MOUNTAINVIEW ENERGY LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

Unaudited

NOTICE

These interim consolidated financial statements for the nine months ended September 30, 2005 of Mountainview Energy Ltd. have been prepared by management and have not been subject to review by the Company's auditors.

Mountainview Energy Ltd. <u>Statement 1</u>

Interim Consolidated Balance Sheet

Canadian Funds

Unaudited

ASSETS		September 30, 2005		December 31, 2004
Current				
Cash and term deposits	$	**781,268**	$	664,695
GST receivable		**233**		-
Accounts receivable - trade		**179,083**		128,287
Inventory		**4,558**		3,391
		965,142		796,373
Property, Plant and Equipment, *net of accumulated amortization of $13,600*		**98,770**		13,905
Petroleum and Natural Gas Interest *(Note 4)*		**1,220,464**		1,213,360
	$	**2,284,376**	$	2,023,638

LIABILITIES				
Current				
Accounts payable	$	**259,764**	$	251,135
Income taxes payable		**118,091**		32,454
		377,855		283,589
Future Income Tax Payable		**29,068**		30,050
SHAREHOLDERS' EQUITY				
Share Capital *(Note 5)*		**1,647,551**		1,647,551
Retained Earnings - *Statement 2*		**229,902**		62,448
		1,877,453		1,709,999
	$	**2,284,376**	$	2,023,638

ON BEHALF OF THE BOARD:

"J.V. Montalban", Director

"Bruce P. Young", Director

- See Accompanying Notes -

Mountainview Energy Ltd. <u>Statement 2</u>

Interim Consolidated Statement of Income and Retained Earnings (Deficit)

Canadian Funds

Unaudited

	Nine Months Ended September 30, 2005	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Three Months Ended September 30, 2004
Revenue				
Gross sales	**$ 1,347,028**	**$ 529,466**	$ 882,549	$ 325,523
Less royalties	**(192,127)**	**(75,584)**	(110,126)	(46,494)
	1,154,901	**453,882**	772,423	279,029
Cost of Sales				
Inventory - Beginning of year	**3,391**	**3,391**	10,515	10,515
Production taxes	**192,441**	**86,550**	103,163	42,422
Utilities	**91,752**	**38,072**	83,637	27,447
Field repairs and maintenance	**36,725**	**21,305**	68,600	27,922
Depletion	**73,827**	**23,368**	59,447	19,809
Field labour	**96,901**	**22,062**	28,374	8,298
Vehicle expenses	**54,009**	**22,682**	27,623	8,900
Consulting fees	**9,089**	**7,709**	27,010	13,144
Materials	**19,866**	**9,516**	22,951	3,994
Engineering expenses	**6,745**	**-**	9,696	-
Property taxes	**3,598**	**-**	5,824	-
Liability insurance	**6,633**	**-**	3,722	-
Miscellaneous production costs	**4,223**	**3,721**	3,314	1,367
	599,200	**238,376**	453,876	163,818
Inventory - End of period	**(4,558)**	**(4,558)**	(3,666)	(3,666)
	594,642	**233,818**	450,210	160,152
Gross Margin	**560,259**	**220,064**	322,213	118,877
General and Administrative – *Schedule*	**268,681**	**146,752**	215,810	98,611
Income from Operations Before the Undernoted	**291,578**	**73,312**	106,403	20,266
Provision for Income Taxes	**(124,124)**	**(43,211)**	(47,498)	(18,264)
Net Income for the Period	**167,454**	**30,101**	58,905	2,002
Retained Earnings (Deficit) - Beginning of period	**62,448**	**199,801**	(64,402)	(7,499)
Retained Earnings (Deficit) – End of Period	**$ 229,902**	**$ 229,902**	$ (5,497)	$ (5,497)
Income per Share – Basic	**$ 0.02**	**$ 0.00**	$ 0.00	$ 0.00
Income per Share – Diluted	**$ 0.02**	**$ 0.00**	$ 0.00	$ 0.00

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 3

Interim Consolidated Statement of Cash Flows

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	Nine Months Ended September 30, 2005	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Three Months Ended September 30, 2004
Operating Activities				
Cash receipts from customers	**$ 1,104,105**	**$ 410,179**	$ 755,428	$ 256,030
Direct costs	**(521,982)**	**(211,617)**	(383,914)	(133,494)
Cash paid to suppliers and employees	**(288,304)**	**(69,245)**	(165,298)	(63,790)
Interest income	**3,184**	**1,051**	4,062	1,575
	297,003	**130,368**	210,278	60,321
Investing Activities				
Resource property costs	**(84,419)**	**(42,825)**	(173,066)	(136,818)
Purchase of property, plant and equipment	**(96,001)**	**(10,324)**	(7,043)	-
	(180,430	**(53,149)**	(180,109)	(136,818)
Financing Activities				
Payments from related party	**-**	**-**	-	13,338
Net Increase (Decrease) in Cash	**116,573**	**77,219**	30,169	(63,159)
Cash position - Beginning of period	**664,695**	**704,049**	516,746	610,074
Cash Position - End of Period	**$ 781,268**	**$ 781,268**	$ 546,915	$ 546,915

