

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Iteration Energy Ltd.
700, 700 - 2nd Street SW
Calgary, Alberta T2P 2W1
T. (403) 261-6883
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2. Date of Material Change:

May 3, 2010

3. News Release:

Iteration Energy Ltd. ("**Iteration**") and Storm Ventures International Inc. ("**SVI**") filed a joint press release on May 3, 2010 (disseminated through MarketWire) and Iteration filed a press release (disseminated through Newswire), which disclose in detail the material summarized in this material change report. Such press releases are attached hereto as Appendices "I" and "II". Both releases have also been filed on SEDAR.

4. Summary of Material Change

Iteration and SVI, a private Alberta-based oil and gas exploration and production company, entered into a definitive arrangement agreement dated effective May 3, 2010 (the "**Arrangement Agreement**"), pursuant to which Iteration and SVI have agreed to complete a strategic business combination pursuant to a statutory plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Alberta). The combination will create a new, growth oriented company named Chinook Energy Inc. ("**Chinook**"), which is more fully described in the press releases attached hereto as Appendices "I" and "II".

5. Full Description of Material Change:

Arrangement

The description of the Arrangement and the Arrangement Agreement set out below is a summary only and qualified in its entirety by the full text of the Arrangement Agreement, a copy of which has been filed on SEDAR at www.sedar.com concurrently with the filing of this material change report.

Iteration and SVI entered into the Arrangement Agreement, pursuant to which all of the issued and outstanding common shares of Iteration (the "**Iteration Shares**") will be acquired by SVI and all of the options granted pursuant to the amended and restated stock option plan of Iteration (the "**Iteration Options**") that have not been exercised prior to the time when the Arrangement becomes effective shall be cancelled in exchange for the consideration set forth in the plan of arrangement attached as Schedule "A" to the Arrangement Agreement.

Under the terms of the Arrangement, holders of Iteration Shares ("**Iteration Shareholders**"), including holders of Iteration Options ("**Iteration Optionholders**") who received Iteration Shares

upon the exercise of such Iteration Options prior to the time when the Arrangement becomes effective, may elect to receive: (a) \$1.83 cash for each Iteration Share held, subject to a minimum aggregate cash payment of \$50 million and a maximum aggregate cash payment of \$225 million; or (b) 0.5631 of a common share of SVI ("**SVI Share**") for each Iteration Share held, subject to pro ration, if required, based on cash elections described above; or (c) any combination of the foregoing, subject to the cash restrictions set out above.

If the maximum cash is elected, Iteration Shareholders will receive approximately \$1.05 of cash and 0.2400 of a SVI Share for each Iteration Share held. If the minimum cash is elected, Iteration Shareholders will receive approximately \$0.23 of cash and 0.4923 of a SVI Share for each Iteration Share held. The Arrangement contemplates a \$3.25 per share value for SVI.

Based on \$1.83 per Iteration Share, the consideration received by Iteration Shareholders represents a 18% premium to Iteration's 30-day weighted average trading price on the Toronto Stock Exchange ("**TSX**") and a 8% premium to the trading price on April 30, 2010.

The Arrangement is subject to a number of customary conditions, as more particularly described in the Arrangement Agreement, including stock exchange, court and regulatory approvals and the requisite approval of the Arrangement by at least 66 $\frac{2}{3}$ % of votes cast by Iteration Shareholders and Iteration Optionholders (collectively, the "**Iteration Securityholders**") voting together as a single class at a special meeting of the Iteration Securityholders (the "**Special Meeting**"). The information circular for the Special Meeting is expected to be mailed to Iteration Securityholders on or about May 31, 2010 and it is anticipated that the special meeting of Iteration's Securityholders will be held on or about June 28, 2010 with closing of the Arrangement to occur shortly thereafter. It is also a condition under the Arrangement Agreement that the TSX shall have approved, subject only to customary conditions, the listing of the outstanding SVI Shares and the SVI Shares issuable pursuant to the Arrangement, such that Chinook shall be a public company upon completion of the Arrangement.

The board of directors of Iteration (the "**Iteration Board**") unanimously determined that the Arrangement is in the best interests of Iteration and the Iteration Securityholders, and has, based upon, among other things, the opinions of its financial advisors, unanimously determined that the Arrangement is fair to the Iteration Securityholders, has unanimously approved the Arrangement and the entering into of the Arrangement Agreement and has resolved unanimously to recommend that Iteration Securityholders vote in favour of the Arrangement. All of the directors and senior officers of Iteration have entered into lock-up agreements with SVI to vote their Iteration Shares and Iteration Options in favour of the Arrangement, representing approximately 16% of the aggregate issued and outstanding Iteration Shares and Iteration Options.

