MOUNTAINVIEW ENERGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007 and 2006

US Funds

Unaudited

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements have been prepared by management and are in accordance with Canadian generally accepted accounting principles. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal control is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has a process in place to evaluate internal control over financial reporting. Based on that evaluation, management has concluded that internal control over financial reporting was effective as of March 31, 2007.

The board of directors approves the financial statements and ensures that management discharges its financial responsibilities. The board's review is accomplished principally through the audit committee. The audit committee meets periodically with management and the auditors to review financial reporting and control matters.

"Patrick M. Montalban"
President and Chief Executive Officer

"Bruce P. Young"
Director

June 5, 2007

Mountainview Energy Ltd. Statement 1

Interim Consolidated Balance Sheets

US Funds
Unaudited

ASSETS		**March 31, 2007**		March 31, 2006 (Restated – Note 5)		December 31, 2006 Audited
Current						
Cash	**$**	**942,251**	$	104,796	$	516,553
Accounts receivable – trade		**163,718**		193,299		591,627
Inventory		**5,598**		4,318		5,712
Property held for resale *(Note4c)*		**-**		181,136		-
		1,111,567		483,549		1,113,892
Property, Plant and Equipment, *net of accumulated amortization*		**162,698**		93,368		173,819
Petroleum & Natural Gas Interests *(Note 4)*		**1,563,540**		1,464,144		1,562,342
Reclamation Bond *(Note 4b)*		**95,992**		92,331		95,992
	$	**2,933,797**	$	2,133,392	$	2,946,045
LIABILITIES						
Current						
Accounts payable – trade	**$**	**453,055**	$	316,170	$	446,959
Due to related party *(Note 4c)*		**-**		-		40,000
Income tax payable		**221,000**		78,470		224,000
		674,055		394,640		710,959
Asset Retirement Obligation *(Note 5)*		**280,894**		188,834		271,082
Future Income Tax Payable		**89,600**		75,300		150,000
		1,044,549		658,774		1,132,041
SHAREHOLDERS' EQUITY						
Share Capital *(Note 6)*		**1,071,140**		1,071,140		1,071,140
Retained Earnings *–Statement 2*		**818,108**		403,478		742,864
		1,889,248		1,474,618		1,814,004
	$	**2,933,797**	$	2,133,392	$	2,946,045

ON BEHALF OF THE BOARD:

"Patrick M. Montalban", President & CEO

"Bruce P. 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

		2007		2006 (Restated – Note 5)
Revenue				
Gross sales	**$**	**473,018**	$	535,242
Less royalties		**(67,474)**		(76,395)
		405,544		458,847
Cost of Sales				
Inventory - Beginning of period		**5,712**		4,333
Depletion, accretion and amortization		**83,825**		58,495
Production taxes		**44,153**		61,798
Labour		**30,781**		21,386
Utilities		**24,799**		12,970
Vehicle		**24,635**		21,906
Amortization – Equipment		**12,539**		5,083
Repairs and maintenance		**10,090**		5,869
Materials		**8,840**		12,572
Engineering		**8,409**		-
Miscellaneous production costs		**4,724**		-
Insurance		**573**		9,537
Consulting fees		**523**		4,523
Inventory – End of period		**(5,598)**		(4,318)
		254,005		214,154
Gross Profit *(2007 –37.37 %; 2006 – 53.33%)*		**151,539**		244,963
General and Administrative Expenses *(Schedule)*		**89,695**		68,011
Income Before Income Taxes		**61,844**		176,682
Provision for Income Tax – Current		**23,500**		78,470
Net Income for the Period		**38,344**		98,212
Retained Earnings – Beginning of period *(Restated – Note 5)*		**779,764**		305,266
Retained Earnings - End of Period	**$**	**818,108**	$	403,478
Income per Share – Basic and Fully Diluted	**$**	**0.00**	$	**0.01**
Weighted Average Number of Common Shares Outstanding - Basic & Fully Diluted		**9,766,850**		9,766,850

