

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2010
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, 2010. The MD&A includes comparisons for the corresponding three and nine month periods ended September 30, 2009. It should be read in conjunction with the interim unaudited financial statements for the three and nine months ended September 30, 2010, and the audited financial statements for the year ended December 31, 2009. This MD&A has been prepared effective November 25, 2010.

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 1200, 633 – 6th Avenue S.W., Calgary, Alberta, T2P 2Y5 and its registered office at Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3.

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, 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. Stealth is now completing its transformation and diversification out of the North American marketplace which was, in the Board's opinion, the next logical step. Subsequent to the end of the quarter Stealth initiated a process to identify, examine and consider a range of strategic alternatives available to it, for enhancing shareholder value and has engaged Sayer Energy Advisors (Sayer) to assist in the review process.

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.

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.

On September 20, 2010 Stealth Ventures Ltd. officially terminated the Cumberland Basin Agreement (Agreement) signed on December 22, 2009 between Clean Coal Ltd. and Stealth Ventures Ltd. due to irreconcilable differences. As per relevant clauses in the Agreement the effective date of termination is April 8th 2010.

RESULTS OF OPERATIONS

Production	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Natural gas (mcf/d)	1,714	1,979	1,780	2,322
Barrels of oil equivalent (boe/d @ 6:1)	286	330	297	387

Natural gas production averaged 1,714 mcf/d in the third quarter of 2010, compared to 1,979 mcf/d for the same period in 2009. Third quarter production decreased from 330 boe/d to 286 boe/d, a decrease of 13%. This reduction is due to normal declines along with some marginal wells being shut in due to low gas prices. We anticipate some of these wells will be brought back on through the winter months with increased gas prices. It is estimated that these wells when reactivated will increase production by 13 boe/d or 4%. Annual decline rates for Stealth's Colorado shale play are approximately 9%.

In the nine months ended September 30, 2010 natural gas production averaged 1,780 mcf/d compared to 2,322 mcf/d for the same period of 2009. Production for the first nine months of 2010 decreased 23 % from 387 boe/d to 297 boe/d, compared to the same period of 2009, again, 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	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Natural gas	592,954	707,820	2,054,504	2,701,019
Interest and other income	461	14,866	959	15,334
Total revenue	593,415	722,686	2,055,463	2,716,353

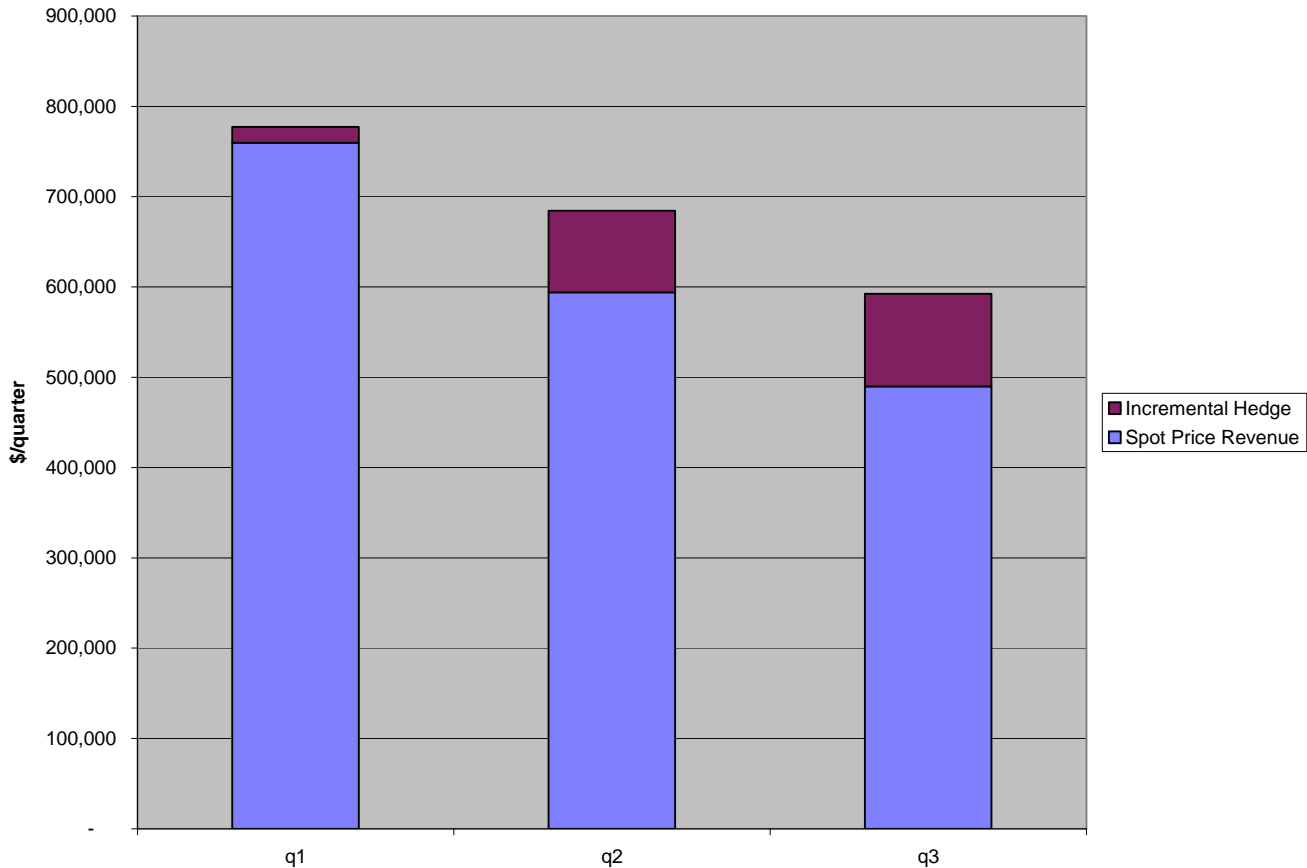
For the three months ended September 30, 2010, gross revenue was \$592,954 compared to \$707,820 for the same period in 2009. The quarterly difference can be attributed to continued downward pressure on commodity prices and lower production.

