MOUNTAINVIEW ENERGY LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

US Funds

Unaudited

NOTICE

These unaudited interim consolidated financial statements for the three months ended March 31, 2006 of Mountainview Energy Ltd. have been prepared by management and have not been subject to review by the Company’s auditors.

Mountainview Energy Ltd. Statement 1

Interim Consolidated Balance Sheets

US Funds

Unaudited

ASSETS		March 31, 2006		December 31, 2005
Current				
Cash and term deposits	$	**104,796**	$	462,991
Accounts receivable - trade		**193,299**		148,163
Inventory		**4,318**		4,333
Property held for resale *(Note 4d)*		**181,136**		165,784
		483,549		781,271
Property, Plant and Equipment, *net of accumulated amortization of $21,285 (2005 - $2,397)*		**93,368**		98,917
Petroleum & Natural Gas Interest *(Note 4)*		**1,475,601**		1,225,414
	$	**2,052,518**	$	2,105,602

LIABILITIES				
Current				
Accounts payable - trade	$	**316,170**	$	479,647
Income tax payable		**78,470**		84,200
		394,640		563,847
Future Income Tax Payable *(Note 8)*		**75,300**		75,300

SHAREHOLDERS' EQUITY				
Share Capital *(Note 5)*		**1,071,140**		1,071,140
Retained Earnings - *Statement 2*		**511,438**		395,315
		1,582,578		1,466,455
	$	**2,052,518**	$	2,105,602

ON BEHALF OF THE BOARD:

"Joseph V. Montalban" Director

"Bruce Young" Director

- See Accompanying Notes -

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

Interim Consolidated Statements of Income and Retained Earnings

For the Three Months Ended March 31
US Funds
Unaudited

		2006		2005
Revenue				
Gross sales	$	535,242	$	328,365
Less royalties		(76,395)		(46,676)
		458,847		281,689
Cost of Sales				
Inventory- Beginning of period		4,333		2,821
Production taxes		61,798		42,608
Amortization and depletion - petroleum and natural gas interest		40,584		18,493
Vehicle expense		21,906		11,405
Field labour		21,386		16,162
Utilities		12,970		26,755
Materials		12,572		4,109
Liability insurance		9,537		1,073
Field repairs and maintenance		5,869		10,436
Amortization - equipment		5,083		1,486
Consulting fees		4,523		1,125
Engineering reports - Citadel		-		3,058
		200,561		139,531
Inventory - End of period		(4,318)		(2,491)
		196,243		137,040
Gross Margin *(57.2%; 2005 - 51.4%)*		262,604		144,649
General and Administrative Expenses - *Schedule*		68,011		73,772
Income from Operations		194,593		70,877
Provision for Income Taxes		78,470		28,000
Net Income for the Period		116,123		42,877
Retained earnings - Beginning of period		395,315		177,398
Retained Earnings - End of Period	$	511,438	$	220,275
Income per Share - Basic	$	0.01	$	0.00
Income per Share - Diluted	$	0.01	$	0.00
Weighted Average Number Common Shares Outstanding – Basic and Diluted		9,766,850		9,766,850

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 3

Interim Consolidated Statements of Cash Flows

For the Three Months Ended March 31

US Funds

Unaudited

Cash Resources Provided By (Used In)		2006		2005
Operating Activities				
Cash receipts from customers	**$**	**453,223**	$	289,993
Direct costs		**(163,662)**		(80,665)
Cash paid to suppliers and employees		**(151,090)**		(88,066)
Interest income		**-**		857
		138,471		122,119
Investing Activities				
Petroleum and natural gas interest		**(496,666)**		(18,849)
Property, plant and equipment		**-**		(39,725)
		(496,666)		(58,574)
Net Increase (Decrease) in Cash		**(358,195)**		63,545
Cash position - Beginning of period		**462,991**		552,996
Cash Position - End of Period	**$**	**104,796**	$	616,541

Supplemental Schedule of Non-Cash Investing Transactions:				
Amortization and depletion	**$**	**46,132**	$	20,792

Supplemental Cash Flow Information:				
Income tax paid	**$**	**84,200**	$	15,085

