

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

The Company is focused on the exploration for, and the acquisition, development and production of, unconventional hydrocarbon reserves, derived primarily from shale, Coalbed Methane (CBM) and tight sand reservoirs. Stealth Ventures has unconventional gas projects in Alberta and Nova Scotia:

- Shallow shale gas in the Western Canadian Sedimentary Basin (WCSB) in Alberta; and
- CBM in Cumberland, Nova Scotia

Corporate Strategy

Stealth's corporate strategy will execute on a two pronged business approach:

- The first is to employ its significant unconventional gas expertise to continue to add land and subsequent exposure to the North American gas marketplace specifically the untapped biogenic gas resource available in the Colorado Group of shales located across the breadth of the WCSB. More specifically, the Company is positioned to exploit development drilling at its current land base and seek more land for further production and reserves expansion through the drill bit. This base is located in the Wildmere region of Alberta.
- The second is to bring its experience, expertise and technology into the international marketplace, in general and more specifically, into India. The Company has implemented a strategic process to enter emerging unconventional resource plays in large markets with a specific focus on Asia and Europe. Initially the focus will be on India through Stealth Ventures' Joint Study Agreement (JSA) signed with the Oil and Natural Gas Corporation Ltd. (ONGC) the National Oil Company of India.

To further the Company's corporate goals, objectives and strategy, a few significant events took place in the second quarter 2010.

- April 2010; Joint Venture deal signed with MOI Resources Ltd. (MOI) to purchase further joint lands in the Wildmere region of Alberta.
- April 2010; Increased total amount of sections in the Wildmere region to 29, eligible for eight (8) wells per section in-fill drilling, which is a 100% success rate on all applications made to date. The Company continues to grow its ready inventory of drillable locations.
- May 2010; Company acts on its Joint Venture deal with MOI and purchases 17 of 19 possible sections of land in the Wildmere region. This is an 89% success rate proving that the bids are competitive and realistic.
- June 2010; On June 9th 2010 the Company signed a Joint Study Agreement (JSA) with the Oil and Natural Gas Corporation Ltd., (ONGC) outlining go-forward plans to work together towards unconventional hydrocarbon exploration and development in India.
- June 2010; Stealth continued to strengthen its international focus by appointing Mr. Subra Subramaniam as Chairman of the Board of Directors and as Managing Director.
- June 2010; The JSA commences June 30th 2010 with meetings in New Delhi. It was agreed that all efforts should be made to fast track development of the JSA between Stealth and ONGC and the initial data viewing and review was formally commenced.

Oil and Gas Properties

Wildmere, Alberta - The Colorado Group

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 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 (640 acres) 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 the ERCB's 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 farmin candidates, which is both global and accredited. Out of those efforts 4 companies signed confidentiality agreements, with no offers being made. The marketing efforts continued through 2009 unsuccessfully.

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

- \$750,000 success fee upon issuance of a permit for a UCG pilot on the Cumberland basin
- A management fee of \$50,000 in bi-monthly installments to a maximum of \$150,000
- A royalty of \$3.50 per short ton of coal mined or combusted
- A 5% equity ownership stake in a publically traded Newco being established to house the Nova Scotia UCG deal

RESULTS OF OPERATIONS

Production	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Natural gas (mcf/d)	1,822	2,245	1,814	2,483
Barrels of oil equivalent (boe/d @ 6:1)	304	374	302	414

Natural gas production averaged 1,822 Mcf/d in the second quarter of 2010, compared to 2,245 Mcf/d for the same period in 2009. Second quarter production decreased from 374 boe/d to 304 boe/d, a decrease of 19%. Estimated yearly production declines, confirmed by our independent reserves evaluators, are estimated to be ~8-10%. This higher than expected decline of 19% can be explained by some of the flush production coming off from the drilling program in late 2008, as well as the effect of some of the marginal wells being shut-in in June due to low gas prices. Once these wells are able to cover their fixed operating costs they will be restarted. However, of note, is the increase in production from Q1 compared to Q2. This is further proof of the low decline rates expected from the Colorado Group of shale. In previous low gas environments the Company has shut-in wells; upon resumption of production we have seen no negative impacts from shut-in periods. This is, in part, due to the matrix contribution of the reservoir as well as the lack of liquids production allowing for ease of re-start.

In the six months ended June 30, 2010 natural gas production averaged 1814 mcf/d. Natural gas production was 2,483 Mcf/d for the same period of 2009. Production for the first six months of 2010 decreased 27 percent from 414 boe/d to 302 boe/d, compared to the same period of 2009, again, primarily attributed to shut-in wells as discussed above.