Supplemental Schedule of Non-Cash Transactions				
Amortization and depletion	**$ 73,827**	**$ 23,368**	$ 59,447	$ 19,807
Amortization of property, plant and equipment	**$ 11,146**	**$ 9,015**	$ 528	$ 168
Foreign exchange	**$ 29,386**	**$ 46,347**	$ 31,246	$ 43,366
Provision for income tax	**$ 124,124**	**$ 43,211**	$ 47,498	$ 18,264
	$ 238,483	**$ 121,941**	$ 138,719	$ 81,605

- See Accompanying Notes -

Mountainview Energy Ltd. Schedule

Interim Consolidated Schedule of Administrative Expenses

Canadian Funds

Unaudited

	Nine Months Ended September 30, 2005	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Three Months Ended September 30, 2004
General and Administrative Expenses				
Wages and benefits	**$ 92,688**	**$ 34,797**	$ 62,591	$ 25,432
Office supplies and utilities	**42,193**	**23,438**	38,954	15,212
Legal, accounting and consulting fees	**41,942**	**15,524**	22,014	(3,469)
Travel and promotion	**35,662**	**15,400**	40,184	15,487
Foreign exchange	**29,386**	**46,347**	31,246	43,366
Amortization	**11,146**	**9,015**	528	168
Telephone	**9,423**	**2,597**	12,729	2,450
Listing and filing fees	**5,607**	**-**	5,201	464
Transfer agent fees	**3,818**	**685**	6,425	1,076
Interest and bank charges, *net*	**(3,184)**	**(1,051)**	(4,062)	(1,575)
	$ 268,681	**$ 146,752**	$ 215,810	$ 98,611

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 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, 2004.

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 taxes 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:

	September 30, 2005	December 31, 2004
Proved and Producing		
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 and completion costs	**342,245**	350,448
	1,302,753	1,310,956
Accumulated amortization and depletion	**(378,019)**	(331,327)
	$ 924,734	$ 979,629
Reclamation Bond –Montana, USA:	**$ 107,431**	$ 107,936
Unproved		
Shannon Properties, Montana, USA:		
Purchase price	**$ 82,613**	$ 82,613
Lease rentals	**105,686**	43,182
	$ 188,299	$ 125,795
Total petroleum and natural gas interests	**$ 1,220,464**	$ 1,213,360

4. Petroleum and Natural Gas Interest - *Continued*

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

c) The lease acquisition of the Judith River/Shannon project in Carter County, Montana was completed during the quarter. The acquisition, with exploratory wells proposed consists of 61,894.15 net acres in the southeast corner of Montana. It was acquired at a purchase price of US$1.00 per net acre.

5. 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	
	September 30, 2005	December 31, 2004	**September 30, 2005**	December 31, 2004
Opening balance	**9,766,850**	9,766,850	**$ 1,647,551**	$ 1,647,551
	9,766,850	9,766,850	**$ 1,647,551**	$ 1,647,551

As at September 30, 2005 there were no share purchase warrants or share options outstanding and no options have been granted during the period.

6. Related Party Transactions

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

a) During the nine-month period ended September 30, 2005, legal fees of $9,400 (2004 - $20,000) were paid to an Officer of the Company.

b) During the nine-month period ended September 30, 2005, fees of $7,700 (2004 - $10,226) were paid to a company owned by a relative of a Director and Officer of the Company.

c) During the nine-month period ended September 30, 2005, wages and benefits of $48,250 (2004 - $31,576) were paid to an Officer of the Company, who became a Director in 2004.

7. Comparative Figures

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

Form 51-102F1
Management Discussion and Analysis
For
MOUNTAINVIEW ENERGY LTD
Quarter Ended September 30, 2005

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 also acquired the Shannon River Project located in Carter County, Montana in July 2004 and Management continues to study the acreage for optimum drilling potential.

All currency has been reported in Canadian dollars unless otherwise noted.