The Arrangement Agreement prohibits Iteration from soliciting or initiating any discussion regarding any other business combination or sale of material assets, contains provisions enabling SVI to match competing, unsolicited proposals and, subject to certain conditions, provides for Iteration to pay a termination fee of \$20 million to SVI in certain circumstances.

TD Securities acted as sole financial advisor to SVI for the Transaction.

FirstEnergy Capital Corp. ("**FirstEnergy**") and Scotia Waterous Inc. ("**Scotia**") acted as financial advisors to Iteration. FirstEnergy and Scotia have advised the Iteration Board that they are of the opinion that the consideration to be received by Iteration Shareholders pursuant to the Arrangement is fair from a financial point of view, subject to review of final documentation. A copy of the

fairness opinions will be included in the Iteration information circular to be sent to Iteration Securityholders for the Special Meeting.

SVI Transaction Financing and Institutional Sponsorship

Iteration has been advised by SVI of the following information about SVI. SVI has entered into a \$75 million fully committed subscription receipt financing with a group of its existing investors, led by Alberta Investment Management Corporation, on behalf of certain of its clients ("**AIMCo**"), at a price of \$3.25 per SVI Share.

SVI also intends to raise a minimum of \$50 million by way of a marketed subscription receipt private placement through a syndicate co-led by TD Securities Inc. and FirstEnergy. AIMCo has agreed to subscribe for \$11.5 million of this offering and fully backstop the remaining \$38.5 million, if required. Each subscription receipt will be converted, for no additional cost or action by the holder, into one SVI Share in accordance with the Arrangement. If the full net proceeds from the subscription receipt financings exceed the amount required to satisfy cash elections by Iteration Shareholders pursuant to the Arrangement, the remaining net proceeds are expected to be used for debt reduction and general corporate purposes. SVI plans to market this offering to investors in North America and Europe and it is expected that the offering will be priced in mid-May.

Lastly, SVI has entered into a fully committed bridge financing with AIMCo for up to \$125 million to fund the balance of the cash requirements of the Arrangement, if any, to the extent that cash elections by Iteration Shareholders exceed the net proceeds from the subscription receipt financings. At its option, SVI may reduce the amounts outstanding under the bridge facility by way of asset sales to AIMCo at prevailing market metrics.

Financial Capacity

Prior to closing of the Arrangement, SVI expects to finalize an approximate \$300 million borrowing base facility for Chinook Energy Inc., currently being arranged by Société Générale Canada Branch and TD Securities, with an expected draw of between \$190 – \$225 million, dependent upon cash elections made by the Iteration Shareholders.

Information on Chinook Energy Inc.

The name of the new, growth oriented, company created upon completion of the Arrangement will be Chinook Energy Inc. For additional information regarding Chinook Energy Inc., please see the press releases attached hereto as Appendices "I" and "II".

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

7. Omitted Information

Not applicable

8. Executive Officer:

For further information, please contact Mr. Brian Illing, President and Chief Executive Officer of Iteration by telephone at (403) 261-6883 or Willie Dawidowski, Vice-President and Controller of Iteration by telephone at (403) 261-6883.

9. Date of Report:

May 7, 2010.

Cautionary Statement Respecting Forward-Looking Information

Certain information set out in this Material Change Report constitutes forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, this document contains, without limitation, forward-looking statements pertaining to the following: expectations of management regarding the proposed Arrangement, including the timing of completion of the Arrangement; financing activities to be conducted by SVI in connection with the Arrangement, including the subscription receipt offerings, bridge financing and the use of proceeds thereof; a borrowing base facility for Chinook; mailing of an information circular approving the Arrangement; holding of the Special Meeting to approve the Arrangement; listing of the SVI Shares on the TSX and the terms and conditions of the Arrangement Agreement.

