# 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, U.S.A. 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:** | 2004/03/31 |
| **Date of Report:** | 2004/05/18 |

*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 | 2004-05-28 |
| ***"Bruce Young"*** | Bruce Young | 2004-05-28 |

# MOUNTAINVIEW ENERGY LTD.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## MARCH 31, 2004

**Unaudited - See Notice to Reader**

## NOTICE TO READER

We have compiled the interim consolidated balance sheet of Mountainview Energy Ltd. as at March 31, 2004 and the interim consolidated statements of income and deficit and cash flows for the three 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.

***"Staley, Okada & Partners"***

Vancouver, B.C.
May 18, 2004

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

**Mountainview Energy Ltd.** Statement 1

# Interim Consolidated Balance Sheet

*Canadian Funds*
*Unaudited - See Notice to Reader*

| ASSETS | | **March 31 2004** | | December 31 2003 |
|---|---|---|---|---|
| **Current** | | | | |
| Cash and term deposits | **$** | **580,988** | $ | 516,746 |
| GST receivable | | **1,758** | | 14,697 |
| Accounts receivable - trade | | **105,286** | | 87,226 |
| Inventory | | **18,164** | | 10,515 |
| | | **706,196** | | 629,184 |
| **Property, Plant and Equipment** | | **7,043** | | - |
| **Petroleum & Natural Gas Interest** | | | | |
| Red Creek Unit, *net of accumulated amortization (Note 4)* | | **967,110** | | 951,340 |
| **Reclamation Bond** *(Note 5)* | | **138,647** | | 137,442 |
| | **$** | **1,818,996** | $ | 1,717,966 |

| LIABILITIES | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Accounts payable - trade | **$** | **128,775** | $ | 106,390 |
| - related party *(Note 7a)* | | **20,000** | | 20,000 |
| Income tax payable | | **28,796** | | 8,427 |
| | | **177,571** | | 134,817 |

| SHAREHOLDERS' EQUITY | | | | |
|---|---|---|---|---|
| **Share Capital** *(Note 6)* | | **1,647,551** | | 1,647,551 |
| **Deficit** - *Statement 2* | | **(6,126)** | | (64,402) |
| | | **1,641,425** | | 1,583,149 |
| | **$** | **1,818,996** | $ | 1,717,966 |

ON BEHALF OF THE BOARD:

***"Joseph V. Montalban"*** Director

***"Bruce Young"*** Director

- See Accompanying Notes -

**Mountainview Energy Ltd.** Statement 2

# Interim Consolidated Statement of Income and Deficit

**For the Three Months Ended March 31**
*Canadian Funds*
*Unaudited - See Notice to Reader*

| | | 2004 | | 2003 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Gross sales | $ | 272,584 | $ | 358,687 |
| Less royalties | | (29,227) | | (46,182) |
| | | 243,357 | | 312,505 |
| **Cost of Sales** | | | | |
| Inventory- Beginning of year | | 10,515 | | 8,293 |
| Production taxes | | 29,228 | | 46,552 |
| Utilities | | 27,654 | | 29,313 |
| Amortization and depletion | | 20,210 | | 26,676 |
| Consulting fees | | 13,566 | | 5,422 |
| Materials | | 10,529 | | 6,390 |
| Vehicle expense | | 8,879 | | 4,738 |
| Field repairs and maintenance | | 8,530 | | 3,217 |
| Field labour | | 8,514 | | 9,436 |
| Engineering reports – Citadel | | 3,295 | | 8,234 |
| Liability insurance | | 3,109 | | 2,704 |
| Annual injection well fee | | 1,516 | | - |
| Interest expense | | - | | 385 |
| | | 145,545 | | 151,360 |
| Inventory - End of period | | (18,164) | | (6,476) |
| | | 127,381 | | 144,884 |
| **Gross Margin** *(47.6%; 2003 – 53.6%)* | | 115,976 | | 167,621 |
| **General and Administrative Expenses** - *Schedule* | | 37,322 | | 91,343 |
| **Income from Operations** | | 78,654 | | 76,278 |
| **Provision for Income Taxes** *– on profits* | | 20,378 | | - |
| **Income for the Period** | | 58,276 | | 76,278 |
| Deficit - Beginning of period | | (64,402) | | (195,855) |
| **Deficit - End of Period** | $ | (6,126) | $ | (119,577) |
| **Income per Share – Basic** | $ | 0.00 | | 0.01 |
| **Income per Share – Diluted** | $ | 0.00 | $ | 0.00 |

