

Corrected August 31, 2010

Financial Statements of

STEALTH VENTURES LTD.

For The Six Months Ended June 30, 2010

(UNAUDITED)

Corrected August 31, 2010

STEALTH VENTURES LTD.

Balance Sheets

June 30, 2010 and December 31, 2009
(Unaudited)

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents (Note 8)	\$ 878,889	\$ 295,558
Accounts receivable	707,838	517,564
Prepaid expenses and deposits	376,797	538,402
	<u>1,963,524</u>	<u>1,351,524</u>
Property and equipment (note 4)	19,020,600	19,930,421
	<u>\$ 20,984,124</u>	<u>\$ 21,281,945</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	\$ 2,054,284	\$ 578,254
Bank debt (note 6)	1,951,115	
3,195,725		
	<u>4,005,399</u>	<u>3,773,979</u>
Asset retirement obligations (note 5)	1,876,329	1,815,349
Shareholders' equity:		
Share capital (note 7(b))	64,994,373	64,994,373
Purchase warrants (note 7d)	9,202,031	9,202,031
Share subscription receivable (note 7(c))	-	(1,035,599)
Contributed surplus (note 7(f))	8,725,946	8,725,946
Deficit	<u>(67,819,954)</u>	<u>(66,194,134)</u>
	15,102,396	15,692,617
Future operations (note 1)		
Commitments (note 9)		
	<u>\$ 20,984,124</u>	<u>\$ 21,281,945</u>

See accompanying notes to financial statements.

On behalf of the Board:

"Derek Krivak" President, Chief Executive Officer, Director

"Subra Subramaniam" Chairman, Managing Director

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STEALTH VENTURES LTD.

Statements of Loss, Comprehensive Loss and Deficit

For The Three and Six Months Ended June 30, 2010 and 2009

	Three Month Period Ended Jun 30/10	Three Month Period Ended Jun 30/09	Six Month Period Ended Jun 30/10	Six Month Period Ended Jun 30/09
Revenue				
Petroleum and natural gas sales	\$684,450	\$814,105	\$1,461,550	\$1,993,199
Royalties	86,124	(60,751)	23,704	(174,975)
Interest and other income	9	-	498	468
	770,583	753,354	1,485,752	
1,818,692				
Expenses				
Administration	\$407,718	\$671,567	\$750,965	\$1,349,641
Share based compensation (<i>Note 7(f)</i>)	-	37,335	-	74,670
Oil and gas operating	604,820	481,381	928,033	867,919
Interest Expense	29,837	33,241	56,675	47,465
Gain on sale of equipment	-	(947)	-	(947)
Depletion, depreciation and accretion (<i>Note 5</i>)	709,510	860,879	1,378,408	1,908,250
	1,751,885	2,083,456	3,114,081	4,246,998
Net loss before the following (2,428,305)	(981,302)	(1,330,102)	(1,628,329)	
Gain (loss) in value of (<i>Note 3</i>) investments	-	(8,840)	-	75,500
Net earnings (loss) before taxes	(981,302)	(1,338,942)	(1,628,329)	(2,352,805)
Capital tax	-	15,816	-	15,816
Net earnings (loss) and comprehensive earnings and loss	(981,302)	(1,354,758)	(1,628,329)	(2,368,621)
Deficit - beginning of the period	(66,841,160)	(28,503,756)	(66,191,625)	(27,489,893)
Deficit - end of the period	\$(67,822,462)	\$(29,858,514)	\$(67,819,954)	\$(29,858,514)
Earnings (loss) per share (<i>Note 7</i>)	(0.01)	(0.02)	(0.01)	(0.03)

See accompanying notes

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STEALTH VENTURES LTD.