Revenue	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Natural gas	684,450	814,105	1,461,550	1,993,199
Interest and other income	9	-	498	468
Total revenue	684,459	814,105	1,462,048	1,993,667

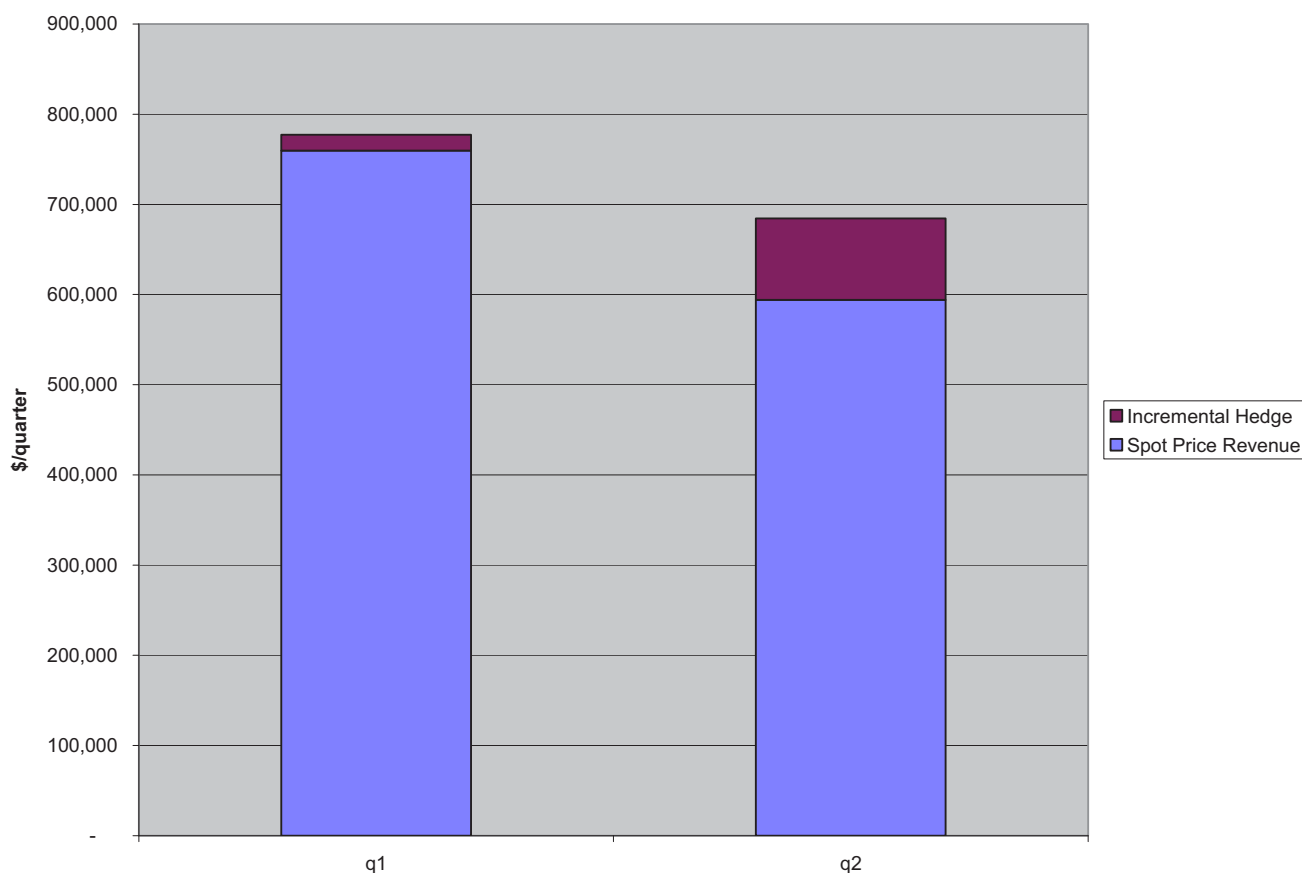
For the three months ended June 30, 2010, gross revenue was \$684,450 compared to \$814,105 for the same period in 2009. The quarterly difference can be attributed to continued downward pressure on commodity prices and lower production as explained above.