- See Accompanying Notes -

**Mountainview Energy Ltd.** Statement 3

# Interim Consolidated Statement of Cash Flows

**For the Three Months Ended March 31**
*Canadian Funds*
*Unaudited - See Notice to Reader*

| **Cash Resources Provided By (Used In)** | | **2004** | | 2003 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Cash receipts from customers | **$** | **225,297** | $ | 296,571 |
| Direct costs | | **(114,820)** | | (116,391) |
| Cash paid to suppliers and employees | | **(4,417)** | | (54,202) |
| Interest income | | **1,205** | | 1,232 |
| | | **107,265** | | 127,210 |
| **Investing Activities** | | | | |
| Resource property costs – Well workovers | | **(35,980)** | | (39,022) |
| Property, plant and equipment | | **(7,043)** | | - |
| | | **(43,023)** | | (39,022) |
| **Financing Activities** | | | | |
| Share capital issued for cash | | **-** | | 10,000 |
| **Net Increase (Decrease) in Cash** | | **64,242** | | 98,188 |
| Cash position - Beginning of period | | **516,746** | | 361,637 |
| **Cash Position - End of Period** | **$** | **580,988** | $ | 459,825 |
| **Supplemental Schedule of Non-Cash Investing and Financing Transactions** | | | | |
| Amortization and depletion | **$** | **20,210** | $ | 26,676 |
| Foreign exchange | **$** | **(5,484)** | $ | 28,624 |
| Provision for income tax – *on profits* | **$** | **20,378** | $ | - |

- See Accompanying Notes -

**Mountainview Energy Ltd.** <u>Schedule</u>

# Interim Consolidated Schedule of General and Administrative Expenses

**For the Three Months Ended March 31**
*Canadian Funds*
*Unaudited - See Notice to Reader*

| | | **2004** | | 2003 |
|---|---|---|---|---|
| **General and Administrative Expenses** | | | | |
| Wages and benefits | **$** | **12,944** | $ | 18,587 |
| Office supplies and utilities | | **11,951** | | 10,063 |
| Travel expenses | | **6,023** | | 14,325 |
| Telephone | | **4,664** | | 4,505 |
| Legal and accounting | | **4,000** | | 12,500 |
| Regulatory and exchange fees | | **2,889** | | 1,271 |
| Transfer agent fees | | **1,540** | | 2,700 |
| Interest and bank charges | | **(1,205)** | | (1,232) |
| Foreign exchange | | **(5,484)** | | 28,624 |
| | **$** | **37,322** | $ | 91,343 |

- See Accompanying Notes -

### 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 ("TSX-V") 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 and is an operating oil and gas company.

### 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. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at December 31, 2003.

### 3. Fair Value of Financial Instruments

The Company’s financial instruments consist of cash and term deposits, GST receivable, accounts receivable, reclamation bond 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) Cumulative details are as follows:

| | **March 31 2004** | December 31 2003 |
|---|---|---|
| Red Creek Unit, Montana, USA: | | |
| Purchase price | **$ 735,728** | $ 735,728 |
| Engineering reports - Citadel | **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 | **245,824** | 209,844 |
| | **1,206,332** | 1,170,352 |
| Accumulated amortization and depletion | **(239,222)** | (219,012) |
| | **$ 967,110** | $ 951,340 |

b) Workover expenditures incurred during the period were $35,890 (2003 - $132,827).

## 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 $138,647 (2003 - $137,442), which includes accrued interest of $1,205 (2003 - $6,279).

## 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 | |
|---|---|---|---|---|
| | **March 31 2004** | December 31 2003 | **March 31 2004** | December 31 2003 |
| Opening balance | **9,766,850** | 9,716,850 | **$ 1,647,551** | $ 1,637,551 |
| Share options exercised | **-** | 50,000 | **-** | 10,000 |
| | **9,766,850** | 9,766,850 | **$ 1,647,551** | $ 1,647,551 |

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 March 31, 2004, 300,000 (December 31, 2003 – 600,000) shares were held in escrow.

d) As at March 31, 2004, there were 400,000 (December 31, 2003 – 400,000) share purchase options to Directors exercisable at $0.25 per share until June 18, 2004.

e) As at March 31, 2004, the following share purchase warrants were outstanding:

| Number | Exercise Price | Expiry Date |
|---|---|---|
| 797,050 | $0.25 | April 19, 2004 (expired subsequent to period-end) |
| 4,782,300 | $0.25 | June 18, 2004 |
| 5,579,350 | | |

## 7. Related Party Transactions

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

a) During the period, legal fees of $NIL (2003 - $7,500) were paid or accrued to a former Director and current officer of the Company. At December 31, 2003 legal fees of $20,000 were accrued.

b) During the period, engineering/supervision fees of $3,053 (2003 - $5,422) were paid to Altamont Oil and Gas Inc., a company owned by a relative of a Director and officer of the Company.

c) During the period, wages and benefits of $11,332 (2003 - $NIL) were paid to an officer of the Company.