Operations and Financial Condition

Gross Sales Revenue for 3rd Quarter 2005 of US$437,598 ($529,466) increased significantly by US$190,959 from the US$246,639 ($325,523) in Gross Sales Revenue reported during the same period in 2004. In addition there was a marked increase in Gross Sales Revenue of US$106,187 from 2nd Quarter 2005 to 3rd Quarter 2005. This dramatic increase in sales is a direct result of the increase in the price received per barrel of oil, as well as constant Sales Volumes. The following schedule shows a trend of increasing revenue received by the Company during the past thirteen quarterly periods:

Period	Sales Volumes	Average Price (US$)	Gross Sales (US$)	Gross Sales
3rd Quarter 2005	7,912	55.31	437,598	529,466
2nd Quarter 2005	7,591	43.66	331,411	415,874
1st Quarter 2005	8,006	40.66	325,506	401,688
4th Quarter 2004	8,573	41.84	358,658	451,639
3rd Quarter 2004	6,450	38.24	246,639	325,523
2nd Quarter 2004	6,352	32.72	207,830	284,442
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
4th Quarter 2002	6,299	23.42	149,110	235,910
3rd Quarter 2002	5,278	23.23	124,418	195,588

As depicted in the foregoing schedule the average price per barrel increased by approximately US$17.07 at US$55.31 for the Third Quarter 2005 compared to the US$38.24 received during the Third Quarter 2004. As detailed there has been a steady increase in the price received per barrel of oil over the past thirteen quarters. The Company continues to see steady oil prices into the Fourth Quarter of 2005.

Summary of Quarterly Results

Period	Net Revenue	Net Income (Loss)	Income per Share Basic Earnings (Loss)	Income Per Share Diluted	Total Assets	Total Long-Term Liabilities
3rd Quarter 2005	453,882	30,101	0.00	0.00	2,284,376	29,068
2nd Quarter 2005	356,579	80,992	0.01	0.01	2,158,387	30,635
1st Quarter 2005	344,440	57,984	0.00	0.00	2,183,241	30,240
4th Quarter 2004	410,255	62,706	0.00	0.00	2,023,638	30,050
3rd Quarter 2004	279,029	2,002	0.00	0.00	1,866,439	Nil
2nd Quarter 2004	250,037	3,865	0.01	0.01	1,808,635	Nil
1st Quarter 2004	243,357	58,276	0.00	0.00	1,818,996	Nil
4th Quarter 2003	258,987	20,452	0.00	0.00	1,717,966	Nil
3rd Quarter 2003	231,379	17,849	0.00	0.00	1,713,096	Nil
2nd Quarter 2003	188,658	16,874	0.00	0.00	1,651,336	Nil
1st Quarter 2003	312,505	76,278	0.01	0.00	1,672,777	Nil
4th Quarter 2002	200,844	74,187	0.01	0.01	1,596,372	Nil
3rd Quarter 2002	172,244	60,391	0.01	0.01	1,528,785	Nil

The Company continues to maintain consistent production volumes in the Red Creek Field, which in turn should sustain our steady revenue stream. 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 income from operations of $73,312 during the Third Quarter 2005, which is a significant increase of $53,046 from the income from operations reported for Third Quarter 2004 of $20,266. This variance is due to the increase in Gross Revenues for the period.

As reported, General and Administrative Expenses increased from $98,611 for the 3rd Quarter 2004 to $146,752 for Third Quarter 2005. A variance worth noting is the increase in Legal and Accounting Fees of $18,993 during Third Quarter 2005 over that which was report during the Third Quarter 2004. These expenses are a result of the cost of preparing and filing 2004 Year End Tax Returns, as well as legal expenses incurred during the preparation and conducting of the Company's Annual General Meeting in July 2005. The Company is also reporting an increase in Wages & Benefits from Third Quarter 2004 to Third Quarter 2005, due mainly to the implementation of an employee health insurance program. Another increase worth noting is the expense for amortization, which is a result of the purchase of equipment during the Second and Third Quarter 2005, resulting in these amortization costs.

The Company realized Net Income during Third Quarter 2005 of $30,101 after the Provision for Income Tax of $43,211 which is only an estimate of what our future income tax liability will be. This is a significant increase over the Net Income reported for Third Quarter 2005 of $2,002. Also, in comparison our tax burden has increased from the $18,264 estimated for Third Quarter 2004 to the $43,211 for Third Quarter 2005. As the Company realizes more income the tax burden increases. In addition, all non-capital/business losses, which are carried forward each year and help to minimize the tax burden by offsetting revenue, have since been used. Consequently, there were no losses carried forward, thus resulting in a larger tax burden for the current period.

