

STORM VENTURES INTERNATIONAL INC.

2009 was a very interesting year for all of us in so many areas of our business, investing and personal financial situations. Life at Storm Ventures was certainly no exception and the complexion of your investment has changed dramatically over the last year. Storm Ventures has made it through a difficult period of poor commodity prices, Victoria well performance uncertainty and potential debt concerns with an optimism for better growth potential, a stronger valuation and liquidity in 2010. In this President's letter we provide a brief synopsis of 2009, discuss our current thinking for 2010 and explain how and why we have adjusted our business plan to help us deliver value to our shareholders beginning immediately.

Problems and Progress in 2009

Capital expenditures for the year of \$18.4 million were fully funded with the \$19.5 million of cash flow. Production averaged 1,665 boe/d, up from 254 boe/d in 2008. Activity in 2009 was focused on testing and field development planning for Sud Remada as well as structuring strategic acquisitions in each of our operating regions. Drilling activities were limited to an 11% interest in a UKCS appraisal well at Vulcan NW early in the year.

Access to capital at valuations that would allow us to accretively fund our growth was an ongoing challenge throughout 2009. We were unable to attract new private equity while at the same time the appetite from our existing shareholders was insufficient to progress our business plan. Options we identified to do an initial public offering or raise convertible debt or preferred equity were at material discounts to our net asset value and considered too dilutive. Our lack of success in this area was due to a combination of past performance, a strong requirement for liquidity over private investments, and a failure of junior internationals to participate in the equity rally in general. We considered how to address our situation and concluded that re-entering Canadian public markets on the TSX and balancing our assets more towards a peer average in terms of the proportion of producing assets to total value would improve access to new capital at a better valuation, in addition to providing cash flow and increased debt capacity. We successfully addressed the issue late in the year with an agreement to acquire 5,000 boe/d of low-decline, liquids-rich (70% gas) natural gas assets in West Central Alberta for consideration of \$190 million. The transaction closed in March 2010 and was financed with a \$150 million equity issue at \$3.50/share and a new syndicated bank facility. The issue was financed by a single institution, the Alberta Investment Management Co. (AIMCO), who pro forma the transaction will be a 36% shareholder. Although this represents a dramatic shift from our international focus, we feel the Canadian assets have excellent growth potential in conventional natural gas and strengthen our platform by allowing us increased stability in financing the high growth international assets in our portfolio.

Operational Summary and Project Review

Our Tunisian business is focused on light oil exploration prospects on our 1.4 million net acre land position and the development of three operated oil discoveries. In 2009, we made slow but substantial progress on all of our existing permits and increased our productive capability to approximately 800 boe/d through the acquisition of interests in two concessions, Adam and Borj el Khadra ("BEK"), in the Ghadames Basin close to our Jenein block. The TT discovery on our Sud Remada block saw the continuation of the long term production test to over 70,000 bbls recovered to date with no signs of depletion and the acquisition of a large 3D survey that supports a STOIP estimate above 200 Mbbls. We have submitted the Plan of Development to the Tunisian authorities and hope to drill two appraisal wells and one exploration well on the block this year. We acquired a 15% interest in the block from a partner and now hold 86% interest. We have agreed the drilling rig, location and timing of the Jenein Centre exploration well (pay 30% for 65% interest) and the Hammamet Offshore exploration commitment well (pay 8% for 35% interest) with our partners and ETAP. We expect to spud both JC 1 and Fushia in the second quarter. Success at either would be material to the Company and either of Jenein or Remada could make the Tunisian business self-funded by 2011. The Jenein well targets

a 25 Mbbbl structure where well rates could easily average 2,000-4,000 boe/d and a discovery could be on stream by year end. The target Acacus sands are the main producing zone on the adjoining Adam concession where we acquired a 5% interest. The Adam acquisition provided reasonably priced oil production, cash flow, technical experience and exposure to our analogous Jenein play, unbooked gas reserves dedicated to a 2014 gas development and a 10% interest on an exciting extension of the exploration play onto the adjoining BEK block. Although we were unable to sanction development of the Cosmos or Yasmin discoveries in 2009, we have made progress in executing a letter of intent for a partner to join the concession and we expect to finalize past costs in the second quarter of 2010. In summary, we confirmed commerciality of a material discovery, progressed our oil focused exploration portfolio through the bureaucratic process and improved the long term stability of our Tunisian business with a production acquisition.