## 8. Comparative Figures

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

## SCHEDULE B

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 MARCH 31, 2004

   a) Securities issued: NONE

   b) Options granted: NONE

4. SUMMARY OF SECURITIES AS AT 31 DECEMBER 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
   Carla Barringer – Assistant Corporate Secretary
   Cora Belle Montalban – Director
   Bruce Young – Director
   Julian Rowan – Director
   Bo Mikkelson – Director

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**

Following are the results of a workover program completed during the first half of 2004 in the Red Creek Field:

- **Red Creek No. 9:** The Red Creek #9 well was acidized and re-completed for production of 7 to 9 BOPD.
- **Red Creek No. 2C-11:** The Red Creek No. 2C-11 well was perforated, acidized and re-completed as a Cut Bank oil well for production of 7 to 8 BOPD.
- **Red Creek 13D-2:** The Red Creek 13D-2 was also perforated, acidized and re-completed as a Cut Bank oil well for production of 8 to 9 BOPD.
- **Red Creek No. 28:** Study of logs and samples of the Bow Island zone in the Red Creek No. 28 well indicate that gas is available. It is planned that this well will be completed as a new zone producer, possibly this summer, when a pipeline outlet can be negotiated.

Revenues for the 1st Quarter 2004 of US$205,081 (CDN$272,584) fluctuated slightly from those realized during the same period in 2003 of US$234,529 (CDN$358,687). The significant change in the revenues for these two periods, as reported in Canadian Dollars on the Income Statement, is a direct result of the extreme fluctuation in the Foreign Exchange. The following schedule shows a trend of steady revenues received by the Company during the past five quarterly periods:

| Period | Sales Volumes | Average Price (US$) | Gross Sales (US$) | Gross Sales (CDN$) |
|---|---|---|---|---|
| 1st Quarter 2004 | 6,876 | 29.83 | 205,081 | 272,584 |
| 4th Quarter 2003 | 7,534 | 26.03 | 196,047 | 257,939 |
| 3rd Quarter 2003 | 7,285 | 25.34 | 184,878 | 269,427 |
| 2nd Quarter 2003 | 7,659 | 24.00 | 183,635 | 213,499 |
| 1st Quarter 2003 | 8,171 | 28.92 | 235,529 | 358,687 |

This sustained level of revenues can be attributed to the consistent increase in oil prices. As depicted in the foregoing schedule the average price per barrel of oil remained steady at US$29.83 for the 1st Quarter 2004 compared to the US$28.92 received during the First Quarter 2003. Also, as detailed, there were some fluctuations for the interim quarters but the price received per barrel of oil rebounded during the

First Quarter 2004. The Company continues to see an increase in oil prices into the Second Quarter of 2004.

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. Another factor that must be considered when comparing production figures is that over time these wells will experience a natural production decline.

This MD&A contains forward-looking statements relating to regulatory compliance and the sufficiency of current working capital to continue the on-going enhancement program. These statements reflect Management's view with respect to future events. Assumptions made herein, with respect to these future events, are subject to certain uncertainties (e.g. Natural Disasters) and many factors could cause actual results to differ from those implied by these forward-looking statements.

**The Company experienced a gain from operations of $78,654 during the first quarter of 2004, which is an increase over the gain reported for the same period in 2003 of $76,278. This increase is due to a decline in the Cost of Operations of $17,503 from the $127,381 reported for First Quarter of 2004 compared to $144,884 for First Quarter 2003. Also contributing to the gain from operations is the significant decrease in Administrative Expenses in the amount of $54,021 from the $37,322 reported during the First Quarter of 2004 compared to $91,343 during the First Quarter of 2003. The Company realized positive revenue during the First Quarter 2004 and as result a provision for Income Tax in the amount of $20,378 was included. This amount is indicated on the Statement of Income and Deficit, thus reducing our Net Income as reported.**

The Company's Cash Position improved significantly during the First Quarter of 2004 with a figure of $580,988 as of March 31, 2004 compared to $459,825 for the same period ending March 31, 2003. This is an increase of $121,163.

