MOUNTAINVIEW ENERGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 and 2006

US Funds

Unaudited

Mountainview Energy Ltd. Statement 1

Interim Consolidated Balance Sheets

US Funds
Unaudited

ASSETS		June 30, 2007		June 30, 2006 (Restated – Note 5)		December 31, 2006 Audited
Current						
Cash	**$**	**989,078**	$	352,720	$	516,553
Accounts receivable – trade		**191,048**		197,311		591,627
Inventory		**8,659**		8,301		5,712
Property held for resale *(Note4c)*		**-**		190,938		
		1,188,785		749,270		1,113,892
Property, Plant and Equipment, *net of accumulated amortization*		**280,656**		87,819		173,819
Petroleum & Natural Gas Interests *(Note 4)*		**1,561,809**		1,412,042		1,562,342
Reclamation Bond *(Note 4b)*		**95,992**		92,331		95,992
	$	**3,127,242**	$	2,341,462	$	2,946,045
LIABILITIES						
Current						
Accounts payable – trade	**$**	**571,069**	$	336,600	$	446,959
Due to related party *(Note 4c)*		**-**		-		40,000
Income tax payable		**240,000**		168,600		247,500
		811,069		505,200		734,459
Asset Retirement Obligation *(Note 5)*		**290,706**		193,356		271,082
Future Income Tax Payable		**89,600**		75,300		89,600
		1,191,375		773,856		1,095,141
SHAREHOLDERS' EQUITY						
Share Capital *(Note 6)*		**1,071,140**		1.071,140		1,071,140
Retained Earnings –*Statement 2*		**864,727**		496,466		779,764
		1,935,867		1,567,606		1,850,904
	$	**3,127,242**	$	2,341,462	$	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

US FUNDS

Unaudited

		Six Months Ended June 30, 2007		Three Months Ended June 30, 2007		Six Months Ended June 30, 2006 (Restated Note 5)		Three Months Ended June 30, 2006 (Restated – Note 5)
Revenue								
Gross sales	$	1,020,702	$	547,684	$	1,173,102	$	637,860
Less royalties		(145,685)		(78,211)		(160,170)		(83,775)
		875,017		469,473		1,012,932		554,085
Cost of Sales								
Inventory - Beginning of period		5,712		5,712		4,333		4,333
Depletion, accretion and amortization		168,585		84,760		143,530		85,020
Production taxes		96,723		52,570		111,059		49,261
Labour		62,667		31,886		46,621		25,235
Utilities		62,267		37,468		56,198		43,228
Vehicle		41,351		16,716		38,616		16,710
Repairs and maintenance		31,066		20,976		50,716		44,847
Amortization - equipment		24,997		12,459		10,168		5,085
Materials		22,927		14,088		14,219		2,047
Engineering reports		8,677		268		6,108		6,108
Miscellaneous production costs		5,848		1,124		623		223
Property taxes		3,213		3,213		3,112		3,112
Insurance		786		213		10,740		1,203
Consulting fees		523		-		4,523		-
		535,342		281,453		500,566		286,412
Inventory - End of period		(8,659)		(8,659)		(8,301)		(8,301)
		526,683		272,794		492,265		278,111
Gross Margin		348,334		196,679		520,667		275,974
General and Administrative Expenses - *Schedule*		(220,871)		(131,177)		(160,867)		(92,856)
Income from Operations		127,463		65,502		359,800		183,118
Provision for Income Taxes		(42,500)		(19,000)		(168,600)		(90,130)
Net Income for the Period		84,963		46,502		191,200		92,988
Retained earnings - Beginning of period		779,764		818,225		305,266		403,478
Retained Earnings - End of Period	$	864,727	$	864,727	$	496,466		496,466
Income per Share - Basic	$	0.01	$	0.00	$	0.02	$	0.01
Income per Share - Diluted	$	0.01	$	0.00	$	0.02	$	0.01
Weighted Average Number Common Shares Outstanding - Basic and Diluted		9,766,850		9,766,850		9,766,850		9,766,850