Silverstone Energy's UKCS gas production averaged 9.6 mmcf/d for 2009, generating \$20.0 million cash flow which funded our overhead, our exploratory work obligations and contributed to a £9.5 million reduction in the outstanding amount of the RBS debt facility to £11.5 million (\$19.3 million Cdn) by year end. Victoria reservoir performance became clearer as the year progressed and at year end we have booked proved plus probable reserves of 57 bcf remaining, after cumulative production of 4.3 bcf, with some hope that this number may be slightly conservative given the well's flowing pressure since a shut in during October that was required by ConocoPhillips to replace a pipeline. Our realized price of 51 p/therm (\$9.30/mcf at \$1.80 Cdn/GBP) was considerably higher than the average spot price for the year of 32 p/therm due to hedging, which we have also extended into 2010 at an average floor price of 44 p/therm on average volume 3.8 mmcf/d which price protects 48% of our forecast 7.9 mmcf/d production. Although our drilling activity was limited to an 11% operated interest on an appraisal well at Vulcan NW in the first quarter, 2009 was a successful year in terms of consolidating our position in our key SNS gas assets through the acquisition of partner interests and an analogous tight gas discovery known as Cobra. Timing of the development of Vulcan East has been slowed by commercial negotiations on an export route and low gas prices but we have continued partner interest and hope to see agreement on the offtake route in time to submit a field development plan by summer 2010. Based on the technical success of our single zone completion of the vertical Victoria well we are excited about the potential of the planned multi stage completion of the 1,000+ meter horizontal wellbore planned for Vulcan East and further exploitation of the 300+bcf GIIP resource we have in analogous low permeability "tight" Rotleigendes reservoirs in the UKCS Southern Gas Basin.

Recognizing the capital intensive nature of North Sea activity and our current and expected access to capital for these gas projects in particular, we embarked on an effort late in the year to secure the capital we required to fund the next development through a sale or farm down of a portion of the 75-100% interest we had in our SNS gas portfolio. This resulted in the receipt of an offer at the end of the first quarter of 2010 from a Norwegian-based exploration company, Bridge Energy ASA ("Bridge Energy"), to combine with Silverstone Energy, raise substantial new equity and list the company on the Oslo stock exchange. Bridge has a well respected management team and a prospective suite of Norwegian Continental Shelf (NCS) exploration prospects that balanced with Silverstone's UKCS gas development portfolio should form an attractive investment opportunity on a stock exchange that understands and supports the cost and timing considerations of operating in the challenging environment of the North Sea. The company's early stage business plan will involve building a production base in the UKCS through acquisition and project developments while exploring on the NCS where it is generally considered more prospective due to lighter exploration to date. Exploration cost exposure is mitigated by the Norwegian government cash rebate of up to 78% of exploration costs.

On March 31, 2010, we announced that our wholly-owned subsidiary, Silverstone, had combined with Bridge Energy Norge AS whereby each of the companies became subsidiaries of a holding company, Bridge Energy Storm Ventures International (BVI) Limited, one of our wholly-owned subsidiaries, ("SVI (BVI)") formerly owned all of the shares of Silverstone. Pursuant to the combination, SVI (BVI) received 28,776,000 shares of Bridge Energy, which represents 80% of the 35,970,000 issued and outstanding shares of Bridge Energy immediately after the combination. The combination paves the way for a publicly listed E&P company with activities in both the United Kingdom and Norway.

The new company of Bridge Energy has completed an initial private financing of USD\$54.0 million at 20 NOK per share (USD\$3.33 per share) and submitted a listing application that we expect will see the company trading by mid-May. We plan to distribute our shareholding in the company to all SVI shareholders. At the private round price the share value of the Bridge holding is approximately \$0.78 per basic SVI share. Coincident with the listing, there will be a USD\$15-30 million initial public offering financing to increase the institutional share base and liquidity. We look forward to providing shareholders with more information on the transaction, distribution and share trading opportunities in the coming months.

