B.C. FORM 51-901F

QUARTERLY AND YEAR END REPORT

Incorporated as part of:

X	Schedule A
X	Schedules B & C

ISSUER DETAILS:

Name of Issuer:	Mountainview Energy Ltd.
Issuer Address:	P.O. Box 200, Cut Bank, Montana, USA 59427
Issuer Fax No.:	(406) 873-2835
Issuer Telephone No.:	(406) 873-2235
Contact Name:	Joseph V. Montalban
Contact Position:	Chairman of the Board, President and CEO
Contact Telephone Number:	(406) 873-2235
Contact Email Address:	mvw@northerntel.net
Web Site Address:	www.mountainviewenergy.com
For Quarter Ended:	2003/12/31
Date of Report:	2004/03/31

CERTIFICATE:

THE THREE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE, THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

"Joseph V. Montalban"	Joseph V. Montalban	2004/05/07
"Bruce Young"	Bruce Young	2004/05/07

MOUNTAINVIEW ENERGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2003 and 2002

AUDITORS' REPORT

To the Directors of Mountainview Energy Ltd.:

We have audited the consolidated balance sheets of Mountainview Energy Ltd. as at December 31, 2003 and 2002 and the consolidated statements of income (loss) and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Staley, Okada & Partners"

Vancouver, B.C.
March 31, 2004

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

Mountainview Energy Ltd. Statement 1

Consolidated Balance Sheet

As at December 31

Canadian Funds

ASSETS		2003		2002
Current				
Cash and term deposits	$	**516,746**	$	361,637
GST receivable		**14,697**		12,987
Accounts receivable - trade		**87,226**		94,449
Inventory		**10,515**		8,293
		629,184		477,366
Petroleum & Natural Gas Interest				
Red Creek Unit, *net of accumulated amortization (Note 4)*		**951,340**		936,781
Reclamation Bond *(Note 5)*		**137,442**		132,225
	$	**1,717,966**	$	1,546,372

LIABILITIES				
Current				
Accounts payable - trade	$	**106,390**	$	88,900
- related party *(Notes 7b and e)*		**20,000**		15,776
Income tax payable		**8,427**		-
		134,817		104,676

SHAREHOLDERS' EQUITY				
Share Capital *(Note 6)*		**1,647,551**		1,637,551
Deficit - *Statement 2*		**(64,402)**		(195,855)
		1,583,149		1,441,696
	$	**1,717,966**	$	1,546,372

ON BEHALF OF THE BOARD:

"Joseph V. Montalban", Director

"Bruce Young", Director

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 2

Consolidated Statement of Income (Loss) and Deficit

For the Years Ended December 31

Canadian Funds

		2003		2002
Revenue				
Gross sales	$	1,131,173	$	623,221
Less royalties		(139,644)		(73,473)
		991,529		549,748
Cost of Sales				
Inventory - Beginning of year		8,293		1,658
Production taxes		133,233		45,605
Amortization and depletion		118,268		64,220
Utilities		108,313		86,797
Labour		38,528		39,669
Materials		33,405		19,008
Repairs and maintenance		30,518		23,691
Vehicle		28,099		18,746
Consulting fees		23,850		8,065
Engineering		7,638		-
Insurance		5,894		2,197
Property taxes		5,356		7,093
Miscellaneous production costs		1,070		-
Interest		357		12,050
Inventory - End of year		(10,515)		(8,293)
		532,307		320,506
Gross Margin *(46.3%; 2002 - 41.7%)*		459,222		229,242
General and Administrative Expenses *(Schedule)*		318,666		241,243
Income (Loss) from Operations Before Income Taxes		140,556		(12,001)
Provision for Income Tax		(9,103)		-
Net Income (Loss) for the Year		131,453		(12,001)
Deficit - Beginning of year		(195,855)		(183,854)
Deficit - End of Year	$	(64,402)	$	(195,855)

Income (Loss) per Share - Basic	$	0.01	$	(0.00)
Income (Loss) per Share - Fully Diluted	$	0.01	$	(0.00)