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 3

Interim Consolidated Statements of Cash Flows

US FUNDS
Unaudited

Cash Resources Provided By (Used In)	Six Months Ended June 30, 2007	Three Months Ended June 30, 2007	Six Months Ended June 30, 2006	Three Months Ended June 30, 2006
Operating Activities				
Cash receipts from customers	**$ 926,038**	**$ 448,202**	$ 1,048,676	$ 595,453
Direct costs	**(376,087)**	**(200,204)**	(367,061)	(203,399)
Cash paid to suppliers and employees	**(178,676)**	**(127,678)**	(246,830)	(95,740)
	371,275	**120,320**	434,785	(296,314)
Investing Activities				
Petroleum and natural gas interest	**(125,921)**	**(73,215)**	(545,056)	(48,390)
Property, plant and equipment	**(132,829)**	**(130,913)**	-	-
Net proceeds on sale of Shannon property	**360,000**	**-**	-	-
	101,250	**(204,128)**	(545,056)	(48,390)
Net Increase (Decrease) in Cash	**472,525**	**46,827**	(110,271)	247,924
Cash position - Beginning of period	**516,553**	**942,251**	462,991	104,796
Cash Position - End of Period	**$ 989,078**	**$ 989,078**	$ 352,720	$ 352,720

Supplemental Schedule of Non-Cash Investing and Financing Transactions:				
Amortization and depletion	**$ 168,585**	**$ 84,760**	$ 118,806	$ 72,674

Supplemental Cash Flow Information:				
Income tax paid	**$ 50,000**	**$ -**	$ 84,200	$ -

Mountainview Energy Ltd. Schedule

Interim Consolidated Schedules of Administrative Expenses

US FUNDS

Unaudited

		Six Months Ended June 30, 2007		**Three Months Ended June 30, 2007**		Six Months Ended June 30, 2006		Three Months Ended June 30, 2006
Wages and benefits	**$**	**124,195**	**$**	**67,528**	$	63,692	$	31,245
Travel and promotion		**31,525**		**23,679**		22,527		17,344
Legal, accounting and consulting		**26,813**		**18,226**		45,121		29,419
Office supplies and utilities		**18,708**		**9,810**		12,808		6,547
Regulatory and exchange fees		**7,658**		**944**		3,675		-
Telephone		**5,597**		**3,396**		3,425		1,722
Foreign exchange		**3,823**		**3,421**		2,882		1,235
Transfer agent fees		**1,557**		**3,676**		5,807		4,879
Amortization		**995**		**497**		930		435
	$	**220,871**	**$**	**131,177**	$	160,867	$	92,856

- 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.

Change in Accounting Policies

The CICA has published three new accounting sections to the CICA Handbook: Section 1530, Section 3855 and Section 3861. Section 1530 – Comprehensive Income - addresses fair value accounting and reporting and disclosure standards for comprehensive income. Section 3855 – Financial Instruments – Recognition and Measurement – addresses when financial instruments should be measured and how measurement should occurs. Section 3861 – Financial Instruments – Disclosure and Presentation – provides standards for how financial instruments should be classified on the financial statements as well as related disclosure requirements. All of the new standards were adopted by the Company on a prospective basis in accordance with the recommendations of the CICA for the period commencing January 1, 2007. The Company has evaluated these the impact of these new standards and the adoption of these recommendations has not had a significant impact on the Company's financial instruments. During the period the Company did not recognize and gains or losses on available for sale financial instruments and therefore the Company had no Other Comprehensive Income during the period.

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		June 30, 2007		June 30, 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		**1,416,051**		1,204,932
Asset retirement cost		**240,683**		162,188
Accumulated amortization and depletion		**(860,345)**		(558,571)
	$	**1,399,882**	$	1,412,042
Unproved				
Shannon Properties, Montana, USA:				
Purchase price	**$**	**31,250**	$	-
Lease rentals		**130,677**		-
	$	**161,927**	$	-
Total petroleum and natural gas interests	**$**	**1,561,809**	$	1,412,042

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 June 30, 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 June 30, 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	**19,624**	9,044
Asset retirement obligation at the end of the period	**$ 290,706**	$ 193,356

Restatement

The Company has restated its financial statements for the period ended June 30, 2006 and 2005 in order to record the fair value of the asset retirement obligation as follows:

	June 30, 2006	
Balance Sheet	As Reported	As Restated
Petroleum & Natural Gas Interests	$ 1,344,557	$ 1,412,042
Asset Retirement Obligation	-	193,356
Retained Earnings – Beginning of the Period	395,315	305,266
Retained Earnings – Ending of the Period	622,337	496,466

	For the Period Ended June 30, 2006	
Income Statement	As Reported	As Restated
Cost of Sales	$ 456,443	$ 492,265
Net Income for the period	227,022	191,200

5. Asset Retirement Obligation and Restatement - Continued

Restatement - continued

Balance Sheet	June 30, 2005 As Reported		June 30, 2005 As Restated	
Petroleum & Natural Gas Interests	$	743,572	$	814,788
Asset Retirement Obligation		-		135,989
Retained Earnings – Beginning of the Period		177,398		136,499
Retained Earnings – Ending of the Period		279,763		214,290