With respect to forward-looking statements contained in this document, Iteration has made assumptions regarding, among other things, the terms of the Arrangement Agreement, listing on the TSX and information provided by SVI, including in particular, the ability to secure financing. Although Iteration believes that the expectations reflected in the forward looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Iteration's actual results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the following: that the Arrangement may not close when planned or at all or on the terms and conditions set forth herein; the failure of SVI and Iteration to obtain the necessary securityholder, court, regulatory and other third party approvals required in order to proceed with the Arrangement; failure to complete planned financing activities; and the other factors described under "Risk Factors" in Iteration's most recently filed Annual Information Form available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, Iteration does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Appendix "I"
Joint New Release dated May 3, 2010

Not for Distribution to U.S. News Wire Services or for Dissemination in the United States



JOINT NEWS RELEASE

Iteration Energy Ltd. and Storm Ventures International Inc. to Create a New Growth Oriented Intermediate Oil and Gas Company

CALGARY, Alberta, (May 3, 2010) Iteration Energy Ltd. ("**Iteration**") (TSX-ITX) and Storm Ventures International Inc. ("**SVI**"), a private Alberta-based oil and gas exploration and production company, are pleased to announce that they have entered into a definitive arrangement agreement (the "**Arrangement Agreement**") pursuant to which Iteration and SVI have agreed to complete a strategic business combination pursuant to a statutory plan of arrangement (the "**Arrangement**"). The combination will create a new, growth oriented company named Chinook Energy Inc. ("**Chinook**") with current production in excess of 20,000 boe/d and a deep inventory of repeatable drilling opportunities in both Western Canada and Tunisia.

Chinook will be led by SVI's current executive team, with Matthew Brister as President and Chief Executive Officer. The SVI management team has demonstrated a successful track record of corporate and project initiation, growth and value creation in Western Canada over the last 25 years. Staff and management of Chinook is expected to be comprised of current employees of SVI and Iteration.

Transaction Consideration

Under the terms of the Arrangement, Iteration shareholders may elect to receive:

- (a) \$1.83 cash for each Iteration share held, subject to a minimum aggregate cash payment of \$50 million and a maximum aggregate cash payment of \$225 million, or
- (b) 0.5631 of a common share of SVI for each Iteration share held, subject to pro ration, if required, based on cash elections described above; or
- (c) any combination of the foregoing, subject to the cash restrictions set out above.

If the maximum cash is elected, Iteration shareholders will receive approximately \$1.05 of cash and 0.2400 of a common share of SVI for each Iteration share held. If the minimum cash is elected, Iteration shareholders will receive approximately \$0.23 of cash and 0.4923 of a SVI share for each Iteration share held. The Arrangement contemplates a \$3.25 per share value for SVI.

Based on \$1.83 per Iteration share, the consideration received by Iteration shareholders represents an 18% premium to Iteration's 30-day weighted average trading price on the Toronto Stock Exchange and an 8% premium to the closing trading price on April 30, 2010.

Matthew Brister, President and Chief Executive Officer of SVI, commented, "We are very pleased to be able to expand our Western Canadian operations through the integration of Iteration into our business. The Iteration assets, along with our existing West Central Alberta properties have high quality gas resource play opportunities in the Montney, Nikanassin and Notikewin with scale to support growth from our initial 20,700 boe/d production base for several years. The application of new technologies in these plays is quickly becoming proven in the areas we operate and their exploitation on Iteration's lands have been hampered by capital availability and more recently, gas prices. In addition, I am very confident that our Tunisia light oil assets will add a material growth component to Chinook."

Brian Illing, President and Chief Executive Officer of Iteration, added, "We are pleased that Iteration's comprehensive strategic review has produced a very positive outcome in the form of the transaction with SVI. Chinook will have an attractive asset base in Western Canada and high impact exploration upside in Tunisia. With strong leadership, a highly-skilled combination of executives and staff, and substantial access to capital with solid institutional investor support, Chinook is an exciting opportunity for our shareholders".

Transaction Financing and Institutional Sponsorship

SVI has entered into a \$75 million fully committed subscription receipt financing with a group of its existing investors, led by Alberta Investment Management Corporation, on behalf of certain of its clients ("AIMCo"), at a price of \$3.25 per share.

SVI also intends to raise a minimum of \$50 million by way of a marketed subscription receipt private placement through a syndicate co-led by TD Securities Inc. and FirstEnergy Capital Corp. AIMCo has agreed to subscribe for \$11.5 million of this offering and fully backstop the remaining \$38.5 million, if required. Each subscription receipt will be converted, for no additional cost or action by the holder, into one common share of Chinook in accordance with the Arrangement. If the full net proceeds from the subscription receipt financings exceed the amount required to satisfy cash elections by Iteration shareholders pursuant to the Arrangement, the remaining net proceeds are expected to be used for debt reduction and general corporate purposes. SVI plans to market this offering to investors in North America and Europe and it is expected that the offering will be priced in mid-May.