The addition of a Canadian production business to our story is expected to provide BOTH growth and stability. The acquired assets produce approximately 5,000 boe/d focused in west central Alberta from Wildcat Hills in the south to Paddle River/Whitecourt in the north. The assets are conservatively booked (low decline, limited future development capital), were reasonably priced (\$13.50/boe on a proved plus probable basis) and had not been actively exploited under the trust model in terms of the aggressive applications of new technologies or pursuit of "follow on" exploration, or acquisition opportunities in areas where proprietary knowledge and infrastructure provide an advantage. We see the opportunity to recognize at least a 50% increase in unrisks reserves, above the 14.6 mmboe of proved plus probable reserves, over the next several years in the Mannville gas at Brazeau River and in the Cardium Oil/NGL's in the

Brazeau/Pembina area. On a more cautious note, the assets are gas focused (30% liquids), only 50% are operated and many are lower interest which means we will have to be conservative in forecasting our ability to grow the assets, allocate our capital carefully and work to rationalize the portfolio as we gain an understanding of the potential. The transaction closed March 1, 2010 with an effective date of October 1, 2009. The results of operations have therefore not been included in the consolidated results for the year ended December 31, 2009. The ability to acquire growth assets at a reasonable price was the only motivation we needed but acknowledge that the increased balance of producing and developed assets will improve our public valuation and the cash flow and debt capacity will help us fund the international business until it is self supporting, were important value drivers as well.

2010: Future Growth and Value Delivery

Looking forward to 2010 we have a lot to complete but good reason to be both excited and optimistic.

The business combination with Bridge Energy has received strong support from our shareholders. We are cautiously optimistic and will work diligently to complete the transaction and support the company as a public North Sea focused story on the Oslo exchange as our existing SVI shareholders will be majority owners.

As part of the combination, our Aberdeen staff will form the UK operation of Bridge and no longer be SVI employees. We would like to recognize their effort, dedication and contribution to SVI and look forward to the next chapter of our story together as shareholders of Bridge.

We expect cash flow in 2010 to be \$40-45 million Cdn based off average production of 6,000 boe/d (net of Silverstone) and commodity prices of \$5.59/mcf Cdn at Aeco and \$75.00/bbl USD for Brent. Capital expenditures of \$45-50 million will be financed with cash flow and a draw of up to approximately 40% of the \$55 million available under our bank facility. Our forecast operating and G&A expenses per boe are \$11.48/boe and \$2.24/boe, respectively.

Our Tunisian business is focused on oil and in 2010 we have the dual objectives of proving the scale of the opportunity and progressing developments to where they can make the Tunisian business self sustaining financially by end 2011. We have three high impact exploration wells to complete and evaluate. We have the onshore Remada and offshore Cosmos developments to sanction, fund and commence. Capital expenditures in Tunisia should approximate \$27 million, financed in part by expected in-country net operating income of \$7.5 million from expected production of 800 boe/d.

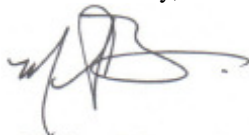
Our Canadian business will be run under the name of Chinook Energy Ltd., recognizing the potential confusion created by Storm Ventures entering the operating areas of Storm Exploration. Our production is 70% weighted to natural gas and we have hedged 20% of our forecast 2010 production at a floor of \$5.20/mcf. Activity will be skewed towards oil and liquids rich development wells and higher impact gas prospects that could add material value. We look forward to developing an exploitation plan for the acquired assets and an exploration plan to grow our business by mid year. We have budgeted to spend \$20-22 million in Western Canada but may see this increase dependent on commodity prices and identified opportunities. We will also look to nucleate off our existing assets to consolidate core projects and complete additional acquisitions if they are reasonably priced in the context of the current strip and accretive to our growth profile and share price expectations. We are excited about the team we have attracted to build and manage the Canadian operations and lend their expertise, as applicable, to our international efforts. Subject to market support we plan to begin an initial public offering process by fall 2010 and see the Company publicly listed before year end.

Changes to the Board

It is with mixed emotions that we announce the retirement of Ray Woods from our Board of Directors. Ray has served as a valuable contributor to the SVI Board since the Company began in 2004 and also as a director of our predecessor, Storm Energy, since 2002. His insight will be missed and his experience will be difficult to replace. In addition to pursuing family and personal interests, Ray has maintained an active role in a number of not-for-profit organizations, including a term as President of the Nature Conservancy of Canada. On behalf of the staff and the rest of the Board, we wish both Ray and Agnes safe travels, good health and continued enjoyment as he moves gently toward "full retirement". It is the Board's intention to add another candidate prior to the end of 2010.

Again, thank you for your support and look forward to reporting on our progress through 2010.

Yours faithfully,



Matthew J. Brister
President and Chief Executive Officer
Storm Ventures International Inc.