

MOUNTAINVIEW ENERGY LTD.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
Unaudited - See Notice to Reader

STALEY, OKADA & PARTNERS
Chartered Accountants

NOTICE TO READER

We have compiled the interim consolidated balance sheet of Mountainview Energy Ltd. as at June 30, 2003 and 2002 and the interim consolidated statements of income (loss) and deficit and cash flows for the six months then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Surrey, B.C.
August 14, 2003

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

Interim Consolidated Balance Sheet

Canadian Funds

Unaudited - See Notice to Reader

ASSETS	June 30 2003	December 31 2002
Current		
Cash and term deposits	\$ 481,974	\$ 361,637
GST receivable	14,522	12,987
Accounts receivable - trade	85,023	94,449
Inventory	2,062	8,293
	583,581	477,366
Petroleum & Natural Gas Interest		
Red Creek Unit, <i>net of accumulated amortization (Note 4)</i>	932,941	936,781
Reclamation Bond (Note 5)		
	134,814	132,225
	\$ 1,651,336	\$ 1,546,372
LIABILITIES		
Current		
Cheques issued in excess of funds on deposit	\$ 2,570	\$ -
Accounts payable - trade	102,101	88,900
- related party	-	15,776
	104,671	104,676
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	1,647,551	1,637,551
Deficit - Statement 2	(100,886)	(195,855)
	1,546,665	1,441,696
	\$ 1,651,336	\$ 1,546,372

ON BEHALF OF THE BOARD:

"J.V. Montalban", Director

"Bruce Young", Director

Interim Consolidated Statement of Income (Loss) and Deficit

Canadian Funds

Unaudited - See Notice to Reader

	Six Months Ended June 30 2003	Three Months Ended June 30 2003	Six Months Ended June 30 2002	Three Months Ended June 30 2002
Revenue				
Gross sales	\$ 572,186	\$ 213,499	\$ 191,723	\$ 133,167
Less royalties	(71,023)	(24,841)	(16,919)	(8,429)
	<u>501,163</u>	<u>188,658</u>	<u>174,804</u>	<u>124,738</u>
Cost of Sales				
Inventory - Beginning of year	8,293	8,293	1,618	1,618
Production taxes	56,921	10,369	14,178	14,178
Depletion	51,236	24,560	30,149	18,944
Utilities	48,803	19,490	38,475	8,700
Labour	17,305	7,869	18,448	7,949
Materials	12,844	6,803	8,381	3,872
Vehicle expenses	10,215	5,477	9,226	4,613
Consulting fees	8,112	2,690	-	-
Engineering expenses	7,375	(859)	-	-
Repairs and maintenance	6,304	3,087	41,382	8,285
Insurance	3,204	500	-	-
Miscellaneous production costs	514	165	448	448
Interest on LOC	345	(40)	5,232	(2,541)
Property taxes	-	-	7,021	7,021
	<u>231,471</u>	<u>88,404</u>	<u>174,558</u>	<u>73,087</u>
Inventory - End of period	(2,062)	(2,062)	(9,295)	(9,295)
	<u>229,409</u>	<u>86,342</u>	<u>165,263</u>	<u>63,792</u>
Gross Margin	271,754	102,316	9,541	60,946
General and Administrative - Schedule	179,008	86,433	162,791	111,251
Income (Loss) from Operations	92,746	15,883	(153,250)	(50,305)
Other Income				
Interest income	2,223	991	-	-
Net Income (Loss) for the Period	94,969	16,874	(153,250)	(50,305)
Deficit - Beginning of period	(195,855)	(117,760)	(183,854)	(286,799)
Deficit - End of Period	\$ (100,886)	\$ (100,886)	\$ (337,104)	\$ (337,104)
Income (Loss) per Share - Basic	\$ 0.01	\$ 0.00	\$ (0.03)	\$ (0.01)
Income (Loss) per Share - Diluted	\$ 0.01	\$ 0.00	\$ (0.03)	\$ (0.01)