Lastly, SVI has entered into a fully committed bridge financing with AIMCo for up to \$125 million to fund the balance of the cash requirements of the Arrangement, if any, to the extent that cash elections by Iteration shareholders exceed the net proceeds from the subscription receipt financings. At its option, Chinook may reduce the amounts outstanding under the bridge facility by way of asset sales to AIMCo at prevailing market metrics.

"We are very appreciative of AIMCo's support of SVI as a private company and the confidence they have shown in this transaction", said Matthew Brister. "We view AIMCo as a long-term partner and a catalyst to expanding our institutional and long-term investor base." AIMCo currently owns approximately 36% of SVI's shares and pro-forma the Arrangement is expected to own between 22% and 26% of Chinook's shares.

Key Attributes of Chinook (before any potential dispositions):

Chinook will combine high quality gas-weighted assets in Western Canada with an exciting high growth oil business in North Africa which includes high impact exploration, field development opportunities and production in Tunisia. Chinook will have an extensive inventory of drilling and field development opportunities in both Western Canada and North Africa with more than 775,000 net undeveloped acres in

Canada and more than 1.4 million net acres in Tunisia. Chinook will also have the following key attributes:

- Initial total company production of approximately 20,700 boe/d consisting of 19,900 boe/d in Canada (30% liquids) and 800 bbl/d of light oil in Tunisia.
- Chinook's business plan will be to target a minimum 10% annual growth in the assets and production levels in Canada initially relying on the footprint and scale of the existing opportunities and asset base as a competitive edge.
- Chinook's international business will target 25% plus annual growth and will initially be focused on oil assets in Tunisia. SVI currently expects the Tunisian business to be self-funding within 18 months.
- Given the good visibility to activity and potential for meaningful production growth management's initial production forecast for 2011 is 23,500 boe/d.
- 83.4 mmbc of National Instrument 51-101 ("**NI 51-101**") Proved plus Probable reserves (83% in Canada) with significant future reserve growth potential identified through increased recoveries, field extensions and exploration.⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
- Proved plus Probable reserve life index of approximately 10 years.
- Canadian tax pools in excess of \$715 million.

Notes:

- (1) Before any potential dispositions.
- (2) Iteration reserves evaluated as at December 31, 2009 by GLJ Petroleum Consultants Ltd. and McDaniel & Associates Consultants Ltd. in accordance with NI 51-101.
- (3) SVI reserves evaluated as at December 31, 2009 by Paddock Lindstrom & Associates Ltd. and Sproule International Limited in accordance with NI 51-101.
- (4) Includes pro-forma interim period asset acquisition by SVI. Reserves for acquired assets evaluated as at December 31, 2009 by McDaniel & Associates Consultants Ltd. in accordance with NI 51-101.

Upon completion of the Arrangement, management anticipates that it will have the following domestic and international opportunities:

2010 Focus on Western Canadian Oil Opportunities

- An initial focus on waterflood performance at Manyberries (Sunburst) and Spirit River/Grovedale (Doe Creek) and follow-up to a potentially prolific Doig oil discovery in northeast British Columbia.
- Evaluation and exploitation of the Cardium land position in west central Alberta.
- An active 2011 winter program in the Keg River at Rainbow Lake.

Big Play Light Oil Exposure in Tunisia

- Q2 2010 exploration activity including the drilling of a 4,400 metre Ordovician test at Jenein, Tunisia (65% working interest) and operatorship of a 2,900 metre offshore well at Fushia, Tunisia (35% working interest) in 90 metres of water.
- Plan of Development approval and appraisal of the onshore oil discovery on the Remada Sud permit (85% working interest) onshore in the Ghadames Basin.
- In excess of 15 drillable exploratory prospects and three undeveloped discoveries on 7 blocks.

Priority Development of Gas Resource Opportunities

- Confirm the extent of high quality resource opportunities in the Montney at Knopcik, Gordondale and Monias.
- Prove up the potential of the large scale exposure to resource opportunities to the Nikanassin and Notikewin at Gold Creek, Knopcik, Gilby and Brazeau.
- Maintain a development bias towards projects with liquid yield in excess of 25 bbls/mmcft.