Commodity	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Natural gas (\$/mcf)	3.76	3.89	4.23	4.26
Sale price per boe	22.56	23.33	25.36	25.54

Stealth receives daily spot gas pricing in the form of AECO C, 5A at the wellhead for 100% of its gas production, except production hedged as follows:

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

The below chart illustrates the Company has had another successful quarter, in its hedge transactions. In second quarter 2010 the hedging program increased revenue by approximately 21% compared to AECO 5A spot price over the quarter.



This is a fixed price physical sales contract which the Company entered into 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.

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 %age of sales, the %age of sales 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 September 30		Nine months ended September 30	
	2010	2009	2010	2009
Royalties	31,606	82,936	7,902	257,911
% of sales	5.3	11.7	0.0	9.5
\$/boe	1.20	2.73	0.10	2.44

During the third quarter of 2010 royalties averaged 5.3 % compared to 11.7 % over the same quarter last year. During the nine months ended September 30, 2010, royalties averaged 0.0 % compared to 9.5 % in the same

period of 2009. The reduction in 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.

Effective January 2010 the Crown has changed the GCA method from a corporate pool system to an ERCB facility pool system. The changes were applied to GCA calculations commencing 2009. This means an "individual" Facility Effective Royalty rate (FERR) for each ERCB property rather than one Corporate Effective Royalty Rate (CERR) is applied where the Company pays royalties. CERR and FERR rates are calculated (based on royalties) Crown share of volumes & dollars "divided" by Corporation share of volumes and dollars. Under this system cost restrictions are applied to each individual facility and the Crown is guaranteed a minimum 5% royalty, monthly and annually. Any costs over 95% are not recoverable. The Company is currently in a cost restriction position as costs exceed 95%.

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	
	2010	2009	2010	2009
Gas operating	439,162	471,473	1,367,195	1,339,392
\$/boe	16.71	15.54	16.87	12.67

Operating costs were \$439,162 in the three months ended September 30, 2010 compared to \$471,473 during the same period 2009. On a unit-of-production basis, operating costs averaged \$16.41/boe in the three months ended September 30, 2010 compared to \$16.71/boe for the same period in 2009.

For the Nine months ended September 30, 2010 operating costs decreased slightly to \$1,367,195 from \$1,399,392 incurred in the same period in 2009.