Statements of Cash Flows

Three and six months ended June 30, 2010 and 2009

	Three Month Period Ended June 30/10	Three Month Period Ended June 30/09	Six Month Period Ended June 30/10	Six Month Period Ended June
30/09				
Cash provided by (used in):				
Operations:				
Net earnings (loss) for the period	\$ (981,302)	\$ (1,354,758)	\$(1,628,329)	\$(2,368,621)
Items not involving cash:				
Write-down on investment (Note 3)	-	8,840	-	(75,500)
Depletion, depreciation and accretion	709,510	860,879	1,378,408	1,908,250
Share - based compensation	-	37,335	-	74,670
Gain on sale of equipment	-	(947)	-	(947)
	(271,792)	(448,651)	(249,921)	(462,148)
Change in non-cash operating working capital (4,416,780)	1,258,601		(1,958,900)	1,447,235
	986,809	(2,407,550)	1,197,314	
(4,878,927)				
Financing:				
Decrease in bank debt (Note 6)	(17,463)	2,239,406	(1,244,610)	3,535,164
Share subscription receivable	-	-	1,035,599	-
Investing:				
Additions of property and equipment	(106,068)	(294,906)	(404,972)	(555,311)
Proceeds from sale of property	-	-	-	600,000
Proceeds from marketable securities (Note 3)	-	566,381	-	868,628
Change in cash and cash equivalents	863,278	103,331	583,331	(430,446)
Cash and cash equivalent beginning of period	15,611	11,167	295,558	544,944
Cash and cash equivalents, end of period	\$ 878,889	\$ 114,498	\$ 878,889	\$ 114,498

See accompanying notes

STEALTH VENTURES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

1. Future operations:

Stealth Ventures Ltd. ("Stealth" or "the Company") is engaged primarily in exploration for, and production of, petroleum and natural gas reserves in Western Canada and Nova Scotia. At the date of this report the Company's production was 100% natural gas.

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

For the three months ended June 30, 2010, the Company reported a net loss of \$981,302 and a working capital deficiency of \$2,041,874. Working capital deficiency includes \$911,604 cash that is being held in trust for a Joint Venture partner for land acquisitions. Subsequent to the second quarter the Company closed the first tranche of a private placement and raised gross proceeds of \$671,600 in July 2010. Proceeds will be used to manage working capital and pursue strategic opportunities in India.

The successful future operations of the Company are dependent on the ability of the Company to secure sufficient funds through financings, borrowings and operations to be able to meet its obligations as they become due.

Management believes that a going concern assumption is appropriate for these financial statements. If this assumption were not appropriate, adjustments to the carrying amounts of the assets and liabilities, revenues and expenses and the balance sheet classifications used may be necessary.

2. Significant accounting policies:

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimated.

Specifically, the amounts recorded for depletion, depreciation and accretion of petroleum and natural gas assets and asset retirement obligations are based on estimates. The ceiling test is based on estimates of reserves, production rates, oil and gas prices, future costs and other relevant assumptions. The amounts for stock based compensation are based on estimates of risk-free rates, expected lives, forfeitures and volatility. Future income taxes are based on estimates as to the timing of the reversal of the temporary differences and tax rates substantively enacted. By their nature, these estimates are subject to change and the effect on the financial statements of changes in such estimates in future periods could be significant.

STEALTH VENTURES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

2. Significant accounting policies (continued):

The interim unaudited financial statements of Stealth Ventures Ltd. ("the Company") have been prepared by management in accordance with accounting policies generally accepted in Canada. The interim unaudited financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended December 31, 2009. The interim financial statements should be read in conjunction with the financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2009.

3. Investments:

During 2007 the Company exchanged its interest in certain Saskatchewan properties for 13 million common shares of PanTerra Resources Corp ("PanTerra") valued at a cost of \$0.25 per share. The Company's holding represented approximately 19.5% of the outstanding common shares of PanTerra.

During the second quarter of 2009, the remaining 8,234,000 shares of PanTerra were sold at an average price of 0.048552 per share for proceeds of \$399,777. A loss of \$39,670 was recognized from the sale of the shares. The Company currently holds no shares in PanTerra.

During 2008 the Company acquired 6 million shares of a foreign unlisted private company Golden Hill International Holdings Limited. During the second quarter of 2009, the Company sold its entire investment for \$150,000. A gain of \$72,000 was realized from the sale.