Financial Capacity

Prior to closing, SVI expects to finalize an approximate \$300 million borrowing base facility for Chinook, currently being arranged by Société Générale Canada Branch and TD Securities, with an expected draw of between \$190 – \$225 million dependent upon cash elections made by the Iteration shareholders.

Chinook Management Team

Upon completion of the Arrangement, the executive management team and initial directors of Chinook will be led by the current SVI management team. Many of the key individuals have worked together successfully in previous public companies focused in Western Canada and internationally.

Matthew Brister P. Geol., President and Chief Executive Officer

Mr. Brister has served as President and CEO of Pinnacle Resources, Storm Energy Ltd. and Storm Energy Inc.

L. Geoffrey Barlow CA, Vice President, Finance and Chief Financial Officer

Prior to joining SVI in November 2007, Mr. Barlow most recently served as Vice President and Chief Financial Officer of Husky Energy and held senior management positions at Renaissance Energy before its sale to Husky.

P. Grant Wierzba P Eng. Vice President, Operations

Mr. Wierzba will continue in the senior operations management role of the Canadian business. Grant's experience includes senior officer positions with Renaissance Energy, Pinnacle Resources, Storm Energy Inc. and Storm Energy Ltd.

Roy Smitshoek P Eng., Chief Operating Officer SVI, Tunisia

Mr. Smitshoek will continue in the senior operational management role of the International business. His experience includes senior officer positions with Renaissance Energy and Moneta.

Walter Vrataric, Vice President Business Development and Land

Mr. Vrataric will have business development and contract responsibilities in both the domestic and international business units and brings experience from his time at One Exploration, Rock Creek, Advantage Energy Trust and Search Energy.

Tim Halpen P Eng. Vice President, Exploitation

Mr Halpen has 13 years experience and has responsibilities for the reservoir engineering and acquisition and divestiture role in Chinook. His previous experience includes positions with Cometra Energy, Vintage Petroleum and Wilderness Energy Corp.

Tom Lindskog P Geol, Vice President, Exploration

Mr. Lindskog is a registered Professional Geologist with 29 years experience in Western Canada, the United Kingdom continental shelf and North Africa. Mr. Lindskog's experience includes senior officer positions with Pinnacle Resources, Storm Energy Ltd. and Storm Energy Inc.

Chinook Board of Directors

Matthew Brister – President and CEO of SVI

John A. Brussa – Partner of Burnet, Duckworth & Palmer LLP

Stuart G. Clark – Independent Businessman

Robert Cook – Senior Vice President of ARC Financial Corp.

Simon Munro – Managing Director of Lime Rock Partners

P. Grant Wierzbza – Vice President, Operations and Director of SVI

Donald Archibald – Chairman of Iteration

The Arrangement

The Arrangement is subject to customary TSX, court and regulatory approvals and the requisite approval of 66 2/3% of votes cast by the securityholders of Iteration, voting together as a single class, at a securityholder meeting. The information circular for the Iteration securityholder meeting is expected to be mailed to Iteration securityholders on or about May 31, 2010 and it is anticipated that the special meeting of Iteration's securityholders will be held on or about June 28, 2010 with closing of the Arrangement to occur shortly thereafter.

Iteration's Board of Directors has unanimously determined that the Arrangement is in the best interests of Iteration and its securityholders, and has, based upon, among other things, the opinions of its financial advisors, unanimously determined that the Arrangement is fair to the Iteration securityholders, has unanimously approved the Arrangement and the entering into of the Arrangement Agreement and has resolved unanimously to recommend that Iteration securityholders vote in favour of the Arrangement. All of the directors and senior officers of Iteration have entered into lock-up agreements with SVI to vote their Iteration shares and options in favour of the Arrangement, representing approximately 16% of the aggregate issued and outstanding Iteration shares and options.

The Arrangement Agreement prohibits Iteration from soliciting or initiating any discussion regarding any other business combination or sale of material assets, contains provisions enabling SVI to match competing, unsolicited proposals and, subject to certain conditions, provides for Iteration to pay a termination fee of \$20 million to SVI in certain circumstances.

Advisors

TD Securities Inc. acted as sole financial advisor to SVI for the Arrangement.