Mountainview Energy Ltd. Statement 3

Consolidated Statement of Cash Flows

For the Years Ended December 31

Canadian Funds

Cash Resources Provided By (Used In)		2003		2002
Operating Activities				
Cash receipts from customers	**$**	**998,752**	$	482,389
Cost of sales		**(416,261)**		(262,921)
Cash paid to suppliers and employees		**(309,182)**		(476,673)
Interest		**4,627**		4,959
		277,936		(252,246)
Investing Activities				
Resource property costs		**(132,827)**		(55,215)
Financing Activities				
Share capital issued for cash		**10,000**		1,131,970
Net Increase in Cash		**155,109**		824,509
Cash position - Beginning of year		**361,637**		(462,872)
Cash Position - End of Year	**$**	**516,746**	$	361,637

Cash Position Consists of:				
Cash and term deposits	**$**	**516,746**	$	361,637

Supplemental Schedule of Non-Cash Transactions:				
Amortization and depletion	**$**	**118,268**	$	64,220
Foreign exchange	**$**	**84,730**	$	2,711
Provision for income tax	**$**	**9,103**	$	-

Mountainview Energy Ltd. Schedule

Consolidated Schedule of General and Administrative Expenses

For the Years Ended December 31

Canadian Funds

		2003		2002
General and Administrative Expenses				
Foreign exchange	**$**	**84,730**	$	2,711
Wages and benefits		**70,678**		60,262
Office operating costs		**51,008**		43,954
Legal fees		**38,362**		13,549
Travel and promotion		**35,137**		51,899
Accounting and auditing		**20,105**		25,825
Listing and filing fees		**13,626**		11,768
Meals and entertainment		**4,082**		371
Shareholder relations		**3,945**		374
Automotive		**1,228**		9,883
Dues, licences and fees		**392**		338
Management fees		**-**		23,555
Professional fees		**-**		1,125
Interest and bank charges		**(4,627)**		(4,371)
	$	**318,666**	$	241,243

1. Nature of Business

The company was incorporated on May 31, 2000 in the province of British Columbia. The company was classified as a Capital Pool company as defined in the TSX Venture Exchange ("TSX-V") Policy. Upon acquisition of the Red Creek Unit oil and gas property on April 12, 2001, which constituted the Company's qualifying transaction, the Company ceased to be a Capital Pool company. The company is now considered a Tier 2 issuer on the TSX-V and is an operating oil and gas company.

2. Significant Accounting Policies

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Mountain View Energy, Inc., incorporated in Montana, USA. The subsidiary was incorporated April 7, 1999 and remained inactive until purchased by the Company for nominal cost in 2001.

b) Oil and Gas Properties

The company follows the full cost method of accounting for oil and gas operations, whereby all costs of exploring for and developing oil and gas reserves are capitalized and accumulated in cost centres established on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, interest costs on significant investments in unproved properties and major development projects and overhead charges directly related to acquisition, exploration and development activities, less any government incentives relating thereto.

The costs related to each cost centre from which there is production, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves of each country. Oil and natural gas reserves and production are converted into equivalent units based upon estimated relative energy content. Costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment in value has occurred. When proved reserves are assigned or the value of the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs less accumulated amortization in each cost centre from which there is production are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs less accumulated depletion and amortization and deferred taxes of all cost centres is further limited to an amount equal to the estimated future net revenue from proved reserves plus the cost (net of impairments) of all cost centres less estimated future general and administrative expenses, future financing costs and taxes.

The costs (including exploratory dry holes) related to cost centres from which there has been no commercial production are not subject to depletion until commercial production commences. The capitalized costs are periodically assessed to determine whether it is likely such costs will be recovered in the future. Costs unlikely to be recovered in the future are written off. Proceeds from the sale of oil and gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and amortization.

2. Significant Accounting Policies - *Continued*

c) Revenue Recognition

Revenue from the sale of oil and gas is recognized in the accounts when title and the risks and rewards of ownership passes to the buyer.

d) Inventory

Inventory is recorded at the lower of cost or net realizable value. Cost of oil and gas is determined on a first in, first out basis.

e) Foreign Currency Translation

The accounts of the Company's foreign operations have been translated into Canadian dollars as follows:

- Monetary assets and liabilities at year-end rates,
- All other assets and liabilities at historical rates, and
- Revenue and expense and exploration and development items at the average rate of exchange prevailing during the year.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year that they occur.

f) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

g) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of “temporary differences” by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

h) Share Capital

i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced by an estimate of transaction costs normally incurred when issuing shares for cash, as determined by the board of directors of the Company.