- See Accompanying Notes -

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

Interim Consolidated Schedule of General and Administrative Expenses

For the Three Months Ended March 31

US Funds

Unaudited

		2006		2005
General and Administrative Expenses				
Wages and benefits	**$**	**32,447**	$	44,819
Legal, accounting and consulting		**15,702**		2,826
Office supplies and utilities		**6,261**		10,612
Travel expenses		**5,183**		8,632
Regulatory and exchange fees		**3,675**		2,490
Telephone		**1,703**		2,834
Foreign exchange		**1,647**		271
Transfer agent fees		**928**		475
Amortization		**465**		813
	$	**68,011**	$	73,772

- 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 unaudited interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual consolidated financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at December 31, 2005.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and term deposits, 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) Cumulative details are as follows:

Proved and Producing		**March 31, 2006**		March 31, 2005
Red Creek Unit, Montana, USA:				
Purchase price	**$**	**475,000**	$	475,000
Engineering Reports		**22,968**		22,968
Legal and other costs (Title opinions and professional fees)		**105,525**		105,525
Due diligence and investigation costs		**30,706**		30,706
Drilling and completion costs		**877,948**		-
Workover costs		**267,867**		231,340
Accumulated amortization and depletion		**(396,744)**		(232,226)
	$	**1,383,270**	$	633,313
Reclamation Bond – Montana, USA:	**$**	**92,331**	$	90,655
Unproved				
Shannon Properties, Montana, USA:				
Purchase price	**$**	**-**	$	62,496
Lease rentals		**-**		51,011
	$	**-**	$	113,507
Total petroleum and natural gas interests	**$**	**1,475,601**	$	837,475

b) Workover expenditures incurred during the period were $NIL (2005 - $1,022). Drilling and completion expenditures incurred during the period were $290,771 (2005 - $NIL).

c) 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 $92,331 (2005 - $90,655), which includes accrued interest of $12,331 (2005 - $10,655).

d) The Company owns a 100% interest in the Shannon Property (petroleum leasehold interests). This interest represents a 100% working interest and a 87.5% revenue interest. The interests are also subject to a 5% overriding royalty in favour of the vendor. In the current period, the Company decided to hold this property for resale.

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		
March 31, 2006	December 31, 2005		**March 31, 2006**		December 31, 2005
9,766,850	9,766,850	**$**	**1,071,140**	$	1,071,140

6. Related Party Transactions

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

- During the period, wages and benefits of $10,502 (2005 - $8,854) were paid to a director and officer of the Company.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

7. Comparative Figures

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

8. Future Income Tax

The Company has recorded the future income tax liability that will arise due to the difference between the accounting value of the oil & gas properties and the taxation value of such.

Form 51-102F1
Management Discussion and Analysis
For
MOUNTAINVIEW ENERGY LTD
Quarter Ended March 31, 2006

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 acquired the Shannon River Project located in Carter County, Montana in July of 2004. As reported in the Management's Discussion and Analysis for the period Ended December 31, 2005, Management is planning to sell its acreage position in the Shannon River Project, due to the location of this property in relation to the Red Creek Field, being approximately 400 miles to the East. Management is confident that the property can be sold at a price, which would allow for full recovery of all costs to-date.

Change in Reporting Format

As noted earlier in the Financial Statements, Mountainview Energy Ltd is reporting in U.S. Dollars for the Quarter-Ended March 31, 2006. Since the majority of the Company's operations are based in the United States, Management felt it was proper to report in U.S. Dollars rather than converting everything to Canadian Dollars at reporting time. This also provides for a more accurate depiction of the Company's financial activity.

Operations and Financial Condition

Gross Revenues for 1st Quarter 2006 of $535,242 increased by $206,877 from the $328,365 in Gross Revenues reported for the 1st Quarter 2005 (Gross Revenues include a nominal amount of bookkeeping revenue and interest income). The change in the revenues between these two periods is a direct result of the increase in the price received per barrel of oil, as well as an increase in sales volumes. The following schedule shows a trend of increasing revenues received and barrels of oil sold by the Company during the past thirteen quarterly periods:

Period	Sales Volumes	Average Price	Gross Sales
1st Quarter 2006	10,013	53.21	532,738
4th Quarter 2005	7,973	52.03	414,820
3rd Quarter 2005	7,912	55.31	437,598
2nd Quarter 2005	7,591	43.66	331,411
1st Quarter 2005	8,006	40.66	325,506
4th Quarter 2004	8,573	41.84	358,658
3rd Quarter 2004	6,450	38.24	246,639
2nd Quarter 2004	6,352	32.72	207,830

Period	Sales Volumes	Average Price	Gross Sales
1st Quarter 2004	6,876	29.83	205,081
4th Quarter 2003	7,534	26.03	196,047
3rd Quarter 2003	7,285	25.34	184,878
2nd Quarter 2003	7,659	24.00	183,635
1st Quarter 2003	8,171	28.92	235,529

As depicted in the foregoing schedule the average price increased by approximately $12.55 per barrel at $53.21 for the First Quarter 2006 compared to the $40.66 received during the First Quarter 2005. The price received per barrel of oil has increased by $23.38 since the 1st Quarter 2004 where the Company saw an average of $29.83 per barrel for the period. 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 and production volumes into the Second Quarter of 2006.

Summary of Quarterly Results

Period	Net Revenue	Net Income	Income per Share Basic Earnings	Income Per Share Diluted	Total Assets	Total Long-Term Liabilities
1st Quarter 2006	458,847	116,123	0.01	0.01	2,052,518	75,300
4th Quarter 2005	359,862	52,672	0.01	0.01	2,105,602	75,300
3rd Quarter 2005	376,852	64,175	0.01	0.01	1,763,050	25,000
2nd Quarter 2005	284,928	57,909	0.01	0.01	1,603,075	25,000
1st Quarter 2005	281,689	43,161	0.00	0.00	1,634,674	25,000
4th Quarter 2004	327,572	105,362	0.01	0.01	1,509,451	25,000
3rd Quarter 2004	214,084	21,167	0.00	0.00	1,340,071	Nil
2nd Quarter 2004	184,989	(8,165)	0.00	0.00	1,240,3654	Nil
1st Quarter 2004	185,541	39,984	0.00	0.00	1,265,716	Nil
4th Quarter 2003	178,078	17,935	0.00	0.00	1,194,216	Nil
3rd Quarter 2003	161,022	33,134	0.00	0.00	1,167,423	Nil
2nd Quarter 2003	164,436	43,175	0.00	0.00	1,121,459	Nil
1st Quarter 2003	207,801	69,402	0.01	0.00	1,100,922	Nil

During the First Quarter 2006 Mountain View Energy, Inc completed a development drilling program in the northeast corner of the Red Creek Field located in Section 1-T37N-R5W, Glacier County, Montana, adjacent to the Canadian border. As a result, four new wells were completed and placed on production. Following is a detail of the results from the 2005 – 2006 Drilling Program:

- **Red Creek No. 30:** The Red Creek No. 30 is an oil well drilled and completed in the Cut Bank and Madison formations, with initial production of 47 barrels of oil per day.

- **Red Creek No. 31:** The Red Creek No. 31 is an oil well drilled and completed in the Cut Bank and Madison formations, with initial production of 10 barrels of oil per day.

- **Red Creek No. 32:** The Red Creek No. 32 is an oil well drilled and completed in the Cut Bank and Madison formations, with initial production of 13 barrels of oil per day.

- **Red Creek No. 33:** The Red Creek No. 33 is an oil well drilled and completed in the Cut Bank and Madison formations, with initial production of 15 barrels of oil per day.

After the initial production of the above four wells, total field production increased from an average of 85 barrels of oil per day to an average of 150 barrels of oil per day for a total of 65 new barrels of production.

The Company owns 100% Working Interest in this development program and through geologic and engineering evaluations, the program has provided new scientific results for the possible development of an additional 5 to 10 wells in the Red Creek Field.