4. Property and equipment:

June 30, 2010	Cost	Accumulated Depletion and Amortization	Net Book Value
Computer and office equipment	\$ 477,419	\$ 313,134	\$ 164,285
Leasehold improvements	62,375	26,934	35,441
Petroleum and natural gas properties	71,310,815	52,489,941	18,820,874
	<u>\$71,850,609</u>	<u>\$52,830,009</u>	<u>\$19,020,600</u>
 December 31, 2009			
Computer equipment	\$ 406,958	\$ 223,357	\$ 183,601
Leasehold improvements	61,600	22,785	38,815
Petroleum and natural gas properties	70,911,849	51,203,844	19,708,005
	<u>\$71,380,407</u>	<u>\$ 51,449,986</u>	<u>\$19,930,421</u>

STEALTH VENTURES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

At June 30, 2010, petroleum and natural gas properties included \$750,000 (2009 - \$14,933,348) relating to unproved properties which have been excluded from the depletion calculation, and future development costs of \$11,004,000 (2009 - \$20,850,000) were included in the depletion calculation. No general and administrative costs were capitalized during the quarter.

The Company applied the ceiling test to its capitalized assets at June 30, 2010. No impairment was recognized.

5. Asset retirement obligations:

	June 30 2010	Dec.31 2009
Asset retirement obligations, beginning of period	\$1,815,349	\$1,924,456
Liabilities incurred	-	-
Liabilities disposed	-	(231,067)
Accretion expense	60,980	121,960
Asset retirement obligations, end of year	\$1,876,329	\$ 1,815,349

6. Credit Facility:

Subsequent to quarter end 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 yearend 2009. 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, with the next required in September 2010. Principal repayments will commence in September 2010, and will be determined based on the results of the engineering report and the 2010 price forecast. 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 June 30, 2010, \$1,951,115 had been drawn against these facilities.

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Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

7. Share capital:

(a) Authorized: Unlimited common shares without par value

(b) Issued:

	Number of Shares	Amount
Balance December 31, 2008	90,128,043	63,311,540
Private placement at \$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
Balance March 31, 2010	125,786,686	
64,994,373		
<u>Balance June 30, 2010</u>	<u>125,786,686</u>	<u>\$64,994,373</u>

(c) Private placement

In December 2009, the Company closed a non-brokered private placement, consisting of the sale of 35,658,643 units at a price of \$0.07 per unit to raise gross proceeds of up to \$2,496,105. Each unit consisted of one (1) common share and one-half (1/2) of a non-transferable share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.15 for a period of two (2) years from closing, provided that, in the event the closing price of Stealth's shares as traded on the TSX Venture Exchange is \$0.25 or greater for a period of 30 consecutive trading days, it may give notice of an earlier expiry of the warrants, in which case the warrants would expire 30 calendar days from the giving of such notice. The private placement closed in two tranches, the second closing December 31, 2009. Cash from the second closing was received in January 2010. The proceeds from this private placement will be used for working capital purposes, including allowing Stealth to explore potential strategic opportunities in Asia with a focus in India.

(d) Purchase warrants

At June 30, 2010 there were 41,911,418 share purchase warrants outstanding as follows:

Description	Number	Exercise price	Expiry date	Carrying amount
Balance December 31, 2008	24,082,096			\$ 8,488,680
Private placement	17,829,322	\$0.15	Dec 2011	713,351
Balance December 31, 2009	41,911,418			9,202,031
Balance March 31, 2010	41,911,418			9,202,031
<u>Balance June 30, 2010</u>	<u>41,911,418</u>			<u>\$9,202,031</u>

(e) Stock option plan

The Company has in place an Incentive Stock Option Plan (the "Plan"), which is administered by the Directors of the Company. All directors, officers, employees and consultants of the

