<u>\$0.75</u>	<u>May 2010</u>
	16,645,296		
Total:	21,953,296		

## Critical Accounting Estimates

### *Significant accounting policies*

#### *Property and equipment*

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

#### *Depletion and Depreciation*

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

### *Recovery of capitalized costs*

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

### *Revenue Recognition*

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

### *Use of estimates*

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

### *Business risks*

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

### *Change in accounting policies*

Effective January 1, 2008 the Company adopted the following new accounting standards issued by the Canadian Institutes of Chartered Accountants (CICA):

#### Capital disclosures

CICA Section 1535, "Capital Disclosures", established guidelines for the disclosure of information on an entity's capital and how it is managed. This enhanced disclosure enables users to evaluate the entity's objectives, policies and processes for managing capital. This new requirement is for disclosure purposes only and upon adoption did not impact the financial results of the Company. See note 8, Capital Management, for further disclosure.

#### Financial instruments – disclosure and presentation

CICA section 3862, "Financial Instruments – Disclosure", and section 3863, "Financial Instruments – Presentation", replace the existing Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires enhanced disclosure on the nature and extent of financial instrument risks and how an entity manages those risks. Section 3863 carries forward the existing presentation requirement and provides additional guidance for the classification of financial instruments. This new requirement is for disclosure purposes only and upon adoption did not impact the financial results of the Company. See note 9, Financial Instruments and Risk Management, for further disclosure.

### *Future accounting policies*

#### International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board (AcSB) announced its decision to replace Canadian GAAP with IFRS for all Canadian Publicly Accountable Enterprises (PAE). On February 13, 2008, the AcSB confirmed January 1, 2011 as the official changeover date for PAEs to commence reporting under IFRS. Although IFRS is principles-based and uses a conceptual framework similar to Canadian GAAP, there are significant differences and choices in accounting policies, as well as increased disclosure requirements under IFRS. The Company is currently in the process of assessing the impact of IFRS on its financial statements.

### Good Will and Intangible Assets

As of January 1, 2009, the Company will be required to adopt CICA section 3064 "Goodwill and Intangible Assets" which replaces Section 3062 "Goodwill and Other Intangible Assets" and section 3450 "Research and Development Costs." The Company is currently assessing the impact of this standard.

### Subsequent events

Stealth received acceptance from the TSX Venture Exchange on September 29, 2008, in respect of its intention to make a Normal Course Issuer Bid ("the Bid") pursuant to the provisions of TSX Venture Exchange Policy 5.6. The bid will consist of the acquisition by Stealth of up to 6,504,000 common shares of its capital stock over the course of a calendar year, commencing on October 2, 2008. On that day 91,681,543 common shares of Stealth were outstanding. All shares acquired under the Bid will be returned to treasury for cancellation. Stealth is making the Bid because it is of the opinion that fluctuating global market conditions periodically result in unwarranted reductions in Stealth's share price that do not reflect the underlying value of its net assets. Stealth will utilize unallocated cash resources to effect purchases under the Bid with a view to capitalize on these short-term price weaknesses. Share purchases under the Bid will be made at managements discretion based on market conditions.

### Outlook

Stealth has completed all new drills (78) for 2008 on its shale gas land in east central Alberta. Its operations will now focus on completing fracture stimulation and tie-in of all the wells by year-end. This will dramatically increase revenue and cash flow, and at the same time the Company is focusing on reducing costs. The 2009 drill program is currently being evaluated, estimated currently at 60 to 80 wells, and financed by cash flow and potential new senior debt facilities.

In Nova Scotia, Stealth has stated that its strategy is to retain as much as possible the attractive large resource base while conserving as much capital as possible. In order to achieve this, the Company recently announced it signed a letter of intent to farm-out a working interest in its Nova Scotia properties to a new private Canadian oil and gas company. This multi-year joint venture will enable the Company to continue moving towards commercializing the 1.6 TCF of net discovered CBM resource booked (by Sproule Associates) on its two Nova Scotia onshore basins. Stealth will continue to operate the properties.

As of the date of this report the economic and financial environment has deteriorated materially on a global basis. Commodity prices have generally suffered dramatic decreases in the face of a global recession, and natural gas has not escaped this reality, although it has shown some strength. Crude oil/gas ratios have decreased from the highs of 15+ to currently about 9:1, based on Nymex. Stealth's management and directors are aware of these changed circumstances and as a result are attempting to remain as flexible as possible. Energy companies supplying the North American market with natural gas will need to be very sensitive to changes in supply and demand during this period. Stealth will balance the urge to be conservative with its cash and cash flow, with reasonably pursuing its profitable shale gas program in Alberta.

### Disclosure Controls and Procedures (MI 52-109)

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the annual filings, that the Company's disclosure controls and procedures as of the end of such period are effective to provide reasonable assurance that material information related to the Company is made known to them by others within the Company. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. We have designed controls for this process and have conducted an evaluation which has identified certain weaknesses in our controls. Due to the limited number of staff at the Company, there is an inherent weakness in the system of internal controls due to our inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and non-routine accounting transactions as the Company does not have a sufficient

number of finance personnel with technical accounting knowledge to address all complex and non-routine accounting matters that may arise. As a result of these weaknesses there is no guarantee that a material misstatement would not be prevented or detected. These items have been classified as material weaknesses. Management and Board review are utilized to mitigate the risk of material misstatement; however, we do not have reasonable assurance that this risk can be reduced to a remote likelihood of a material misstatement. Stealth currently has no plans to remediate these weaknesses because the Company believes that an adequate control environment exists at this time.

#### Directors and Officers

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

#### Contact Stealth Ventures Ltd.

Derek Krivak, CEO  
Mark J. Roth, CFO  
Stealth Ventures Ltd.  
2400, 101 - 6th Avenue S.W.  
Calgary, Alberta, T2P 3P4  
P. 1403 514 9998  
F. 1403 514 9995  
[investorrelations@stealthventures.ca](mailto:investorrelations@stealthventures.ca)

Richard Cohen, Investor Relations  
CLARK AVENUE COMPANY  
P. 1905 882 4422  
F. 1905 882 4435  
[clarkavenue@rogers.com](mailto:clarkavenue@rogers.com)

#### FORWARD LOOKING STATEMENTS

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

are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

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