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 3

Interim Consolidated Statement of Cash Flows

For the Three Months Ended March 31

US Funds

Unaudited

Cash Resources Provided By (Used In)		2007		2006 (Restated – Note 5)
Operating Activities				
Cash receipts from customers	**$**	**448,202**	$	453,223
Cost of sales		**(200,204)**		(163,662)
Cash paid to suppliers and employees		**(127,678)**		(151,090)
		120,320		138,471
Investing Activities				
Petroleum and natural gas interests		**(52,706)**		(496,666)
Property, plant and equipment		**(1,916)**		-
Net proceeds from sale of interest in Shannon Property		**360,000**		-
		305,378		(496,666)
Net Increase (Decrease) in Cash		**425,698**		(358,195)
Cash position - Beginning of period		**516,553**		462,991
Cash Position - End of Period	**$**	**942,251**	$	104,796

Supplemental Schedule of Non-Cash Transactions:				
Depletion, accretion and amortization	**$**	**96,861**	$	60,443
Foreign exchange	**$**	**402**	$	1,647
Provision for income tax - current	**$**	**23,500**	$	78,470

- See Accompanying Notes -

Mountainview Energy Ltd. Schedule

Interim Consolidated Schedule of General and Administrative Expenses

For the Three Months Ended March 31

US Funds

Unaudited

		2007		2006
General and Administrative Expenses				
Wages and benefits	**$**	**56,667**	$	32,447
Office supplies and utilities		**8,898**		6,261
Legal, accounting and consulting fees		**8,588**		15,702
Travel and promotion		**7,846**		5,183
Regulatory and exchange fees		**3,982**		3,675
Telephone		**2,202**		1,703
Transfer agent fees		**613**		928
Amortization		**497**		465
Foreign exchange		**402**		1,647
	$	**89,695**	$	68,011

- See Accompanying Notes -

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

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, 2006.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash, 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.

Concentration of Credit Risk

The Company's trade accounts receivable is comprised of oil and gas revenue receivable and this amount is due from one specific entity. Therefore, the collectability is dependent upon the general economic conditions of the purchaser. The receivable amount is not collateralized and to date the Company has never recorded any bad debts.

4. Petroleum & Natural Gas Interests

a) Details of cumulative expenditures are as follows:

Proved and Producing		March 31, 2007		March 31, 2006 (Restated – Note 5)
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
Other capitalized costs		**1,378,394**		1,176,521
Asset retirement cost		**235,777**		162,188
Accumulated amortization and depletion		**(780,491)**		(478,058)
	$	**1,437,173**	$	1,464,144
Unproved				
Shannon Properties, Montana, USA:				
Purchase price	**$**	**31,250**	$	-
Lease rentals		**95,117**		-
	$	**126,367**	$	-
Total petroleum and natural gas interests	**$**	**1,563,540**	$	1,464,144

b) 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 $95,992 (2006 - $92,331), which includes accrued interest of $15,992 (2006 - $12,331).

c) In 2004, the Company purchased a 100% interest in the Shannon Property (petroleum leasehold interests) for $62,492. This interest represents a 100% working interest and an 87.5% revenue interest. The interests are also subject to a 5% overriding royalty in favour of the vendor. During the prior year the company sold 50% of its interest to a third party for gross proceeds of $400,000 (received). As part of this transaction a finder's fee of 10% of the gross proceeds $40,000 was paid to a related party. As a result of this transaction management has begun exploration activities of the Shannon Property and as at December 31, 2006 this property is no longer classified as "held for sale".

d) The costs related to the unproved properties have been excluded from the depletion calculation. The Company considered whether there were any events or circumstances indicating impairment of its capitalized assets at March 31, 2007 and determined that no write-down of the capitalized costs was required (2006 - $nil write-down).