STEALTH VENTURES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

Company are eligible to be granted incentive stock options under the Plan. The exercise price of options granted under the Plan cannot be less than the market price of the Company's shares as traded on the TSX Venture Exchange (the "Exchange") at the time of the grant, less the permissible discount allowed by the Exchange. The Plan was amended through the course of 2008. These amendments provide that: (1) options may be granted under the Plan in respect of up to an aggregate of 18,000,000 common shares, provided that (i) options in respect of no more than 5% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one optionee in any 12 month period; (ii) options in respect of no more than 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one consultant in any 12 month period; and (iii) options in respect of no more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted in any 12 month period to optionees conducting investor relations activities; (2) the maximum term of options granted under the Plan has been extended from 5 years to 10 years; and (3) options granted under the Plan having an exercise price at or above the market price of the Company's shares may become vested immediately upon the date of the grant (as opposed to being vested on a quarterly basis over an 18 month period).

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	4,296,000	\$0.50	5,229,000	\$0.52
Expired	250,000	0.55	100,000	1.20
Cancelled	400,000	0.98	50,000	2.30
Cancelled	350,000	0.25	40,000	0.98
Expired	-	-	118,000	0.25
Expired	-	-	325,000	0.25
Cancelled	-	-	300,000	0.25
Outstanding, end of period	3,296,000	\$0.46	4,296,000	\$ 0.50
Exercisable, end of period	3,296,000	\$0.46	4,296,000	\$ 0.50

Exercise Price	Number outstanding	Weighted average remaining contractual life	Number exercisable
\$ 0.98	950,000	3.0 years	950,000
0.25	2,196,000	8.4 years	2,196,000
0.25	150,000	8.4 years	150,000
	3,296,000		3,296,000

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Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

7. Share capital (continued):

(f) Stock-based compensation:

The Company accounts for options issued under its Plan using the fair value method. Under this method, a compensation cost is charged to expense for stock options granted to employees and directors with a corresponding increase to contributed surplus.

The following table reconciles the Company's contributed surplus:

	2010	2009
Balance, beginning of period	\$ 8,725,946	\$ 7,908,255
Stock-based compensation expense	-	817,691
Balance, end of period	\$8,725,946	\$8,725,946

(g) Per share amounts:

Per share amounts were calculated using the weighted average number of common shares outstanding of 125,786,686 (2009 – 91,128,403). The stock options and warrants were not included in the diluted loss per share calculation because to do so would be anti-dilutive.

8. Financial instruments and Risk management:

(a) Credit risk:

Portions of the Company's accounts receivable are with joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The Company's accounts receivable is made up of \$17,865 over 90 days and \$589,973 less than 90 days. \$219,601 in the less than 90 days category is from the Company's gas purchaser. Purchasers of the Company's oil and natural gas products are subject to an internal credit review designed to mitigate the risk of non-payment.

(b) Commodity price risk:

The Company is subject to commodity price risk on the sale of natural gas. The Company entered into a fixed price physical sales contract with a well established counterparty, to protect a portion of its future earnings and cash flows from operations from the volatility of natural gas prices.

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

Based on Stealth's reported sales volumes for 2010, a change of \$0.10 Cdn in natural gas prices at the wellhead would have the approximate effect of changing revenue for the year by \$67,000.

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Six Months Ended June 30, 2010 and 2009

(c) Foreign currency risk:

While substantially all of the Company's sales are denominated in Canadian dollars, the market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar.

(d) Interest rate risk:

The Company is exposed to interest rate risk to the extent that changes in market interest rates will impact the Company's cash and cash equivalents that have a floating interest rate. The Company had no interest rate swaps or hedges at June 30, 2010.

(e) Fair value of financial instruments:

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, bank debt, accounts payable and accrued liabilities. Cash and cash equivalents are classified as held-for-trading financial assets. Accounts receivable are classified as loans and receivables and bank debt and accounts payable are classified as other financial liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturities.

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet as at June 30, 2010 are as follows:

Cash and Cash Equivalents	Carrying Amount	Fair Value
Cash and cash equivalents	\$878,889	\$878,889
Accounts receivable	707,838	707,838
Accounts payable and accrued liabilities	2,054,284	2,054,284
Bank debt	1,951,115	1,951,115

Cash and cash equivalents and accounts payable include \$911,604 that is being held in trust for a Joint Venture partner for land acquisitions as discussed in note nine.