- See Accompanying Notes -

Mountainview Energy Ltd.
Interim Consolidated Statement of Cash Flows

Statement 3

Canadian Funds

Unaudited - See Notice to Reader

	Six Months Ended June 30 2003	Three Months Ended June 30 2003	Six Months Ended June 30 2002	Three Months Ended June 30 2002
Cash Resources Provided By (Used In)				
Operating Activities				
Cash receipts from customers	\$ 510,589	\$ 214,018	\$ 150,677	\$ 99,970
Direct costs	(171,942)	(55,551)	(142,523)	(52,257)
Cash paid to suppliers and employees	(185,707)	(131,505)	(247,905)	(246,039)
Interest income	2,223	991	-	-
	<u>155,163</u>	<u>27,953</u>	<u>(239,751)</u>	<u>(198,326)</u>
Investing Activities				
Resource property costs	<u>(47,396)</u>	<u>(8,374)</u>	-	-
Financing Activities				
Share capital issued for cash	<u>10,000</u>	-	1,124,570	1,123,870
Net Increase in Cash	117,767	19,579	884,819	925,544
Cash position - Beginning of period	<u>361,637</u>	<u>459,825</u>	<u>(462,872)</u>	<u>(503,597)</u>
Cash Position - End of Period	\$ 479,404	\$ 479,404	\$ 421,947	\$ 421,947
Cash Position Consists Of:				
Cash	\$ 459,066	\$ 459,066	\$ 421,947	\$ 421,947
Short-term deposits	22,908	22,908	-	-
Cheques issued in excess of funds on deposit	<u>(2,570)</u>	<u>(2,570)</u>	-	-
	<u>\$ 479,404</u>	<u>\$ 479,404</u>	<u>\$ 421,947</u>	<u>\$ 421,947</u>

- See Accompanying Notes -

Mountainview Energy Ltd.Schedule**Interim Consolidated Schedule of Administrative Expenses**

Canadian Funds

Unaudited - See Notice to Reader

	Six Months Ended June 30 2003	Three Months Ended June 30 2003	Six Months Ended June 30 2002	Three Months Ended June 30 2002
Foreign exchange	\$ 48,672	\$ 20,048	\$ 32,132	\$ 31,560
Travel and promotion	36,767	22,442	31,535	18,485
Wages and benefits	31,261	12,674	31,855	15,382
Office	29,717	15,149	24,163	13,290
Legal	16,298	8,798	8,496	5,579
Accounting and auditing	8,160	3,160	11,488	8,988
Listing and filing fees	4,958	987	16,229	12,284
Shareholder relations	3,067	3,067	370	370
Dues, licences and fees	108	108	334	334
Automotive	-	-	6,189	4,979
	\$ 179,008	\$ 86,433	\$ 162,791	\$ 111,251

- See Accompanying Notes -

Mountainview Energy Ltd.

Notes to Interim Consolidated Financial Statements

June 30, 2003

Canadian Funds

Unaudited - See Notice to Reader

1. Nature of Business

The company was incorporated on May 31, 2000 under the Company Act of British Columbia. The company was classified as a Capital Pool company as defined in the TSX Venture Exchange policies. 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.

2. Significant Accounting Policies

These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual consolidated financial statements, except as follows below. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at December 31, 2002.

3. Fair Value of Financial Instruments

The company's financial instruments consist of cash and term deposits, GST receivable, accounts receivable and accounts 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:

	June 30 2002	December 31 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
Other (Due diligence and investigation costs)	47,560	47,560
Workover expenses	124,413	77,017
	1,084,921	1,037,525
Accumulated amortization and depletion	(151,980)	(100,744)
	\$ 932,941	\$ 936,781

b) By letter agreement dated April 12, 2001, the property was acquired for \$735,728 (U.S. \$475,000) from Summit Resources Inc., a Toronto Stock Exchange listed company.

Mountainview Energy Ltd.

Notes to Interim Consolidated Financial Statements

June 30, 2003

Canadian Funds

Unaudited - See Notice to Reader

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 \$134,814 (2002 - \$132,225), which includes accrued interest of \$7,588 (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	
	June 30 2003	December 31 2002	June 30 2003	December 31 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

c) The 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 (released)
- iii) 15% every six months thereafter

As at June 30 2003, 900,000 (December 31, 2002 - 1,200,000) shares were held in escrow.

d) As at June 30, 2003, there were 400,000 (December 31, 2002 - 400,000) share purchase options to directors exercisable at \$0.25 per share until June 18, 2004.

e) As at June 30, 2003, the following share purchase warrants were outstanding:

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

Mountainview Energy Ltd.

Notes to Interim Consolidated Financial Statements

June 30, 2003

Canadian Funds

Unaudited - See Notice to Reader

6. Share Capital - Continued

- 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.

No options have been granted during the six months ending June 30, 2003, therefore no pro-forma information has been provided for the current period.

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 grant 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.

- g) During the period, at the annual shareholders meeting held on June 17th, 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.
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Mountainview Energy Ltd.

Notes to Interim Consolidated Financial Statements

June 30, 2003

Canadian Funds

Unaudited - See Notice to Reader

7. Income Taxes

As at June 30, 2003, the company had approximately \$93,000 of losses in the United States and Canada and such losses expire in 7 to 20 years. The benefit, if any, of these losses have not been recorded in the accounts. Income taxes payable have not been recorded in these financial statements as the company is able to apply these losses to the current period income.

8. Comparative Figures

Certain comparative figures have been reclassified to confirm with the current period presentation.