As depicted in the Consolidated Statement of Income and Deficit, the major operating expense for the First Quarter of 2004 was Production Taxes. The sizeable decrease from the First Quarter 2003 is due mainly to the dramatic fluctuation in the Foreign Exchange. The actual U.S. dollar amount paid out during the First Quarter 2004 was US$26,844.73 compared to US$30,830.30 during the First Quarter 2003. Therefore, you can see the significant impact the Foreign Exchange has on these figures. Also, the tax rates reverted to the non-stripper rate for both the First Quarter of 2004 and 2003, as 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 pumps, water disposal units, etc in the Red Creek Field.

General and Administrative Expenses decreased significantly during from the $37,322 reported for the First Quarter of 2004 compared to the $91,343 reported in the First Quarter of 2003. This decrease is mainly due to the ever fluctuating Foreign Exchange Expense, which was $28,624 during 2003 compared to ($5,484) during 2004, a change of $34,108. This reduction in General and Administrative Expenses is also due to the constant variation in the exchange rate used to convert U.S. dollar figures to the Canadian dollar equivalent.

During the First Quarter 2004, the Company acquired a photocopier for use in its head office. There has been no material write-off or write-down of assets during the period.

As reported earlier in the Notes to Interim Consolidated Financial Statements, the following related party transactions occurred during the First Quarter of 2004:

a) Engineering/Supervision Fees of $3,053 were paid to Altamont Oil & Gas, Inc, a Company that is owned by a relative of a Director and Officer of Mountainview Energy Ltd.

b) Wages and Benefits of $11,332 were paid to an Officer of the Company.

As a result of the successful workovers during the prior year and current period, along with steady 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 March 31, 2004 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 $1,647,555. Of the 2,000,000 shares initially offered in the Year 2000, 300,000 remained in Escrow at March 31, 2004. 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 First Quarter of 2004.

## *Liquidity and Solvency*

Working capital for the Quarter Ending March 31, 2004 was $528,625. This is a significant improvement of $73,283 over the same period in 2003 in which the Company reported Working Capital of $455,342. This 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 March 31, 2004, the Company had an obligation of $148,775 in Accounts Payable. This figure is mainly comprised of costs associated with the workover undertaken in the Red Creek Field during the First Quarter 2004 and most have since been distinguished during the Second Quarter of 2004. Also, there is an amount of $28,796 for Income Taxes Payable an obligation, which will be paid as it becomes due. The steady monthly revenues enable the Company to continue to meet its ongoing obligations, as well as pursuing a drilling program by which 2 to 3 new wells will be drilled this summer. The Company has no long-term financial liabilities or obligations.

**Corporate Matters**

The Directors of the Company passed a Resolution, which approved entering into a Corporate Relations Agreement with Ms. Joyce Healy Adam, affective March 1, 2003. Ms. Adam will act as a Corporate Relations Consultant for Mountainview Energy Ltd. As required, the necessary steps have been taken to file Ms. Adam's contract with the Regulatory Bodies.

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

**MOUNTAINVIEW ENERGY LTD**
Quarter Ending March 31, 2004

**Management Discussion and Analysis**

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As reported earlier in the Notes to Interim Consolidated Financial Statements, the following related party transactions occurred during the First Quarter of 2004:

a) Engineering/Supervision Fees of $3,053 were paid to Altamont Oil & Gas, Inc, a Company that is owned by a relative of a Director and Officer of Mountainview Energy Ltd.

b) Wages and Benefits of $11,332 were paid to an Officer of the Company.

As a result of the successful workovers during the prior year and current period, along with steady 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 March 31, 2004 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 $1,647,555. Of the 2,000,000 shares initially offered in the Year 2000, 300,000 remained in Escrow at March 31, 2004. 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 First Quarter of 2004.

## *Liquidity and Solvency*

Working capital for the Quarter Ending March 31, 2004 was $528,625. This is a significant improvement of $73,283 over the same period in 2003 in which the Company reported Working Capital of $455,342. This 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 March 31, 2004, the Company had an obligation of $148,775 in Accounts Payable. This figure is mainly comprised of costs associated with the workover undertaken in the Red Creek Field during the First Quarter 2004 and most have since been distinguished during the Second Quarter of 2004. Also, there is an amount of $28,796 for Income Taxes Payable an obligation, which will be paid as it becomes due. The steady monthly revenues enable the Company to continue to meet its ongoing obligations, as well as pursuing a drilling program by which 2 to 3 new wells will be drilled this summer. The Company has no long-term financial liabilities or obligations.

**Corporate Matters**

The Directors of the Company passed a Resolution, which approved entering into a Corporate Relations Agreement with Ms. Joyce Healy Adam, affective March 1, 2003. Ms. Adam will act as a Corporate Relations Consultant for Mountainview Energy Ltd. As required, the necessary steps have been taken to file Ms. Adam's contract with the Regulatory Bodies.

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