4. Petroleum & Natural Gas Interest - Continued

e) The following table outlines the benchmark prices used in the impairment test at March 31, 2007:

Year	Oil Price
2007	$ 47.39
2008	44.39
2009	42.39
2010	42.39
2011(2)	44.39

(1) Prices were based upon the future forecast price for WTI – (40 API rating) – prices adjusted herein for quality and transportation.
(2) Prices were escalated at 3.0% per annum thereafter.

5. Asset Retirement Obligation and Restatement

The asset retirement obligations for the periods ended March 31, 2007 and 2006 are as follows:

		2007		2006 (Restated)
Asset retirement obligation at the beginning of the year	**$**	**271,082**	$	184,312
Net increase in liabilities during the period		**-**		-
Accretion		**9,012**		4,522
Asset retirement obligation at the end of the period	**$**	**280,094**	$	188,834

Restatement

The Company has restated its financial statements for the period ended March 31, 2006 and 2005 in order to record the fair value of the asset retirement obligation as follows:

	March 31, 2006			
Balance Sheet		As Reported		As Restated
Petroleum & Natural Gas Interests	$	1,383,270	$	1,464,144
Asset Retirement Obligation		-		188,834
Retained Earnings – Beginning of the Period		395,315		305,266
Retained Earnings – Ending of the Period		511,438		403,478

	For the Period Ended March 31, 2006			
Income Statement		As Reported		As Restated
Cost of Sales	$	196,243	$	214,154
Net Income for the period		116,123		98,212

5. Asset Retirement Obligation and Restatement - Continued

Restatement - continued

	March 31, 2005	
Balance Sheet	As Reported	As Restated
Petroleum & Natural Gas Interests	$ 746,820	$ 827,147
Asset Retirement Obligation	-	132,813
Retained Earnings – Beginning of the Period	177,398	136,499
Retained Earnings – Ending of the Period	220,275	167,089

	For the Period Ended March 31, 2005	
Income Statement	As Reported	As Restated
Cost of Sales	$ 137,040	$ 149,327
Net Income for the period	42,877	30,590

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, 2007	December 31, 2006	**March 31, 2007**	December 31, 2006
9,766,850	9,766,850	**$ 1,071,140**	$ 1,071,140

c) As at March 31, 2007 and December 31, 2006, there were no share purchase options or warrants outstanding.

7. Related Party Transactions

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

a) During the period, wages and benefits of $36,600 (2006 - $10,502) were paid to directors and officers of the Company.

b) During the period a finders fee of $40,000 (2006 - $nil) was paid to a relative of a director and officer whom is now 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 parties.

8. Comparative Figures

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

Form 51-102F1
Management Discussion and Analysis
For
MOUNTAINVIEW ENERGY LTD
Fiscal Year Ended March 31, 2007

August 14, 2007

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 and 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 and Hardin County, South Dakota in July of 2004. Mountain View Energy, Inc, subsidiary of Mountainview Energy Ltd completed negotiations with QMAC ENERGY, INC for a sale of a 50% Working Interest in the Company's leasehold acreage in the Shannon River Project in Carter County, Montana and Harding County, South Dakota, which amounts to approximately 42,000 acres. The Company received $400,000 for the sale of this interest and will remain as operator of these properties.

Operations and Financial Condition

Gross Revenues for 1st Quarter 2007 of $473,018 decreased by $62,224 from the $535,242 in Gross Revenues reported for the 1st Quarter 2006 (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 decrease in the price received per barrel of oil. The following schedule shows a trend of increasing revenues received by the Company during the past eight quarterly periods with the exception of the 4th Quarter 2006 and 1st Quarter 2007, where there has been a decline in Gross Sales.