All costs related to issuances of share capital will be charged against the proceeds received from the related share capital.

2. Significant Accounting Policies - *Continued*

i) **Stock-Based Compensation - Change in Accounting Policy**

The Company adopted the recommendations of CICA Handbook Section 3870, stock based compensation and other stock-based payments, effective to all awards granted on or after January 1, 2003. This established standards for the recognition, measurement and disclosure of stock based compensation and other stock based payments made in exchange for goods and services.

As encouraged by CICA Handbook Section 3870 the Company has enacted prospectively early adoption of the fair value based method of accounting for rewards issued to employees for the fiscal year beginning January 1, 2003.

The new standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair value based method. In prior years, stock-based compensation expense was only recognized when stock-based compensation awards were made to non-employees, while pro-forma disclosure was acceptable for rewards made to employees.

j) **Loss per Common Share**

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

k) **Environmental and Future Removal and Site Restoration**

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. The Company’s policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits.

l) **Management's Estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

3. Fair Value of Financial Instruments

The company's financial instruments consist of cash and term deposits, GST receivable, accounts receivable, accounts payable and income tax payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

4. Petroleum and Natural Gas Interest

a) Details are as follows:

		2003		2002
Red Creek Unit, Montana, USA:				
Purchase price	**$**	**735,728**	$	735,728
Engineering Reports		**32,575**		32,575
Legal and other costs (Title opinions and professional fees)		**144,645**		144,645
Due diligence and investigation costs		**47,560**		47,560
Workover expenses		**209,844**		77,017
		1,170,352		1,037,525
Accumulated amortization and depletion		**(219,012)**		(100,744)
	$	**951,340**	$	936,781

b) Workover expenditures incurred during the year were $132,827 (2002 - $77,017).

5. Reclamation Bond

The company is required by the State of Montana to deposit monies into a reclamation bond. The bond is refundable at the time that the Company performs the site restoration of the wells that are dry or are no longer in use. The amount of the bond is $137,442 (2002 - $132,225), which includes accrued interest of $10,216 (2002 - $4,959).

6. Share Capital

a) Authorized:

100,000,000 common shares without par value
100,000,000 preference shares without par value

b) Issued and fully paid:

	Common Shares		Amount			
	2003	2002		**2003**		2002
Opening balance	**9,716,850**	4,057,000	**$**	**1,637,551**	$	505,581
Private placement	**-**	5,579,350		**-**		1,115,870
Share options exercised	**50,000**	50,000		**10,000**		10,000
Warrants exercised	**-**	30,500		**-**		6,100
	9,766,850	9,716,850	**$**	**1,647,551**	$	1,637,551

6. Share Capital - *Continued*

c) 2,000,000 shares issued in 2000 are held in escrow to be released as follows:

i) 10% upon acceptance of the qualifying transaction (released)
ii) 15% six months after initial release
iii) 15% every six months thereafter

As at December 31, 2003, 600,000 (2002 - 1,200,000) shares were held in escrow.

d) As at December 31, 2003, the following share purchase options to directors were outstanding.

Number	Exercise Price	Expiry Date
400,000	$0.25	June 18, 2004

e) As at December 31, 2003, the following share purchase warrants were outstanding.

Number	Exercise Price	Expiry Date
797,050	$0.25	April 19, 2004
4,782,300	$0.25	June 18, 2004
5,579,350		

f) During the prior year, the Company granted 850,000 incentive stock options to directors and officers of the Company at the exercise price of $0.25 per share expiring June 18, 2004. Of these, 450,000 options expired as a result of directors and officers resigning.

Pro-forma disclosure related to employee stock options granted in the prior year is as follows:

		2002
Net Loss		
As reported	$	12,001
Stock based compensation	$	129,028
Pro forma	$	141,029
Net Loss Per Share		
As reported	$	0.00
Pro forma	$	0.01

The fair value of each option granted is estimated on the date of grant using the Black-Scholes Option-Pricing model with the following weighted average assumptions:

	2002
Expected dividend yield	0.00%
Expected stock price volatility	81.19%
Risk-free interest rate	3.63%
Expected life of options	2 years

Options pricing models require the input of highly subjective assumptions that can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

6. Share Capital - *Continued*

g) During the year, at the annual shareholders meeting held on June 17, 2003, the shareholders approved the adoption of a stock option plan whereby the Company may, from time to time, grant options to directors, officers, employees and consultants to purchase shares up to a total of 10% of the issued and outstanding shares. During the first year, the maximum number of options that may be granted is for 976,685 shares, including any currently outstanding stock options. The exercise price of the options shall be not less than the closing price of the Company's shares as traded on the TSX Venture Exchange on the last day preceding the date of grant, less any allowable discount. The stock option plan has been approved by the board of directors and is subject to approval by the TSX Venture Exchange.