FirstEnergy Capital Corp. ("**FirstEnergy**") and Scotia Waterous Inc. ("**Scotia**") acted as financial advisors to Iteration. FirstEnergy and Scotia have advised the Iteration Board of Directors that they are of the opinion that the consideration to be received by Iteration shareholders pursuant to the Arrangement is fair from a financial point of view, subject to review of final documentation. A copy of the fairness opinions will be included in the Iteration information circular to be sent to securityholders for the special meeting to be called to consider the Arrangement.

Chinook Statistical Summary – Unaudited Information ⁽¹⁾

	<u>SVI ⁽⁵⁾</u>	<u>Iteration</u>	<u>Pro Forma</u>
Production – Current			
Western Canada (boe/d)	6,100	13,800	19,900
Tunisia (bbls/d)	800	-	800
Total Company (boe/d)	<u>6,900</u>	<u>13,800</u>	<u>20,700</u>
% Gas	66	69	68
2009 Proved Reserves (NI 51-101) ⁽³⁾⁽⁴⁾			
Western Canada (mmboe)	13.9	33.0	46.9
Tunisia (mmboe)	4.9	-	4.9
Total (mmboe)	<u>18.8</u>	<u>33.0</u>	<u>51.8</u>
% Gas	54	63	60
2009 P+P Reserves (NI 51-101) ⁽³⁾⁽⁴⁾			
Western Canadian (mmboe)	18.8	50.4	69.2
Tunisian (mmboe)	14.2	-	14.2
Total (mmboe)	<u>33.0</u>	<u>50.4</u>	<u>83.4</u>
% Gas	42	63	55
Financial Summary – May 1, 2010			
Estimated Net Debt (\$mm)	27.0 ⁽⁶⁾	186.5	
Basic Shares Outstanding (mm)	122.9	211.1	
Fully Diluted Shares Outstanding (mm) ⁽²⁾	128.1	215.6	
Canadian Tax Pools (\$mm)	242.0	520.0	

Notes:

- (1) Before any potential dispositions.
- (2) Based on in-the-money options at \$1.83 for Iteration and \$3.25 for SVI.
- (3) Before any potential dispositions.
- (4) Based on independent December 31, 2009 reserve evaluations net of 2010 dispositions.
- (5) Includes pro-forma interim period asset acquisition by SVI.
- (6) Excludes approximately \$41 million of the purchase price of SVI's interim period asset acquisition.

For further information please contact:

Matthew Brister

President and Chief Executive Officer
Storm Ventures International Inc.
Telephone: (403) 265-1619

L. Geoff Barlow

Vice-President, Finance and Chief Financial Officer
Storm Ventures International Inc.
Telephone: (403) 265-1619

Brian Illing

President and Chief Executive Officer
Iteration Energy Ltd.
Telephone: (403) 261-6883

Willie Dawidowski

Vice President and Controller
Iteration Energy Ltd.
Telephone: (403) 261-6883

Forward-Looking Statements

In the interest of providing SVI's shareholders, Iteration's shareholders and potential investors with information regarding SVI, Iteration and Chinook, including management's assessment of the future plans and operations of Chinook, certain statements contained in this document constitute forward-looking statements or information (collectively "**forward-looking statements**") within the meaning of applicable

securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. In particular, this document contains, without limitation, forward-looking statements pertaining to the following: expectations of management regarding the proposed Arrangement, including the timing of completion of the Arrangement, financing activities to be conducted by SVI in connection with the Arrangement, including the subscription receipt offerings, bridge financing and the use of proceeds thereof; mailing of an information circular approving the Arrangement, holding of a securityholder meeting approving the Arrangement, operating and financial metrics of the Arrangement, potential synergies resulting from the Arrangement; operational and business plans subsequent to the Arrangement; debt levels and the pro-forma effect of the Arrangement on Chinook's production, cash flow, reserves, undeveloped land position and tax pools.