Netbacks (\$/boe)	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Sale price	22.56	23.33	25.36	25.54
Less:				
Royalties	(1.20)	(2.73)	(0.10)	(2.44)
Operating costs	(16.71)	(15.54)	(16.87)	(12.67)
Field Netback	4.65	5.06	8.39	10.43
General and administrative	(16.41)	(19.20)	(14.59)	(18.30)
Interest income	0.02	0.49	0.01	0.20
Interest on debt	(1.49)	(1.60)	(1.18)	(0.90)
Cash netback	(13.23)	(15.25)	(7.37)	(8.57)

For the three months ended September 30, 2010 the field netback decreased to \$4.65 from \$5.06 in 2009. The decrease is mainly due to the lower gas prices. Field netback has decreased through the nine month reporting period to \$8.39 from \$10.43 for the prior year in 2009. This can be attributed to the decrease in production volume and fixed operating costs as well as continued downward pressure on commodity prices.

General and Administrative Costs

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
G&A expenses	431,327	584,137	1,182,292	1,936,938
Overhead recoveries	-	(416)	-	(3,576)
Net G&A expenses	431,327	583,721	1,182,292	1,933,362
\$/boe	16.41	19.20	14.59	18.30
Share-based Compensation	-	36,792	-	111,462

General administration expenses decreased 26 % to \$431,327 for the three months ended September 30, 2010 from \$583,721 in the same period of 2009. For the nine months ended September 30, 2010 G&A decreased by 39% to 1,182,292 compared to 1,933,362 the three months ended September 30, 2009 even including some one time charges that were incurred during 2010. The reduction in general and administrative costs is a direct result of the continued cost containment program. The Company will continue to manage the bottom line through cost containment on an ongoing and as needed basis.

Capital Expenditures

Net capital expenditures for the third quarter of 2010 totaled \$94,559. In the second quarter, the majority of the costs were intangibles related to clean-up, lease rentals and costs related to India of \$67,000 booked to land. In the nine months ended September 30, 2010 approximately \$169,000 was spent on India travel and success fees.

(\$000)	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Land (lease rentals and India travel and success fees)	67	23	169	93
Geological and geophysical	-	104	-	111
Drilling (clean-up and lease rentals)	20	50	58	166
Equipment, facilities and pipeline	2	30	258	309
Completions	6	2	8	80
Office and computer equipment	-	5	7	10
Total capital expenditures	95	214	405	769

Summary of Quarterly Results

	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Operations						
Natural gas (mcf/d)	1,714	1,823	1,787	1,929	1,979	2,245
Barrels of oil equivalent (boe/d @ 6:1)	286	304	298	321	330	374
Natural gas (\$/mcf)	3.76	4.13	4.78	4.57	3.89	3.98
\$/boe						
Average sale price	22.56	27.83	28.70	27.40	23.33	23.92
Average royalties paid (credit)	1.20	(3.11)	2.30	(2.67)	2.73	1.78
Average operating expenses	16.71	21.87	11.92	8.78	15.54	14.14
Field netback	4.65	9.07	14.48	21.29	5.06	8.00
	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
G & A expense /boe	16.41	14.72	12.66	13.97	19.20	19.73
Interest income /boe	0.02	-	0.02	0.43	0.49	-
Interest on debt /boe	1.49	1.08	0.99	1.71	1.60	1.00
Cash netback (Loss) /boe	(13.23)	(6.72)	0.85	6.04	(15.25)	(11.73)
Financial (\$000)						
Oil and gas sales	593	684	777	810	708	814
Interest and other income	0.5	-	0.5	13	15	-
Royalty expense / (credit)	32	(86)	(62)	(79)	83	61
Funds / (Loss) from operations	(348)	(272)	21	178	(464)	(448)
Funds / (Loss) from operations / boe	(13.25)	(9.80)	0.80	6.00	(15.30)	(13.14)
Earnings / (Loss)	(865)	(981)	(647)	(35,089)	(1,247)	(1,354)
Earnings / (Loss) per share	(0.01)		(0.01)	(0.37)	(0.01)	(0.02)
Capital expenditures	95	106	298	419	214	295
Weighted average shares outstanding	129,510	125,786	125,786	95,207	90,128	90,128