Period	Sales Volumes (Barrels)	Average Price ($)	Gross Sales ($)
1st Quarter 2007	9,957	47.26	470,529
4th Quarter 2006	10,221	49.25	503,397
3rd Quarter 2006	10,341	59.65	616,827
2nd Quarter 2006	10,714	59.28	635,081
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

As depicted in the foregoing schedule the average price per barrel decreased by approximately \$5.95 per barrel at \$47.26 for the 1st Quarter 2007 compared to the \$53.21 received during the 1st Quarter 2006. The average price of \$47.26 received for 1st Quarter 2007 is \$6.60 increase over the 1st Quarter 2005. There has been a decrease in the price received per barrel of oil during the last two quarterly periods. However, the Company continues to see steady oil prices into the 2nd Quarter of 2007 and anticipates the possibility of an increase in the average price from the prior quarter.

Summary of Quarterly Results

Period	Net Revenue ($)	Net Income ($)	Income per Share Basic ($)	Income Per Share Diluted ($)	Total Assets ($)	Total Long-Term Liabilities ($)
1st Quarter 2007	405,544	38,344	0.00	0.00	2,933,797	370,494
4th Quarter 2006**	437,326	194,564	0.02	0.02	2,946,045	421,082
3rd Quarter 2006**	523,664	88,733	0.01	0.01	2,581,866	273,178
2nd Quarter 2006**	554,085	92,988	0.01	0.01	2,341,462	268,656
1st Quarter 2006**	458,847	98,212	0.01	0.01	2,133,392	264,134
4th Quarter 2005**	359,862	41,119	0.00	0.00	2,199,865	259,612
3rd Quarter 2005**	376,852	49,857	0.01	0.01	1,825,161	164,167
2nd Quarter 2005**	284,928	47,201	0.00	0.00	1,674,291	160,990

**Restated

Two new wells were re-completed in the Red Creek Field during the 1st Quarter of 2007. Following are the results of this re-completion program:

> Mountainview Energy Ltd Red Creek No. 7 was completed, by Exxon in 1959, in the Madison/Sun River Dolomite interval from 2762’ to 2792’ and in the Lower Cut Bank from 2622’ to 2628’ and 2640’ to 2672’. The well originally contained a REDA submersible down-hole pump. Management chose to replace the existing down-hole equipment to reduce water production and place the well on pump by installing a National 228 Pumping Unit. Initial production for the Red Creek No. 7 was 31 barrels of oil per day and 90 barrels of water per day.
>
> Mountainview Energy Ltd Red Creek No. 6 was completed, by Exxon in 1958, in the Madison/Sun River Dolomite interval from 2786’ to 2818’ and the Lower Cut Bank from 2685’ to 2694’. This well also originally contained a REDA submersible down-hole pump. Management chose to replace the existing down-hole equipment to reduce water production and place the well on pump by installing a Parkersburg 228 Pumping Unit.

Initial production for the Red Creek No. 6 was 14 barrels of oil per day and 80 barrels of water per day.

With the successful re-completion of these oil wells, it provides valuable geological information for further development of the Madison/Sun River Dolomite and the Lower Cut Bank Sandstone reservoirs in the Red Creek Field.

This re-completion program in the Red Creek Field enhanced the Field's production and strengthened the Company's 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 Net Income from operations before taxes of $61,844 during the 1st Quarter 2007, which is a decrease of $114,838 over the income from operations reported for 1st Quarter 2006 of $176,682. This relates directly to the decrease in Gross Revenues. The Company reported General and Administrative Expenses of $89,695 for the 1st Quarter 2007 compared to $68,011 reported during 1st Quarter 2006, which is an increase of $21,684. This increase is due mainly to the addition of the new President and Chief Executive Officer's salary, detailed under the Wages & Benefits.

The Company realized Net Income for the 1st Quarter 2007 of $38,344 after the Provision for Income Tax, Current, which is a significant decrease over the $98,212 reported for the 1st Quarter 2006. The decrease in Net Income is due to the decrease in Gross Revenues and an increase in expenses for the period. The Provision for Income Tax, current decreased significantly from $78,470 reported in 1st Quarter 2006 to $23,500 for 1st Quarter 2007. This decrease in Income Tax liability is a result of the Companies decrease in revenues for the period.