7. Related Party Transactions

Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) During the year, management fees of $NIL (2002 - $23,555) were paid to a former director and officer of the Company.

b) During the year, legal fees of $38,362 (2002 - $14,492) were paid or accrued to a former director of the Company. Of the current year legal fees $20,000 has been accrued.

c) During the year, a settlement fee of $NIL (2002 - $12,525) was paid to the former president upon his resignation.

d) During the year, geological consulting fees of $21,050 (2002 - $8,065) were paid to a company that is owned by a relative of a director and officer of the Company.

e) As at December 31, 2003, an amount due to a company with a director and officer in common was $NIL (2002 - $15,776), bears interest at 8% and is expected to be repaid within one year. Interest of $NIL (2002 - $6,765) was paid to a company with a director and officer in common.

f) During the year, wages and benefits of $65,200 (2002 - $60,262) were paid to an officer of the Company.

8. Income Taxes

Details of income taxes for the year are as follows:

	2003	2002
Net income (loss) before income taxes for accounting purposes	**$ 140,556**	$ (12,001)
Adjustments for differences between accounting and taxable income:		
Amortization and depletion for accounting greater than (less than) amount deductible for tax purposes	**(81,528)**	9,118
Foreign exchange	**84,730**	2,711
Other timing differences	**2,872**	185
Share issuance costs	**(21,164)**	(21,182)
Income (loss) for tax purposes	**125,466**	(21,169)
Tax rate	**22%**	-
Expected tax expense (recovery) for the year	**27,603**	-
Reduction of tax due to application of tax loss carry-forwards	**(18,500)**	-
Tax expense (recovery) for the year	**$ 9,103**	$ -

Future income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's future tax assets as at 31 December 2003 are as follows:

	2003	2002
Non-capital loss carry-forwards	**$ -**	$ 91,407
Resource property exploration expenditures	**802,688**	1,055,983
Share issuance costs	**74,073**	95,237
	876,761	1,242,627
Valuation allowance	**(876,761)**	(1,242,627)
	$ -	$ -

The Company's non-capital loss carry-forwards were used during the year.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

SCHEDULE B
DECEMBER 31, 2003

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

   See consolidated financial statements for details.

2. RELATED PARTY TRANSACTIONS

   See consolidated financial statements for details.

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD ENDED DECEMBER 31, 2003

   a) Securities issued:

      None

   b) Options granted:

      None

4. SUMMARY OF SECURITIES AS AT DECEMBER 31, 2003

   a) Authorized share capital:

      See financial statements for details.

   b) Shares issued and outstanding:

      See financial statements for details.

   c) Options, warrants and convertible securities outstanding:

      See financial statements for details.

   d) Shares subject to escrow or pooling agreements.

      See financial statements for details.

5. NAMES OF DIRECTORS AND OFFICERS AS AT THE DATE THIS REPORT IS SIGNED AND FILED

   Joseph V. Montalban - Chairman of the Board, President and CEO
   Steven Sobolewski - Corporate Secretary
   Cora Belle Montalban
   Bruce Young
   Julian Rowan
   Carla Barringer - Assistant Corporate Secretary
   Bo Mikkelson

MOUNTAINVIEW ENERGY LTD
Fiscal Year Ended December 31, 2003
SCHEDULE C
Management Discussion and Analysis

Description of Business

Mountainview Energy Ltd (the "Company"), an oil and gas exploration and production company was incorporated in British Columbia on May 31, 2000. The Company was listed for trading as a capital pool company on the Canadian Venture Exchange, now known as the TSX Venture Exchange, (the "TSX") in March 2001. Mountainview Energy Ltd currently operates the Red Creek Field located south of the U.S./Canadian Border in Northern Glacier County, Montana. The Red Creek Field was acquired as a qualifying transaction on July 1, 2001. The completion of this transaction qualified the Company as a "Tier II Issuer." The Company is continuing with the development of the Red Creek Field while searching for additional acquisitions and prospective production opportunities.