The Company's Cash Position (consisting of Cash & Term Deposits) increased during the Third Quarter 2005 with a reported figure of $781,268 compared to Third Quarter 2004 in which the Company reported a Cash Position of $546,915. This increase of approximately $234,353 is a direct result of an increase in cash receipts. The Company saw an increase of $77,219 in Cash Position from Second Quarter 2005 ($704,049) to the $781,268 reported for Third Quarter 2005. Again this increase is due to the increase in revenues.

As depicted in the Consolidated Statement of Income and Retained Earnings (Deficit), the major operating expense during the Third Quarter 2005 was Production Taxes. The increase from the $42,422 in Production Tax burden reported during Third Quarter 2005 to the $86,550 reported for Third Quarter 2005 is a result of the increase in sales and the higher price received per barrel of oil. The Company is again subject to a higher tax rate based on the price received per barrel, as tax rates for the Third Quarter 2005, again reverted to the non-stripper rate, 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 any time during a quarterly period the West Texas Intermediary 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 electrical costs or utilities. This expense is comprised of charges for electricity used in operating electrical pumps, water disposal units, etc in the Red Creek Field. In addition, due to an increase in field activities, the Company also saw an increase in field labor expenses.

There were no dispositions of capital assets during Third Quarter of 2005 nor have there been any material write-offs or write-downs of assets during the period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions which affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the reporting period. Actual results could differ from those reported.

Forward Looking Information

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 and many factors could cause actual results to differ from those implied by these forward-looking statements.

Related Party Transactions

As reported earlier in the Notes to Consolidated Financial Statements, the following related party transactions occurred during the nine-months ended September 30, 2005:

a) During the nine-month period ended September 30, 2005, legal fees of $9,400 (2004 - $20,000) were paid to a former Director and Current Officer of the Company.

b) During the nine-month period ended September 30, 2005, consulting fees of $7,700 (2004 - $10,226) were paid to a Company owned by a relative of a Director and Office of the Company.

c) Wages and benefits of $48,250 (2004 - $31,576) were paid to a Director of the Company.

Company Progress:

As a result of the successful workovers during the year and the steady increase in the price of oil, 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.

Financial Instruments

Mountainview Energy Ltd's financial instruments consist of Cash and Term Deposits, GST Receivable and Accounts Receivable/Trade and Inventory. Unless otherwise noted, it is Management's opinion that Mountainview Energy Ltd is not exposed to significant interest, currency or credit risks arising from the financial instruments.

Outstanding Share Data

To-date the Company has 9,766,850 outstanding shares with Shareholder Equity of $1,647,551. As of September 30, 2005, there were no shares held in escrow, all options to directors had expired and no options were granted during the period.

Liquidity and Solvency

Working Capital for the Quarter Ending September 30, 2005 was $587,287 (Current Assets less Current Liabilities). This is an increase of $155,262 from the same period in 2004 in which the Company reported Working Capital of $432,025. The Company's cash reserve remains healthy as a result of the steady monthly revenues the Company continues to receive, as discussed earlier in "Operations and Financial Condition." With respect to the Company's short-term liabilities, as of September 30, 2005, the Company had an obligation of $259,764 in Accounts Payable. This figure is mainly comprised of costs associated with accrued royalty and production tax expenses for 2005. The $118,091 for Current Income Taxes Payable will be paid when it becomes due. The $29,068 for Future Income Tax Payable is an estimate of what the Company will owe for future income taxes, based on the assumption that the Company will continue to have taxable income. Steady monthly revenues enable the Company to continue to meet its ongoing obligations.

Changes in Accounting Policies

The Company's Financial Statements follow the same accounting policies and methods of application as the most recent Annual Consolidated Financial Statements for the Year Ended December 31, 2004.

Subsequent Events

The Company commenced drilling operations in the Red Creek Field on Friday, November 11, 2005. Five locations have been surveyed and permitted for drilling. At the time of this report two wells have been drilled and the Company is waiting on a service rig in order to commence completion of those wells for production.

Company Information

Mountainview Energy Ltd held its Annual General Meeting on Friday, July 15, 2005. The following individuals were elected as Directors for the ensuing year: Joseph V. Montalban, Chairman of the Board, Bo L. Mikkelsen, Director, Clancy Munson, Director, Bruce P. Young, Director and Carla Barringer, Director. At a subsequent Board of Directors Meeting the following slate of officers were elected for the ensuing year: Joseph V. Montalban, President & Chief Executive Officer and Steven Sobolewski, Corporate Secretary.

Approval

The Audit Committee of Mountainview Energy Ltd has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

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