The Company's Cash Position increased during the 1st Quarter 2007 to $942,251 from the $516,553 report for 1st Quarter 2006. This increase of $425,698 is a direct result of the sale of a 50% Working Interest in the Shannon River property.

As depicted in the Consolidated Statement of Income and Retained Earnings, the major cash operating expense during the 1st Quarter 2007 was Production Taxes. However, the Company reported a decrease from the $61,798 in Production Tax burden reported for the 1st Quarter 2006 to the $44,153 reported for the 1st Quarter 2007. This is a result of the decrease in Gross Sales Revenue. The Company is again subject to a higher tax rate based on the price received per barrel, as tax rates for the entire year of 2006 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 electric motors for pumping units, injection pumps and REDA submersible pumps in the Red Creek Field. There was an increase in the cost for repairs and maintenance during the 1st Quarter 2007 compared to the same period in 2006, as a result of expenses incurred for remedial work on two injection wells. The Company also saw an increase in the cost of Labor during 2007. This is a result of the additional help required to bring new wells into production and maintain daily operations in the Red Creek Field. Another major expense to note was for depletion, accretion and amortization, which increased from the $58,495 reported for 1st Quarter 2006 to $83,825 for 1st Quarter 2007. This expense will increase as the

Company continues to increase its quarterly production. Another major expense was for Engineering, which was for costs incurred by the Company to have an Independent Engineering Firm update the annual reserves data for the Red Creek Field.

There have been no 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 operations. 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 1st Quarter 2007:

a) Wages and Benefits of $36,600 (2006 – $10,502) were paid to Directors and Officers of the Company during the 1st Quarter 2007.

b) For negotiating the Sale of a 50% Working Interest in the Shannon River Project, a 10% finders' fee of $40,000 was paid to Altamont Oil & Gas, Inc, a Company owned by an Officer of the Company.

Company Progress:

Following are the results from one of the wells re-completed to-date during the 2nd Quarter 2007.

> The Red Creek No. 11 was re-completed in the Cretaceous Lower Cut Bank Sandstone from 2,662' to 2,698' for 36 feet of pay zone. This well was also completed in the Madison/Sun River Dolomite from 2,796' – 2,818' for 22 feet of pay. Management chose to replace the existing down-hole equipment to reduce water production and place the well on pump by installing a Parkersburg D80 Pumping Unit. The initial production for the Red Creek No. 11 was 31 barrels of oil per day and 120 barrels of water.

As a result of the re-completion program, along with the steady price of oil, the Company expects to meet or exceed its earlier reported estimates for monthly revenues. There are no material variances to-date that have impacted the Company's ability to continue its objectives as previously reported.

In addition, Campen Consulting, Inc a Company hired to conduct a geological study of the acreage in the Shannon River Project in Carter County, Montana and Harding County, South Dakota, is completing work on maps and cross sections of the area, which will enable Management to select locations for the upcoming drilling program to commence during the Second or Third Quarter 2007.

Financial Instruments

Mountainview Energy Ltd's financial instruments consist of cash, accounts receivable, reclamation bond, accounts payable and income tax payable and asset retirement obligation. Management has reviewed all of the Company's books and records and indentified the financial instruments based on an account by account review. The Company adheres to the standards set forth by the Canadian Institute of Chartered Accounts to address the criteria for recognition of financial assets and liabilities.

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, 2007, there were no shares held in escrow, warrants or options outstanding.

Liquidity and Solvency

Working Capital for the Quarter Ending March 31, 2007 was $437,512 (Current Assets less Current Liabilities). This is an increase from the same period in 2006 in which the Company reported Working Capital of $88,904. This increase is a result of our increase in Cash and Accounts Receivable due to steady revenue in addition to the sale of a 50% Working Interest in the Company's leasehold position in the Shannon River Project. The Company's cash reserves are up as a result of the increase in sales volumes and steady price received for a barrel of oil.