Commodity	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Natural gas (\$/mcf)	4.13	3.98	4.45	4.40
Sale price per boe	27.83	23.92	27.12	26.60

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: The Company entered into the following fixed price physical sales contract:

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 15% 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 percentage of sales, the percentage 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 June 30		Six months ended June 30	
	2010	2009	2010	2009
Royalties	(86,124)	60,751	(23,704)	174,975
% of sales (credit)	(12.6)	7.50	(1.6)	8.80
\$/boe	(3.11)	1.78	(0.43)	2.33

During the second quarter of 2010 royalties averaged (12.6) percent compared to 7.5 percent over the same quarter last year. For the first half of 2010, royalties averaged (1.6) percent compared to 8.8 percent in 2009. Gas crown royalties average approximately 5%. The credit in the second quarter 2010 is due to the annual Gas Cost Allowance (GCA) adjustment. In the first and second quarters of 2009 no GCA was claimed. Also 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 Energy Resources Conservation Board (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% and the minimum royalty rate is 5%.

Operating Costs

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

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Gas operating	604,820	481,381	928,033	867,919
\$/boe	21.86	14.14	16.95	11.58

Operating costs were \$604,820 in the second quarter of 2010 compared to \$481,381 during the same period a year earlier. On a unit-of-production basis, operating costs averaged \$21.86/boe in the second quarter of 2010 compared to \$14.14/boe for the same period in 2009. This increase in the per unit operating costs can be attributed to the lower production as well as some one time prior year adjustments attributed to our Joint Ventures of approximately \$150,000. The operating costs for the quarter before the one time costs were \$454,820 or \$16.44 per boe.

For the six months ended June 30, 2010 operating costs increased from \$867,919 in 2009, to \$928,033 for the first half of 2010. This increase in operating costs from first quarter to second quarter can be attributed to higher lease rentals that are payable in the second quarter and one time adjustments billed through our joint venture partners as discussed above. These adjustments added \$2.71 per boe to operating costs on a per unit basis for the first half of 2010.

Netbacks (\$/boe)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Sale price	27.83	23.92	27.12	26.60
Less:				
Royalties	3.11 credit	(1.78)	0.43 credit	(2.33)
Operating costs	(21.86)	(14.14)	(16.95)	(11.58)
Field Netback	9.08	8.00	10.60	12.69
General and administrative	(14.72)	(19.73)	(13.70)	(18.01)
Interest income	-	-	0.01	-
Interest on debt	(1.08)	-	(1.04)	-
Cash netback	(6.72)	(11.73)	(4.13)	(5.32)

For the three months ended June 30, 2010 the field netback increased to \$9.08 from \$8.00 in 2009. The increase is attributed to the recovery of gas GCA during the quarter. Field netback has decreased through the six month reporting period to \$10.60 from \$12.69 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	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
G&A expenses	* 407,718	673,043	* 750,965	1,352,801
Overhead recoveries	-	(1,476)	-	(3,160)
Net G&A expenses	* 407,718	671,567	* 750,965	1,349,641
\$/boe	14.72	19.73	13.70	18.01
Share-based Compensation	-	37,335	-	74,670

General administration expenses decreased 40 percent to \$407,718 for the second quarter 2010 from \$671,567 in the same quarter of 2009. For the six months ended June 30, 2010 G&A decreased by 45% compared to June 30, 2009. This is due to the continuation of cost containment program implemented toward the end of 2008. The Company will continue to manage the bottom line through cost containment on an ongoing and as needed basis.

*** Included in second quarter 2010 was \$71,000 paid out for severance, as the Company continues with its cost containment measures. Before this severance pay, G&A per boe is \$12.18.**

Capital Expenditures

Net capital expenditures for the second quarter of 2010 totaled \$106,068. In the second quarter, the majority of the costs were intangibles related to clean-up, lease rentals and costs related to India of \$60,000 booked to land. In the first half of 2010 approximately \$105,000 was spent on India travel and success fees.

The following table is a summary of capital expenditures for the six and three months ended June 30, 2010 and 2009.

(\$000)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Land (lease rentals and India travel and success fees)	87	23	101	70
Geological and geophysical	-	-	-	7
Drilling (clean-up and *lease rentals)	37	92	39	116
Equipment, facilities and pipeline	(25)	122	256	279
Completions	2	58	2	78
Office and computer equipment	5	-	7	5
Total capital expenditures	106	295	405	555

* Lease rentals are allocated to drilling when a location is drilled, but not producing.