With respect to forward-looking statements contained in this document, each of SVI and Iteration have made assumptions regarding, among other things: future capital expenditure levels; future oil and natural gas prices and differentials between light, medium and heavy oil prices; future oil and natural gas production levels; future exchange rates and interest rates; ability to obtain equipment in a timely manner to carry out development activities; ability to market oil and natural gas successfully to current and new customers; the impact of increasing competition; the ability to obtain financing on acceptable terms; and ability to add production and reserves through development and exploitation activities. Although SVI and Iteration believe that the expectations reflected in the forward looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause SVI's, Iteration's or Chinook's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the following: that the Arrangement may not close when planned or at all or on the terms and conditions set forth herein; the failure of SVI and Iteration to obtain the necessary securityholder, Court, regulatory and other third party approvals required in order to proceed with the Arrangement; volatility in market prices for oil and natural gas; failure to complete planned financing activities; incorrect assessment of the value of the Arrangement; failure to realize the anticipated benefits and synergies of the Arrangement; general economic conditions in Canada, the U.S. and globally; and the other factors described under "Risk Factors" in Iteration's most recently filed Annual Information Form available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, SVI and Iteration do not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Barrels of Oil Equivalent

Barrels of oil equivalent (boe) is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

This joint news release does not constitute an offer to sell or the solicitation of an offer to buy any securities within the United States. The securities to be offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act or other laws.

Appendix "II"
New Release dated May 4, 2010



Iteration Energy Ltd. and Storm Ventures International Inc. to Create a New Growth Oriented Intermediate Oil and Gas Company: Update

CALGARY, Alberta, (May 4, 2010) Iteration Energy Ltd. ("**Iteration**") (TSX-ITX) is pleased to provide an update to the joint press release of Iteration and Storm Ventures International Inc. ("**SVI**") dated May 3, 2010, whereby they announced that they have entered into a definitive arrangement agreement (the "**Arrangement Agreement**") pursuant to which Iteration and SVI have agreed to complete a strategic business combination pursuant to a statutory plan of arrangement (the "**Arrangement**"). The combination will create a new, growth oriented company named Chinook Energy Inc. ("**Chinook**") with current production in excess of 20,000 boe/d and a deep inventory of repeatable drilling opportunities in both Western Canada and Tunisia. It is a condition under the Arrangement Agreement that the Toronto Stock Exchange shall have approved, subject only to customary conditions, the listing of the outstanding SVI shares and the SVI shares issuable pursuant to the Arrangement, such that Chinook shall be a public company.

Under the terms of the Arrangement, Iteration shareholders may elect to receive:

- (a) \$1.83 cash for each Iteration share held, subject to a minimum aggregate cash payment of \$50 million and a maximum aggregate cash payment of \$225 million, or
- (b) 0.5631 of a common share of SVI for each Iteration share held, subject to pro ration, if required, based on cash elections described above; or
- (c) any combination of the foregoing, subject to the cash restrictions set out above.

If the maximum cash is elected, Iteration shareholders will receive approximately \$1.05 of cash and 0.2400 of a common share of SVI for each Iteration share held. If the minimum cash is elected, Iteration shareholders will receive approximately \$0.23 of cash and 0.4923 of a SVI share for each Iteration share held. The Arrangement contemplates a \$3.25 per share value for SVI.

The Arrangement is subject to customary stock exchange, court and regulatory approvals and the requisite approval of the securityholders of Iteration. Iteration expects that the information circular for the Iteration securityholder meeting is expected to be mailed to Iteration securityholders on or about May 31, 2010 and it is anticipated that the special meeting of Iteration's securityholders will be held on or about June 28, 2010 with closing of the Arrangement to occur shortly thereafter.

For further information regarding the Arrangement, refer to the joint news release of Iteration and SVI dated May 3, 2010, a copy of which is filed on www.sedar.com.

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This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities within the United States. The securities to be offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act or other laws.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking statements or information (collectively "**forward-looking statements**") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, this document contains, without limitation, forward-looking statements pertaining to the following: expectations of management regarding the proposed Arrangement, including the timing of completion of the Arrangement; mailing of an information circular approving the Arrangement, holding of a securityholder meeting approving the Arrangement, listing of the SVI shares on the Toronto Stock Exchange and the terms and conditions of the Arrangement Agreement.

With respect to forward-looking statements contained in this document, Iteration has made assumptions regarding, among other things, the terms of the Arrangement Agreement and listing on the Toronto Stock Exchange. Although Iteration believes that the expectations reflected in the forward looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Iteration's actual results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the following: that the Arrangement may not close when planned or at all or on the terms and conditions set forth herein; the failure of SVI and Iteration to obtain the necessary securityholder, court, exchange, regulatory and other third party approvals required in order to proceed with the Arrangement and the other factors described under "Risk Factors" in Iteration's most recently filed Annual Information Form, a copy of which is available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, SVI and Iteration do not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.