9. Commitments:

(a) 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.

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Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

(b) 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 Joint Venture an additional two million 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.

(c) Office lease agreement:

The Company has entered into an agreement to lease office space until November 30, 2010. The future minimum lease payment is expected to be \$56,015 in 2010. Included in this amount is October and November lease payment that will be paid from the deposit being held.

10. Capital disclosures:

Stealth defines capital as debt and shareholders' equity comprised of retained earnings and share capital. Stealth's primary capital management objective is to maintain a strong balance sheet affording the Company financial flexibility to achieve goals of continued growth and access to capital. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment.

The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, issue new shares, issue new debt or repay existing debt. During the quarter the long-term debt of the Company decreased, and it does not have any capital leases or any off-balance-sheet obligations. Subsequent to the second quarter of 2010, the Company's credit line was reduced from \$4.0 million to \$2.5 million, as a result of the bank review. However, in July 2010, gross proceeds of \$671,600 were raised in a non-brokered private placement, with the funds to be used to manage working capital and pursue opportunities in India. Stealth's short term goal with respect to debt is limit its use as management pursues balance sheet strength.

The Company monitors working capital, cash flow per share and total shareholders' equity on a monthly basis and makes adjustments to its business plan and capital budget accordingly.

No dividends have been paid or declared on any of the Company's shares since the date of incorporation. This policy is based on operational results, financial policy and financing requirements and is continuously reviewed by the Company.

STEALTH VENTURES LTD.

Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

The Company is not subject to any externally imposed capital requirements. However, debt is subject to borrowing base reviews.

11. Subsequent event:

Private Placement

The Company is in the process of a Private Placement for aggregate proceeds of up to \$3.0 million, at a price of \$0.10 per unit. Each unit will consist of one common share and one-half (1/2) of one non-transferable share purchase warrant, with each whole warrant to entitle the holder to purchase one additional common share at a price of \$0.25 for a period of 2 years from closing.

The Company closed the initial tranche of the Private Placement which 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. This initial tranche are subject to a hold period in Canada until December 1, 2010.

The proceeds from the Private Placement will be used for working capital purposes including, but not limited to, the evaluation of emerging unconventional resource plays and opportunities in India.

Evolution of Stealth Ventures Ltd Board of Directors and Management

- The Company continues to strengthen its international diversification, strategy and focus by appointing Mr. Subra Subramaniam as Chairman of the Board of Directors and Managing Director.
- Mr. Ian McMurtrie re-joined the Company's Board of Directors. Bringing his extensive wealth of international experience and expertise to the Company. Co-insiding with this Mr. Mark Roth stepped down from the Company's Board of Directors.
- Mr. Murray Smith stepped down after serving over two years on the Company's Board of Directors.
- As a result of continued cost containment measures, Mr. Gary Addison left the Company effective July 2010.

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Notes to Financial Statements

Six Months Ended June 30, 2010 and 2009

Joint Study Agreement – ONGC

The Company has entered into a Joint Study Agreement (JSA) with the Oil and Natural Gas Corporation Ltd. (ONGC), the National Oil Company of India, to evaluate emerging unconventional resource plays and opportunities in India.

The objective of the JSA is to identify the unconventional resource plays within India, and a high priority has been given by both parties, to identify high growth profile unconventional hydrocarbon deposits, including shale, CBM and tight sand prospects, on the basis of the large database available within ONGC. Stealth and ONGC have commenced the evaluation process, using ONGC's extensive data base and land profile, to identify near term shale gas, CBM and tight sand prospects, with a longer term view to be taken on the basis of the results that emerge from the initial stages of the study.

The Joint Study Agreement (JSA) with ONGC, in India, is progressing on schedule and was kicked off as per the June 30, 2010 timeline. The data viewing and analysis is in progress and upon completion of this phase, discussions will commence for the identification of specific projects for implementation, as envisaged under the JSA.