MOUNTAINVIEW ENERGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 and 2006

US Funds

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Auditors' Report

To the Shareholders of Mountainview Energy Ltd.

We have audited the consolidated balance sheets of **Mountainview Energy Ltd.** as at December 31, 2007 and 2006 and the consolidated statements of income and comprehensive income and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

"Signed PricewaterhouseCoopers LLP"

Chartered Accountants
Vancouver, BC, Canada
April 24, 2008

Mountainview Energy Ltd. Statement 1

Consolidated Balance Sheets

As at December 31
US Funds

ASSETS		2007		2006
Current				
Cash and cash equivalents	**$**	**736,321**	$	516,553
Accounts receivable - trade		**340,780**		591,627
Inventory		**7,218**		5,712
		1,084,319		1,113,892
Property, Plant and Equipment *(Note 6)*		**235,893**		173,819
Petroleum and Natural Gas Interests *(Note 4)*		**2,111,881**		1,562,342
Reclamation Bond *(Note 4b)*		**100,690**		95,992
	$	**3,532,783**	$	2,946,045

LIABILITIES				
Current				
Accounts payable and accrued liabilities - trade	**$**	**717,612**	$	446,959
Due to related party *(Note 4c)*		**-**		40,000
Income tax payable		**218,415**		247,500
		936,027		734,459
Asset Retirement Obligation *(Note 5)*		**204,436**		271,082
Future Income Tax Payable *(Note 10)*		**141,000**		89,600
		1,281,463		1,095,141
SHAREHOLDERS' EQUITY				
Share Capital *(Note 7)*		**1,071,140**		1,071,140
Retained Earnings –*Statement 2*		**1,180,180**		779,764
		2,251,320		1,850,904
	$	**3,532,783**	$	2,946,045

Nature of Business (Note 1)

Subsequent Events (Note 12)

ON BEHALF OF THE BOARD:

"Patrick M. Montalban" , Director

"Bruce P. Young" , Director

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 2

Consolidated Statements of Income and Comprehensive Income and Retained Earnings

For the Years Ended December 31
US Funds

	2007	2006
Revenue		
Gross sales	**$ 2,685,372**	$ 2,298,367
Less royalties	**(381,872)**	(328,106)
	2,303,500	1,970,261
Cost of Sales		
Inventory - Beginning of year	**5,712**	4,333
Production taxes	**255,122**	232,557
Depletion, accretion and amortization	**244,620**	295,574
Utilities	**142,603**	115,438
Labour	**137,563**	109,670
Vehicle	**81,122**	70,402
Repairs and maintenance	**69,855**	131,356
Amortization - Equipment	**69,793**	33,841
Materials	**52,640**	36,650
Engineering	**22,613**	6,108
Miscellaneous production costs	**8,163**	5,726
Property taxes	**3,974**	3,823
Insurance	**1,146**	10,740
Consulting fees	**800**	42,713
Inventory - End of year	**(7,218)**	(5,712)
	1,088,508	1,093,219
Gross Profit *(2007 –52.74 %; 2006 – 44.51%)*	**1,214,992**	877,042
General and Administrative Expenses *(Schedule)*	**(547,224)**	(407,888)
Income before the Undernoted	**667,768**	469,154
Other Income		
Gain on sale of interest in Shannon Property *(Note 4c)*	**-**	263,483
Interest income	**7,708**	3,661
Income Before Income Taxes	**675,476**	736,298
Provision for Income Tax – Current *(Note 9)*	**(223,660)**	(247,500)
Provision for Income Tax – Future *(Note 9)*	**(51,400)**	(14,300)
Net Income and Comprehensive Income for the Year	**400,416**	474,498
Retained Earnings - Beginning of year	**779,764**	305,266
Retained Earnings - End of Year	**$ 1,180,180**	$ 779,764
Income per Share – Basic and Fully Diluted	**$ 0.04**	$ 0.05
Weighted Average Number of Common Shares Outstanding - Basic & Fully Diluted	**9,766,850**	9,766,850

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 3

Consolidated Statements of Cash Flows

For the Years Ended December 31
US Funds

Cash Resources Provided By (Used In)		**2007**		2006
Operating Activities				
Cash receipts from customers	**$**	**2,336,260**	$	2,102,012
Cost of sales		**(765,877)**		(758,166)
Cash paid to suppliers and employees		**(791,834)**		(420,632)
Interest		**7,708**		3,661
		786,257		926,875
Investing Activities				
Petroleum and natural gas interests		**(432,112)**		(762,913)
Property, plant and equipment		**(134,377)**		(110,400)
		(566,489)		(873,313)
Net Increase in Cash and Cash Equivalents		**219,768**		53,562
Cash position - Beginning of year		**516,553**		462,991
Cash Position - End of Year	**$**	**736,321**	$	516,553

Supplemental Schedule of Non-Cash Transactions:				
Depletion, accretion and amortization	**$**	**244,620**	$	295,574
Foreign exchange	**$**	**8,995**	$	6
Provision for income tax - current	**$**	**223,660**	$	247,500
Provision for income tax - future	**$**	**51,400**	$	14,300

- See Accompanying Notes -

1. Nature of Business

The Company was incorporated on May 31, 2000 in the province of British Columbia. The Company is a Tier 2 issuer on the TSX-V and is an operating oil and gas company. All revenues are from oil and gas extraction in the state of Montana, USA.