Summary of Quarterly Results

	September 30 2010	June 30 2010	March 31 2010	December 31 2009	September 30 2009	June 30 2009	March 31 2009	December 31 2008
Net Revenue	517,568	770,583	715,169	901,698	639,750	753,354	1,065,339	1,232,095
Net Loss	(865,393)	(981,302)	(647,027)	(35,089,068)	(1,246,551)	(1,354,758)	(1,013,863)	(4,807,123)
Net Loss per Share	(0.01)	(0.01)	(0.01)	(0.37)	(0.01)	(0.02)	(0.01)	(0.05)

Depletion, Depreciation and Accretion

The third quarter provision for depletion, depreciation and accretion totaled \$517,568, compared to \$745,482 in the third quarter of 2009. The decrease is a result of the asset impairment write down at year-end 2009.

Net Loss

The Company had a net loss for the third quarter of 2010 of \$856,393 compared to a loss in the third quarter of 2009 of \$1,246,551. The net loss for the quarter is mainly attributable to continued downward pressure on commodity prices and fixed operating costs on lower production.

Commitments

The Company has executed various farm in and permit agreements. These agreements require Stealth to incur total expenditures of \$2.0 million which is for the Cumberland Basin Production Permit for fiscal 2010; however, the asset with a carrying value of \$750,000 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.

The Company has entered a commitment to acquire land with a partner under a farmin agreement. The Company will hold in trust \$1.0 million on behalf of the partner to acquire land. Within thirty days of the first year anniversary date of the farm in an additional \$2.0 may be committed to trust (50% each party), provided that mutually acceptable terms can be negotiated. During the second quarter, \$98,882 was spent to acquire 17 sections of land under farmin agreement.

Lease Agreements

Stealth has entered into lease arrangements for office space to November 30, 2010. The future minimum annual lease payments total approximately \$56,015 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 \$1,489,663 and a working capital deficiency of \$1,855,933 as at September 30, 2010. Cash and cash equivalents includes \$911,603.88 that is being held in trust for a partner for land purchases as discussed above under commitments. As the operator of its major properties, Stealth controls the timing and amount of capital expenditures on its material assets. As 2009 began, it was recognized by management, that the commodity pricing environment on which the Company depends for operating revenue, had changed and could continue to be depressed. This could extend the history of operating losses sustained by the Company, and together with negative working capital could cast doubt on the Company's ability to continue to meet its obligations as they become due. Accordingly, management embarked upon a program of capital and administrative cost containment in order to match revenues and cash costs. The Company has executed a hedge throughout the course of 2010 at \$4.90/GJ on a portion of its production in effect until December 31, 2010, in order to protect revenue.

During the quarter the Company's bank review was completed. The result was a reduction in the operating facility from \$4.0 million to \$2.5 million. The reduction was due to a reserve write-down at year-end 2009 and lower commodity pricing forecasts used for 2010. The present terms of the borrowing are, Stealth may borrow via Prime-

based loans bearing interest at the greater of 7% (minimum rate) or prime bank lending rate plus 4.25%. The facilities do not contain any financial covenants. The credit facility is subject to periodic review. Principal repayments will commence in September 2010, and will be determined based on the results of the engineering report. The amount of the facility is subject to a borrowing base test performed on a periodic basis by the lender, based primarily on reserves and using commodity prices estimated by the lender, as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facility which may require a repayment to the lender. The facility is collateralized by a \$5.0 million demand fixed and floating debenture over all of Stealth's assets. As at September 30, 2010, \$2,153,446 had been drawn against these facilities. Subsequent to the end of the quarter the Company secured a loan arrangement from a private group and settled in full, all outstanding payments to the bank.

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, 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.

Funds from Operations (\$000)	Three months ended September 30		nine months ended September 30	
	2010	2009	2010	2009
Net Loss	(865)	(1,247)	(2,494)	(3,615)
Items not requiring cash:				
Write-down of investments	-	-	-	(76)
Depletion, depreciation and accretion	518	745	1,896	2,654
Share - based compensation	-	37	-	111
Gain on sale of Equipment	-	-	-	(1)
Funds/(Loss) from operations	(348)	(464)	(599)	(9.27)
Funds/(Loss) from operations/boe	(13.25)	(15.30)	(7.39)	(8.77)

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. For the third quarter funds from operations totaled \$(348,286) or \$(13.25) per boe, compared to \$(464,277) or \$(15.30) in the prior year.