With respect to the Company's short-term liabilities, as of March 31, 2007, the Company had an obligation of $453,055 in Accounts Payable. This figure is mainly comprised of costs associated with accrued royalty and production tax expenses for the 1st Quarter 2007. The majority of these accounts payable obligations have since been extinguished during the 2nd Quarter of 2007. A portion of the $221,000 for Current Income Taxes Payable was paid during the quarter and the remainder will be paid when it becomes due. The $89,600 for Future Income Tax Payable is an estimate of what the Company will owe for future income taxes, based on the timing differences between accounting income and taxable income. This tax will be paid when it becomes due. The $280,894 for Asset Retirement Obligation is being reported as per the rules set forth in the CICA Handbook, Section 3110, which states that the Company must recognize a legal liability for the obligations relating to the clean up and reclamation of the Red Creek Field, should the Company cease operations in the Red Creek Field.

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 other than those that are disclosed.

Changes in Accounting Policies

The Company has adopted the Canadian Institute of Charter Accountants (CICA) Section 3855 – Financial Instruments Recognition and Measurement, CICA Section 1530 – Comprehensive Income, CICA Section 3861 – Financial Instrument Disclosure & Presentation, and CICA Section 3865 – Hedges, effective January 1, 2007. The adoption of these CICA standards did not materially impact the Company's results of operations or financial statements for the reporting period ending March 31, 2007.

Subsequent Events

The TSX Venture Exchange issued a "Cease Trade Order" of the Company's stock on May 8, 2007 due to the failure to timely file Annual Audited Financial Statements for the year ending December 31, 2006. These statements were subsequently filed on June 4, 2007 and the Company is working on obtaining reinstatement for trading of the Company's stock.

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company 's Board and Audit Committee. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company conducted an evaluation of the disclosure controls and procedures as required by Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. That evaluation was updated in connection with the preparation of the Restated Financial Statements. During the year ended December 31, 2006, the Company concluded that an asset retirement obligation should have been accrued in the 2004 fiscal year and subsequent additions to the obligation should have been accrued in 2005. The related oil and gas properties were understated by the corresponding capitalized amounts and increased depletion resulted and accretion of the asset retirement obligation was required. These changes are disclosed in Note 5 to the financial statements for the year ended December 31, 2006. Based on the updated evaluation, the Company's CEO and CFO concluded that the disclosure controls and procedures were not effective to ensure that information required to be disclosed by the Company in reports that it files or submits under securities legislation. In view of the restatement of the Financial Statements described above, the CEO and the CFO have concluded that a material weakness existed in the Company's disclosure controls and procedures as of December 31, 2004, 2005 and 2006. As a result of the restatement, the quarters ending March 31, 2006 and 2005 have also been restated to reflect the asset retirement obligations. Details are disclosed in Note 5 to the financial statements for the period ended March 31, 2007.

A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

The CEO and CFO of the Company acknowledge that they are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

During the preparation of the financial statements for the year ended December 31, 2006, the Company discovered a material reporting weakness in the accrual of asset retirement obligations, the corresponding increase in oil and gas interests, depletion expense and accretion expense in the years ended December 31, 2004, 2005 and in the quarters up to September 30, 2006.. These changes are disclosed in Note 5 to the financial statements for the year ended December 31, 2006. As a result of the restatement, the quarters ending March 31, 2006 and 2005 have also been restated to reflect the asset retirement obligation. Details are disclosed in Note 5 to the financial statements for the period ended March 31, 2007.

Citadel Engineering Ltd, an Independent Qualified Reserve Evaluator, located in Calgary, Alberta prepares the Company's annual reserve report. Included in this reserve report is an evaluation of the current plugging and abandonment costs for the Company's oil and gas producing properties, currently the Red Creek Field. The Company intends to rely on these current and future reports to record the appropriate asset retirement obligation in the accounts. Management anticipates that the use of such reports will allow for the correction of this reporting weakness.

Management and the Board of Directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

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.

"Patrick M. Montalban"

Patrick M. Montalban
President & Chief Executive Officer