Income Statement	For the Period Ended June 30, 2005 As Reported		For the Period Ended June 30, 2005 As Restated	
Cost of Sales	$	284,721	$	309,525
Net Income for the period		102,365		77,791

6. Share Capital

a) Authorized:

100,000,000 common shares without par value
100,000,000 preference shares without par value

b) Issued and fully paid:

Common Shares		Amount			
June 30, 2007	December 31, 2006		**June 30, 2007**		December 31, 2006
9,766,850	9,766,850	**$**	**1,071,140**	$	1,071,140

c) As at June 30, 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 $73,200 (2006 - $20,769) 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 company with an officer and director in common.

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 June 30, 2007

August 27, 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 the operator of these properties.

Campen Consulting, Inc completed a geological study of the acreage in the Shannon River Project in Carter County, Montana and Harding County, South Dakota, now called the Tie Creek Prospect. This study consisted of maps and cross sections of the area, which will enable Management to select locations for a planned drilling program, the commencement of which will be announced at a later date.

Operations and Financial Condition

Gross Revenues for 2nd Quarter 2007 of $547,684 decreased by $90,167 from the $637,860 in Gross Revenues reported for the 2nd 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 and a small decrease in production volumes. 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 was a decline in Gross Sales and pricing.

Period	Sales Volumes (Barrels)	Average Price ($)	Gross Sales ($)
2nd Quarter 2007	10,075	54.13	545,405
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

As depicted in the foregoing schedule the average price per barrel decreased by approximately $5.15 per barrel at $54.13 for the 2nd Quarter 2007 compared to the $59.28 received during the 2nd Quarter 2006. There was a decrease in the price received per barrel of oil during the 4th Quarter 2006 and 1st Quarter 2007. However, the Company saw a significant increase during the 2nd Quarter of 2007 and continues to see an increase in pricing into the 3rd Quarter 2007.

Summary of Quarterly Results

Period	Net Revenue ($)	Net Income ($)	Income per Share Basic ($)	Income Per Share Diluted ($)	Total Assets ($)	Total Long-Term Liabilities ($)
2nd Quarter 2007	469,473	46,502	0.00	0.00	3,127,242	380,306
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

**Restated

One new well was re-completed in the Red Creek Field during the 2nd Quarter of 2007. Following are the results of this re-completion program:

> 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.

With the successful re-completion of the above oil well, 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 continued completion program in the Red Creek Field has 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 $65,502 during the 2nd Quarter 2007, which is a decrease of $117,616 over the income from operations reported for 2nd Quarter 2006 of $183,118. This relates directly to the decrease in Gross Revenues. The Company reported General and Administrative Expenses of $131,177 for the 2nd Quarter 2007 compared to $92,856 reported during 2nd Quarter 2006, which is an increase of $38,321. 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 2nd Quarter 2007 of $46,502 after the Provision for Income Tax, Current, which is a significant decrease over the $92,988 reported for the 2nd 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 $90,130 reported in the 2nd Quarter 2006 to $19,000 for 2nd 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 2nd Quarter 2007 to $989,078 from the $352,720 reported for 2nd Quarter 2006. This increase of $636,358 is a direct result of the sale of a 50% Working Interest in the Shannon River property and steady monthly revenues.

As depicted in the Consolidated Statement of Income and Retained Earnings, the major cash operating expense during the 2nd Quarter 2007 was Production Taxes at $52,570. This is a slight increase over the $49,261 reported for the same period in 2006. The Company is again subject to a higher tax rate based on the price received per barrel, as tax rates for the 2nd Quarter 2007 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. The Company also saw an increase in the cost of Labor during the 2nd Quarter 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 decreased slightly from the $85,020 reported for 2nd Quarter 2006 to $84,760 for 2nd Quarter 2007. This expense will increase as the Company continues to increase its quarterly production.

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 2nd Quarter 2007:

a) Wages and Benefits of $73,200 (2006 – $20,769) were paid to Directors and Officers of the Company during the 2nd Quarter 2006.

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 (2006 – $nil).

Company Progress:

The Company commenced a two-well drilling program on July 21, 2007. Drilling of both wells is complete. A full geological and engineering evaluation was conducted through geologic sample analysis and open-hole logs, which determined that both were successful oil and gas well.

Red Creek #37:

The Upper Cut Bank Sandstone pay zone is from 2,620' – 2,640' for a total of 20 feet of pay. This zone had a very strong petroliferous odor, excellent show in samples and an average porosity between 18 and 20 percent. Management was pleased to make a discovery in this secondary objective.