Operations and Financial Condition

The Company experienced steady production during all Four Quarters of 2003 due to the success of the work over program in the Red Creek Field. Three additional wells were reworked and placed on production in 2003, maintaining production at approximately 87 barrels of oil per day. This is a marked increase when comparing it to the average production for the same Four Quarters of 2002 of 53 barrels per day. The Company continued with its work over program into the First Quarter of 2004 with successful efforts bringing 3 additional wells on production. The following schedule details an increasing trend in the field production since the Company acquired the Red Creek Field in July 2001:

Year	Barrels	Average Daily Production
2001	15,330*	42 Barrels
2002	18,279	54 Barrels
2003	31,724	87 Barrels

*The production for 2001 was estimated at 42 barrels for 365 days, as Mountainview Energy Ltd only produced the Red Creek Field for 6 months in 2001.

This continuous increase in production resulted in a significant increase in revenues during 2003. The following schedules show the steady increase over the 12-month, 24-month and 30-month period from July 2001 through December 31, 2003:

2003				
Period	**Sales Volumes**	**Average Price (US$)**	**Gross Sales (US$)**	**Gross Sales (CDN$)**
1st Quarter	8,171	28.92	235,529	358,687
2nd Quarter	7,659	24.00	183,635	213,499
3rd Quarter	7,285	25.34	184,878	269,427
4th Quarter	7,534	26.03	196,047	257,939
2002				
Period	**Sales Volumes**	**Average Price (US$)**	**Gross Sales (US$)**	**Gross Sales (CDN$)**
1st Quarter	2,398	15.15	37,055	58,556
2nd Quarter	4,056	21.05	86,394	133,167
3rd Quarter	5,278	23.23	124,418	195,588
4th Quarter	6,299	23.42	149,110	235,910

2001				
Period	**Sales Volumes**	**Average Price (US$)**	**Gross Sales (US$)**	**Gross Sales (CDN$)**
3rd Quarter	3,655	19.40	70,889	111,015
4th Quarter	3,871	13.08	50,660	80,996

This steady increase and eventual sustained revenue levels are directly attributed to the enhanced production brought about by the successful workover program along with the consistent increase in oil prices. As depicted in the foregoing schedules the average price per barrel of oil went from a low of US$13.08 per barrel during the Fourth Quarter of 2001 to a high of US$28.92 during the First Quarter 2003. The Company continues to see an increase in oil prices into the First Quarter of 2004, which will foster the augmentation of the Company's cash flow position.

Increased production and the highly favorable price per barrel of oil at the wellhead resulted in Gross Oil Sales during 2003 of US$800,089 (CDN$1,131,173). This compares to Gross Oil Sales during 2002 of US$397,517 (CDN$623,221), which is a significant increase in overall sales of US$405,527 (CDN$507,952) from 2002 to 2003. Management plans to continue with enhancement programs in the Red Creek Field. These programs are expected to increase production leading to an increase in revenues. However, the amount of generated revenue is not only relative to production but also to the price received per barrel of oil.

The Company experienced a gain from operations (before income taxes) of $135,929 (140,556) and an overall gain for the year of $131,453. This is a significant improvement over 2002, in which the Company reported a loss from operations before income taxes of $16,960 and an over all loss for the year of $12,001. This amounts to a difference in the bottom line from 2002 to 2003 of $143,454. This significant gain in 2003 is directly related to the increased production and favorable oil prices resulting in increased revenues for the year. As the Company realized positive revenue during the 4th Quarter 2003, provisions were made to include a provision for Income Tax in the amount of $9,103, as indicated on the Statement of Income (Loss) and Deficit, thus reducing our Net Income as reported.

The Company's Cash Position improved also during the year with a figure of $516,746 as of December 31, 2003 compared to $361,637 for the year ending December 31, 2002. This is an increase of $155,109.