B.C. FORM 51-901F

QUARTERLY AND YEAR END REPORT

Incorporated as part of:

	Schedule A
<u> X </u>	Schedules B & C

ISSUER DETAILS:

Name of Issuer: Mountainview Energy Ltd.
Issuer Address: P.O. Box 200, Cut Bank, Montana, U.S.A. 59427
Issuer Fax No.: (406) 873-2835
Issuer Telephone No.: (406) 873-2235
Contact Name: Joseph V. Montalban
Contact Position: President, Chairman of the Board
Contact Telephone Number: (406) 873-2235
Contact Email Address: N/A
Web Site Address: N/A
For Quarter Ended: 2003/06/30
Date of Report: 2003/08/14

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.

<u>"Joseph V. Montalban"</u>	Joseph V. Montalban	2003/08/28
<u>"Bruce P. Young"</u>	Bruce P. Young	2003/08/28

SCHEDULE B

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

See interim consolidated schedule of administrative expenses.

2. RELATED PARTY TRANSACTIONS

See notes to interim consolidated financial statements for details.

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

a) Securities issued:

See notes to interim consolidated financial statements for details.

b) Options granted:

See notes to interim consolidated financial statements for details.

4. SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

a) Authorized share capital:

See notes to interim consolidated financial statements for details.

b) Shares issued and outstanding:

See notes to interim consolidated financial statements for details.

c) Options, warrants and convertible securities outstanding:

See notes to interim consolidated financial statements for details.

d) Shares subject to escrow or pooling agreements.

See notes to interim consolidated 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, Chief Executive Officer
Cora Belle Montalban
Bo Mikkelsen
Bruce P. Young
Julian Rowan
Steven Sobolewski, Corporate Secretary
Carla Barringer, Assistant Secretary

SCHEDULE C
MANAGEMENT DISCUSSION & ANALYSIS
For First Quarter Ending
June 30, 2003

Introduction

Mountainview Energy Ltd (the "Company") is an oil and gas exploration and production company incorporated in British Columbia on May 31, 2000. The Company is listed for trading on the TSX Venture Exchange. Mountainview Energy Ltd operates the Red Creek Field located south of the U.S./Canadian Border in Northern Glacier County, Montana. The Company continues with the development of the Red Creek Field while searching for additional acquisitions and prospective production opportunities.

Operations and Financial Condition

Operations during the quarter ending June 30, 2003 brought about a steady rate of production as a result of the workover project conducted in the previous quarter. The Company has maintained production from the 9 wells in the Red Creek Field and continues to realize the benefits from the increase in production due to the additional reworked wells. Production for the 2nd Quarter of 2003 was 7,594 barrels compared to 4,080 barrels during the same quarter in 2002. This increase in production for the period resulted in a significant increase in revenues for the quarter ending June 30, 2003. The Company realized an increase in gross revenues of over \$80,000 when comparing gross revenues of \$213,499 for 2nd Quarter 2003, to our reported revenues of \$133,167 for the same quarter in 2002.

The Company's Cash Position continues to improve as a result of increased revenues from new production. The Cash Position for the period ending June 30, 2003 was \$479,404 compared to \$421,947 during the same period in 2002.

As a result of increased revenues for the period ending June 30, 2003, the Company saw a net gain from operations of \$16,874. This is a considerable improvement over the same period in 2002 in which the Company experienced a loss of \$50,305. This represents a positive change in the net bottom line of \$67,179.

Operating costs were up slightly in comparison to the same period in 2002. This increase in expenses was due to the cost of operating the additional wells that were put on production during the 1st Quarter of 2003. The Production Cost of Sales for the period ending June 30, 2003 was \$88,404 compared to \$73,807 for the period ending June 30, 2002. General and Administrative Expenses decreased for the period ending June 30, 2003 to \$86,433 from \$111,251 for the same period in 2002. This decrease was a result of the constant fluctuations in the U.S./Canadian currency exchange rate along with slight variations in daily operating costs.

The Company made no acquisitions or dispositions of capital assets during the quarter ending June 30, 2003, nor have there been any material write-off or write-down of assets during the period. Also, there were no related party transactions to report during the 2nd Quarter of 2003.

Liquidity and Solvency

The financial condition of the Company continues to improve as a result of the increase in production experienced through the enhancement program in the Red Creek Field. The Company's Working Capital increased to a healthy level of \$478,910, which is a significant increase of over \$100,910 from the \$378,000 reported for the quarter ending June 30, 2002. The Company continues to meet its financial obligations due to the success of the enhanced workover program.

Subsequent Event

The Company continues their progress with the workover program into the Third Quarter 2003. To-date two additional wells have been placed on production and Management expects to have positive results to report in subsequent quarters.

Corporate Matters

The Company's Annual General Meeting was held on June 17, 2003. The meeting resulted in the following individuals being elected as Directors of the Company: Joseph V. Montalban, Cora Belle Montalban, Bruce P. Young, Bo L. Mikkelsen and Julian Rowan. At a subsequent 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.