Summary of Quarterly Results

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Operations					
Production					
Natural gas (mcf/d)	1823	1,787	1,929	1,979	2,245
Barrels of oil equivalent (boe/d @ 6:1)	304	298	321	330	374
Average product prices					
Natural gas (\$/mcf)	4.13	4.78	4.57	3.89	3.98
\$/boe					
Average sale price	27.83	28.70	27.40	23.33	23.92
Average royalties paid (credit)	(3.11)	2.30	(2.67)	2.73	1.78
Average operating expenses	21.87	11.92	8.78	15.54	14.14
Field netback	9.07	14.48	21.29	5.06	8.00
General & administrative expense	* 14.72	12.66	13.97	19.20	19.73
Interest income	-	0.02	0.43	0.49	-
Interest on debt	1.08	0.99	1.71	1.60	1.00
Cash netback (Loss)	(6.72)	0.85	6.04	(15.25)	(11.73)
Financial (\$000)					
Oil and gas sales	684	777	810	708	814
Interest and other income	-	0.5	13	15	-
Royalty expense / (credit)	(86)	(62)	(79)	83	61
Funds / (Loss) from operations	(272)	21	178	(464)	(448)
Funds / (Loss) from operations per	(9.80)	0.80	6.00	(15.30)	(13.14)
Earnings / (Loss)	(981)	(647)	(35,089)	(1,247)	(1,354)
Earnings / (Loss) per share		(0.01)	(0.37)	(0.01)	(0.02)
Capital expenditures	106	298	419	214	295
Weighted average shares outstanding	125,786	125,786	95,207	90,128	90,128

* Included in second quarter 2010 was \$71,000 paid out for severance, as the Company continues with cost containment measures.

Summary of Quarterly Results

	June 30 2010	Mar31 2010	Dec 31 2009	Sept 30 2009	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sept30 2008
Net Revenue	770,583	715,169	901,698	639,750	753,354	1,065,339	1,232,095	1,037,677
Net Loss	(981,302)	(647,027)	(35,089,068)	(1,246,552)	(1,354,758)	(1,013,863)	(4,807,123)	(7,938,979)
Net Loss per Share	(0.01)	(0.01)	(0.37)	(0.01)	(0.02)	(0.01)	(0.05)	(0.09)

Depletion, Depreciation and Accretion

The second quarter provision for depletion, depreciation and accretion totaled \$709,511, compared to \$860,879 in the second 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 second quarter of 2010 of \$(981,424), compared to a loss in the second quarter of 2009 of \$(1,354,758). 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 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.

The Company has the following office 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 \$878,889 and a working capital deficiency of \$2,041,874 as at June 30, 2010. Cash and cash equivalents includes \$911,603.88 that is being held in trust for MOI 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.

Subsequent to the 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 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, 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. 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.

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 June 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

Three months ended June 30

Six months ended June 30

(\$000)	2010	2009	2010	2009
Net Loss	(981)	(1,354)	(1,628)	(2,369)
Items not requiring cash:				
Write-down of investments	-	8	-	(76)
Depletion, depreciation and accretion	*709	861	*1,378	1,908
Share - based compensation	-	37	-	75
Funds/(Loss) from operations	(271)	(448)	(250)	(462)
Funds/(Loss) from operations/boe	(9.80)	(13.14)	(4.57)	(6.20)

*Decrease is a result of the asset impairment write down at year-end 2009

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 second quarter funds from operations totaled \$(271,913) or \$(9.80) per boe, compared to \$(448,651) in the prior year.

Securities issued during the period

During the six month period ended June 30, 2010, the Company issued no additional securities.

Capital Stock, Options and Warrants

Authorized	Unlimited common shares without par value
Issued and outstanding as at June 30, 2010	125,786,686 common shares

Schedule of Warrants and Options outstanding as at August 30, 2010:

	<u>Number of Shares</u>	<u>Price</u>	<u>Expiry Date</u>
Options:			
	950,000	\$0.98	June 2013
	2,196,000	\$0.25	December 2013
	<u>150,000</u>	\$0.25	December 2013
	3,296,000		
Warrants:			
	14,863,478	\$0.85	May 2011
	1,781,818	\$0.75	May 2011
	890,909	\$0.85	May 2011
	<u>17,829,321</u>	\$0.15	Dec 2011
	35,365,526		
Total:	38,661,526		

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

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. Starting October, 2009, 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

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 on July 30, 2010, 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. Coinciding 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 part of continued cost containment measures, Mr. Gary Addison left the Company effective July 2010.

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.

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 9th Stealth successfully signed a Joint Study Agreement (JSA) with the Oil and Natural Gas Corporation Ltd. (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.

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
Lori Bobye-Magnusson, 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.

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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).