The prime objective of the well was the Lower Cut Bank Sandstone. Management was successful in discovering oil and gas in this zone from 2,644' to 2,660 for a total of 16 feet of pay. This discovery had a strong petroliferous odor, excellent shows in samples and an average of 18 to 19 percent porosity. Management is extremely pleased with the discovery in this zone, as it is the more prolific of the two Cut Bank reservoirs.

The final discovery of the well was in the Madison/Sun River Dolomite, which was a primary objective by Management prior to drilling the well. Oil and gas was discovered in the Madison/Sun River Dolomite at a depth of 2,748' to 2,755'. There is seven feet of pay zone with a strong petroliferous odor and strong shows in samples. A log evaluation determined an oil and gas discovery with no water.

The drilling of the MVW/Red Creek No. 37 was concluded by running 4-1/2" casing to a Total Depth of 2,748' in order to complete the well as an open-hole completion in the Madison/Sun River Dolomite. The well was cemented by Liquid Gold of Cut Bank, Montana.

Red Creek No. 36:

The primary oil objective of this well was the Mississippian Madison/Sun River Dolomite and the Cretaceous Lower Cut Bank Sandstone. The secondary oil objective of the well is the Cretaceous Upper Cut Bank Sandstone.

Another major objective of this well is to test for natural gas in the Cretaceous 1st Bow Island Sandstone. If Management is correct in its geological and engineering evaluation of the 1st Bow Island Sandstone, this could be a major discovery in the Red Creek Field for the Company. However, there has been no reported production from the Bow Island reservoir to-date in the Red Creek Field. It will take approximately 5 days to drill, test and evaluate the Red Creek No. 36.

As a result of the re-completion program and recent drilling program, along with the steady price of oil, the Company expects to meet or exceed its earlier reported estimates for monthly revenues. The Company expects that the successful completion of the two new wells will further enhance the Company's production volumes and gross sales.

The completion of these wells is expected to further enhance the Red Creek Field's production volumes and increased production is followed by increased sales volumes.

There are 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, 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 identified 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 June 30, 2007, there were no shares held in escrow, warrants or options outstanding.

Liquidity and Solvency

Working Capital for the Quarter Ending June 30, 2007 was $377,716 (Current Assets less Current Liabilities). This is an increase from the same period in 2006 in which the Company reported Working Capital of $244,070. 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 steady price received for a barrel of oil.

With respect to the Company's short-term liabilities, as of June 30, 2007, the Company had an obligation of $571,069 in Accounts Payable. This figure is mainly comprised of costs associated with accrued royalty and production tax expenses for the 2nd Quarter 2007. The majority of these accounts payable obligations have since been extinguished during the 3rd Quarter of 2007. 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 $290,706 in 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 CICA has published three new accounting sections to the CICA Handbook: Section 1530, Section 3855 and Section 3861. Section 1530 – Comprehensive Income - addresses fair value accounting and reporting and disclosure standards for comprehensive income. Section 3855 – Financial Instruments – Recognition and Measurement – addresses when financial instruments should be measured and how measurement should occurs. Section 3861 – Financial Instruments – Disclosure and Presentation – provides standards for how financial instruments should be classified on the financial statements as well as related disclosure requirements. All of the new standards were adopted by the Company on a prospective basis in accordance with the recommendations of the CICA for the period commencing January 1, 2007. The Company has evaluated the impact of these new standards and the adoption of these recommendations has not had a significant impact on the Company's financial instruments. During the period the Company did not recognize and gains or losses on available for sale financial instruments and therefore the Company had no Other Comprehensive Income during the period.

Subsequent Events

The Alberta Securities Commission issued a Revocation of Cease Trade Order of Mountainview Energy Ltd's stock on August 23, 2007. The Company is currently making application to the TSX Venture Exchange for reinstatement of trading.

Corporate Matters

Mountainview Energy Ltd held its Annual General Meeting on Wednesday, July 18, 2007 at the Westin Bayshore Hotel in Vancouver, BC, Canada. The meeting resulted in the following individuals being elected as Directors of the Company: Joseph V. Montalban, Patrick M. Montalban, Carla Barringer, Bruce P. Young and Bo L. Mikkelsen. At a subsequent Directors' meeting the Board appointed the following officers of the Company: Joseph V. Montalban, Chairman of the Board, Patrick M. Montalban, President & Chief Executive Officer and Carla Barringer-Vice President/Corporate Secretary.

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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 **Date: August 27, 2007**