As depicted in the Consolidated Statement of Income (Loss) and Deficit, the major operating expense was Production Taxes. The sizeable increase from the prior year of 2002 is due to the tax rates implemented by the State of Montana. Normally, the wells in the Red Creek Field would be taxed at a stripper rate of 5.76%. However, if at anytime during the quarterly period the posting price for a barrel of oil exceeds $30.00, the stripper rate becomes null and void and the wells are taxed at the regular rate of 12.76%, thus leading to a higher tax liability. Another major operating expense continues to be Utilities. This expense is comprised of charges for electricity used in operating electrical motors, water disposal injection pumps, etc in the Red Creek Field. The overall Cost of Sales during 2003 increased due to the cost of the work over program and the increase in production activity. Management is currently evaluating the establishment of a wind-turbine farm to offset these extremely high electric/power operating expenses.

General and Administrative Expenses were higher than those reported in 2002. This increase is mainly due to the ever fluctuating Foreign Exchange Expense, which was $84,730 during 2003 compared to $2,711 in 2002, an increase of $82,019. The increase in General and Administrative Expenses also reflects the Company's increased activity directly related to the increase in production in the Red Creek Field.

The Company made no acquisitions or dispositions of capital assets during 2003 nor have there been any material write-off or write-down of assets during the period.

As reported earlier in the Notes to Consolidated Financial Statements, the following related party transactions occurred during 2003:

a) Legal fees of $18,362 were paid to a former Director of the Company with an additional $20,000 in fees accrued, as indicated in the Liabilities section of the Consolidated Balance Sheet.

b) Geological Consulting Fees of $21,050 were paid to a Company that is owned by a relative of a Director and Officer of the Company.

c) Wages and Benefits of $65,200 (Canadian Funds) were paid to an Officer of the Company.

As a result of the successful workovers during the year and increased oil prices, the Company has met or exceeded its earlier reported estimates for monthly revenues. There have been no material variances to-date that have impacted the Company's ability to continue its objectives as previously reported.

During the quarter ending December 31, 2003 the Company:

- was not party to any legal proceeding;
- was not in default under any of its contractual obligations;
- had not made any arrangements for provision of investor relations services;
- was not in breach of corporate, securities or other laws, or of an issuer's listing agreement with the TSX;
- disclosed all management changes as required;
- did not present any special resolutions for shareholder relations.

Share Data

To-date the Company has 9,766,850 outstanding shares with Shareholder Equity of $1,583,149. Of the 2,000,000 shares initially offered in the Year 2000, 600,000 remained in Escrow at December 31, 2003. Incentive Stock Options to Directors and Officers granted in 2002 at the exercise price of $0.25 per share are due to expire June 18, 2004. No options were granted during the Year of 2003.

Subsequent Events

The Directors of the Company passed a Resolution, which approved entering into an Investor Relations Agreement with Joyce Adam, Businesswoman. Affective March 1, 2003, Ms. Adam entered into a 3-month contract to act as a Corporate Relations Consultant for Mountainview Energy Ltd. This 3-month contract will be renewed on a month-to-month basis, upon approval of the Board of Directors. As required, the necessary steps have been taken to file Ms. Adam's contract with the Regulatory Bodies.

Liquidity and Solvency

Working capital for the Year Ending December 31, 2003 was $494,367. This is a marked improvement over 2002, in which the Company reported Working Capital of $372,690. The significant change is due to the increase in monthly revenues detailed earlier in "Operations and Financial Condition. With respect to the Company's short-term liabilities, as of December 31, 2003, the Company had an obligation of $106,390 in Accounts Payable. The majority of this debt has since been distinguished during the First Quarter of 2004, with the exception of the $20,000 accrued for legal fees. Also, there is an amount of $8,427 for Income Taxes Payable, which will also be paid upon filing of the Company's annual tax returns. Notwithstanding, increased production, yielding healthy monthly revenues, enables the Company to meet its ongoing obligations and continue the enhancement program in the Red Creek Field. The Company has no long-term financial liabilities or obligations.

Corporate Matters

During the Annual General Meeting held June 17, 2003 the following individuals were elected as Directors of the Company: Joseph V. Montalban, Cora Belle Montalban, Bruce P. Young, Bo L. Mikkelsen and Julian Rowan. At a subsequent Board of Directors' meeting the Board appointed the following Officers of the Company: Joseph V. Montalban, Chairman of the Board, President & Chief Executive Officer, Steven Sobolewski, Corporate Secretary, Carla Barringer, Assistant Secretary.

"J.V. Montalban"

J.V. Montalban, Chairman of the Board
President & Chief Executive Officer