Securities issued during the period

During the nine months ended September 30, 2010, the Company closed the initial tranche of the private placement announced on June 17, 2010. 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. All of the securities issued in connection with the closing of this initial tranche are subject to a hold period in Canada until December 1, 2010.

Capital Stock, Options and Warrants

	Number	Amount
Authorized: Unlimited without par value		
Outstanding at September 30, 2010 132,502,686		
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
Share issue costs		(43,400)
Balance September 30, 2010	132,502,686	\$ 65,462,509
Purchase warrants:		
Balance, December 31, 2008	24,082,096	8,488,680
Expired	(7,436,800)	-
Transfer to contributed surplus		(2,868,180)
Balance December 31, 2009	16,645,296	5,620,500
Private placement	17,829,322	713,351
Expired	(1,781,818)	-
Transfer to contributed surplus		(641,500)
Private placement	3,358,000	160,064
Warrant equity September 30, 2010	36,050,800	5,852,415
Share capital, September 30, 2010		\$ 71,314,924

Stock 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	(250,000)	0.55
Forfeited	(1,900,000)	0.56
Balance September 30, 2010	2,146,000	\$ 0.44

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

International Financial Reporting Standards (IFRS)

In February 2008, The Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board (ASCB) confirmed the changeover from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS) will be required, for publically accountable profit-oriented enterprises, for interim and annual financial statements, for fiscal years beginning on or after January 1, 2011, including comparatives for 2010. The changeover from GAAP to IFRS represents a change in accounting standards and is a significant undertaking that may materially impact the Company's financial statements.

The Company has developed an IFRS conversion plan and a preliminary implementation timetable. During the initial stage of the plan, the Company has performed a preliminary impact assessment, identifying and documenting key differences between the Company's current accounting policies under Canadian GAAP and those required by IFRS. The Company has begun the next stage of the conversion process, defining IFRS ongoing accounting policies, methods, practices and disclosure requirements that will drive the Company's financial reporting under IFRS. In addition to assessing the impact of IFRS and managing the complex conversion process, the Company will continue to ensure that information systems, controls, processes, procedures and staff are ready to implement the new standards for January 1, 2011. The Company expects the area having the most significant impact will be property, plant and equipment, due to IFRS 6 requirements, for oil and gas assets. Additional disclosures of significant components of the conversion project and its progress will be provided as the process evolves and the information becomes available.

Subsequent events

Subsequent to the end of the quarter the Company:

- The second, and final, tranche of the private placement announced June 17, 2010 was closed and consisted of the sale of 3.5 million units at a price of 10 cents per unit for gross proceeds of \$350,000, each unit consisting of one common share and one-half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of 25 cents until October 26, 2012. All of the securities issued in connection with the closing of this second tranche are subject to a hold period in Canada until February 27, 2011.
- A Strategic Alternatives Process was initiated to identify, examine and consider a range of strategic alternatives available for enhancing shareholder value and has engaged Sayer Energy Advisors to assist in this review process.
- Effective November 02, 2010 the Company terminated the land acquisition and farm-in agreement for the Wildmere region and returned the unspent funds to the partner
- Effective November 01, 2010 Mr. Roger Harman joined the Company as Chief Financial Officer, bringing a strong diversified background to the Stealth management team.
- As at September 30, 2010, Stealth had drawn \$2,153,446 against a \$2,500,000 credit facility at a Canadian Chartered Bank. Subsequent to the end of the quarter the Company secured a loan arrangement from a private group for \$2,000,000 and settled in full, all outstanding payments to the Bank. The short-term loan facility is structured in six month renewable increments and pays a flat interest of 10% per annum.

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 Managing Director

Derek Krivak, Calgary, Alberta, President/CEO and Director

Roger Harman, Calgary, Alberta, CFO

Chris Morrison, Calgary, Alberta, VP Operations

Rudy Cech, Calgary, Alberta, Director

Ian McMurtrie, Calgary, Alberta, Director

Glenn R. Yeadon, Vancouver, BC, Corporate Secretary

Contact Stealth Ventures Ltd.

Derek Krivak, CEO

or

Subra Subramaniam, Chairman & Managing Director

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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 statement 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. 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), and Stealth Venture Ltd's website. (www.stealthventures.ca)