The completion of the four new wells will enable the Company to sustain a 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 realized income from operations of $194,593 during the First Quarter 2006, which is an increase of $123,716 over the income from operations reported for First Quarter 2005 of $70,877. This variance is due to an increase in Gross Revenues. The Company reported General and Administrative Expenses of $68,011 during First Quarter 2006 compared to $73,772 reported for the same period in 2005. The Company realized Net Income from Operations during the First Quarter 2006 of $116,123 after the Provision for Income Tax. The Provision for Income Tax increased significantly from $28,000 during First Quarter of 2005 to $78,470 for First Quarter 2006, as a result of the Companies increase in revenue for the period. 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 in the prior year. Consequently, there were no losses carried forward, thus resulting in a larger tax burden for the current year.

The Company's Cash Position decreased during the First Quarter of 2006 with a reported figure of $104,796 compared to First Quarter 2005 in which the Company reported a Cash Position of $616,541. This decrease of approximately $511,745 in 2006 is a direct result of the costs associated with the four-well drilling and completion program in the Red Creek Field, commenced during the Fourth Quarter of 2005 and concluded during the First Quarter of 2006.

As depicted in the Consolidated Statement of Income and Retained Earnings (Deficit), the major operating expense during the First Quarter 2006 was Production Taxes. The increase from the $42,608 in Production Tax burden reported during the First Quarter of 2005 to the $61,798 reported for the same period in 2006 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 First Quarter 2006 remained at 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, as detailed on the Income Statement is for Amortization and Depletion, which is a non-cash item. The increase to the $40,584, as reported for First Quarter 2006 from the $18,493 reported for the First Quarter 2005, is due to the drilling and completion costs incurred during the period, which have been capitalized. Another significant expense for the period was for 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. The Company also saw an increase in the cost of Labor during the First Quarter 2006. This is a result of the hiring of extra field personnel to assist with the additional duties and work load associated with the four-well drilling and completion program.

There were no dispositions of capital assets during the First Quarter of 2006 nor have there been any material write-offs or write-downs of assets during the period.

Risks and Uncertainties:

Mountainview Energy Ltd is an oil and gas exploration and production company, whose current source of revenue is from oil production generated in the Red Creek Field. As such, the risks and uncertainties affecting the Company, as an oil and gas producer, include the ability to sustain production through drilling and production enhancement programs in addition to commodity prices. The Company intents to rely on the revenue generated in the Red Creek Field to fund future drilling and enhancement programs.

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 First Quarter 2006:

a) Wages and Benefits of $10,502 (2005 – $8,854) were paid to a Director and Officer of the Company during 2006.

Company Progress:

As a result of the four-well drilling program, along with the steady price of oil, the Company expects to meet 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, Term Deposits, Accounts Receivable/Trade and Accounts Payable. 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 $1,071,140. As of March 31, 2006, there were no shares held in escrow, warrants outstanding and no outstanding options.

Liquidity and Solvency

Working Capital for the Quarter Ended March 31, 2006 was $88,909 (Current Assets less Current Liabilities). This is a decrease from the same period in 2005 in which the Company reported Working Capital of $217,424. This decrease is a result of the expenses incurred during the four-well drilling and completion program in the Red Creek Field, which commenced during the Fourth Quarter 2005 and concluded during the First Quarter 2006. Another variable to note is that the Shannon River Property has been reclassified as a current asset due to the re-sale status. As mentioned before, the Company intends to sell this acreage. Consequently, the Company's Working Capital for the Quarter Ended March 31, 2006 would have been significantly less than stated, before this reclassification. The Company's cash reserves are down as a result of the drilling and completion costs, however, Management expects to build the reserves back up with 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 March 31, 2006, the Company had an obligation of $316,170 in Accounts Payable. This figure is mainly comprised of costs associated with the drilling and completion program as well as accrued royalty and production tax expenses for 2005 and 2006. The majority of these accounts payable obligations have since been extinguished during the Second

Quarter of 2006. The $78,470 for Current Income Taxes Payable is based on the Company's tax liability on First Quarter 2006 revenues and the $75,300 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. These taxes will be paid when they become due.

The steady monthly revenues enable the Company to continue to meet its ongoing obligations and the Company has no long-term financial liabilities or obligations.

Changes in Accounting Policies

The Company's Financial Statements for the Quarter Ended March 31, 2006, follow the same accounting policies and methods of application as the most recent Annual Consolidated Financial Statements for the Year Ended December 31, 2005.

Subsequent Events

There have been no subsequent events to report, since March 31, 2006.

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