2. Significant Accounting Policies

a) Basis of Consolidation

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles and include the accounts of the Company and its wholly owned subsidiary, Mountain View Energy, Inc., incorporated in Montana, USA.

All significant inter-company transactions and balances have been eliminated.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and short term highly liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value.

c) Inventory

Inventory is recorded at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to perform the sale. Cost of oil and gas is determined on a first in, first out basis.

d) Oil and Gas Properties

The Company follows the full cost method of accounting for oil and gas operations, whereby all costs of exploring for and developing oil and gas reserves are capitalized and accumulated in cost centres established on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, interest costs on significant investments in unproved properties and major development projects and overhead charges directly related to acquisition, exploration and development activities, less any government incentives relating thereto.

The costs related to each cost centre from which there is production, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves of each country. Oil and natural gas reserves and production are converted into equivalent units based upon estimated relative energy content. Costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment in value has occurred. When proved reserves are assigned or the value of the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

2. Significant Accounting Policies - *Continued*

d) Oil and Gas Properties – *Continued*

Impairment is determined when the carrying amount of property and equipment exceeds the sum of the undiscounted cash flows expected to result from the Company's proved reserves (determined pursuant to evaluation by independent engineers as dictated by National Instrument 51-101), based on future pricing. If the carrying value is impaired, the amount of impairment is measured by comparing the carrying amounts of property and equipment to an amount equal to the estimated net present value of future cash flows from proved plus probable reserves. This calculation incorporates risks and uncertainties in the expected future cash flows that are discounted using a risk-free rate. Any excess carrying value above the net present value of the future cash flows would be recorded as a permanent impairment and charged to earnings. The Company applies this test at least annually or more frequently as events or circumstances dictate. This impairment test is performed on both Canadian and US cost centers.

The costs (including exploratory dry holes) related to cost centres from which there has been no commercial production are not subject to depletion until commercial production commences. The capitalized costs are periodically assessed to determine whether it is likely such costs will be recovered in the future. Costs unlikely to be recovered in the future are written off. Proceeds from the sale of oil and gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and amortization.

e) Property, Plant and Equipment

Property, plant and equipment are valued at cost less accumulated amortization. The Company provides for amortization using the declining balance method as follows:

i) Computer equipment – 30%
ii) Vehicle – 30%
iii) Field equipment – 30%

f) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair value.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued: and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

g) Earnings per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

2. Significant Accounting Policies - *Continued*

h) Revenue Recognition

Revenues associated with sales of petroleum and natural gas and all other items are recorded when reserves are produced and delivered to the purchaser. Revenues are recorded gross of transportation charges incurred by the Company.

i) Management's Estimates

The preparation of consolidated financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant areas requiring the use of management estimates relate to impairment of oil and natural gas interests, determination of asset retirement obligations and assumptions used in determining the fair value of non-cash stock-based compensation.

j) Foreign Currency Translations

The Company's functional and reporting currency is the U.S. dollar. All transactions initiated in other currencies are translated into the functional currency as follows:

i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date,
ii) Non-monetary assets and liabilities, and equity at historical rates, and
iii) Revenue and expense items at the average rate of exchange prevailing during the period.

Gains and losses on translation are included in determining net income for the period

k) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital

2. Significant Accounting Policies - *Continued*

l) Impairment of long-lived assets

Impairment of long-lived assets recommendations provide accounting guidance for the recognition, measurement and disclosure of impairment of long-lived assets, including property, plant and equipment and intangible assets with finite useful lives. They require the recognition of an impairment loss for a long-lived asset when events or changes in circumstances cause its carrying value to exceed its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

m) Asset Retirement Obligations

The Company recognizes the estimated liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the asset is acquired and the liability is incurred. The estimated fair value of the ARO liability is recorded as a long term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production method over the life of the proved reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Differences between the actual costs incurred and the fair value of the liability recorded are recognized in earnings in the period incurred.

n) Income Taxes

The asset and liability method is used for determining future income taxes. Under the asset and liability method, the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences in the time when income and expenses are recognized in accordance with Company accounting practices and the time they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

o) Accounting Changes

Effective January 1, 2007, the Company adopted the revised Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1506 "Accounting Changes", which requires that: a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

2. Significant Accounting Policies - *Continued*

p) **Financial Instruments – Recognition and Measurement**

Effective January 1, 2007 the Company adopted the new accounting standards issued by the CICA relating to financial instruments. As required by the transitional provisions of these standards, these standards have been adopted on a prospective basis without restatement of prior period financial statements.

This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Unrealized changes in fair value are to be recognized in the statements of operation or comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item, As such, the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Changes to the fair values of certain assets and liabilities as at January 1, 2007, are recognized by adjusting opening retained earnings or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following four categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

i) Held-to-maturity investments, loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.

ii) Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

iii) Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.

iv) All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise, except for derivative instruments which represent a cash flow hedge, where the gain or loss is recognized in other comprehensive income.

Under adoption of this new standard, the Company designated its cash and cash equivalents, accounts receivable, and accounts payable as held-for-trading which are measured at fair value. The reclamation bond is designated at held-to-maturity and is measured at amortized cost.

2. Significant Accounting Policies - *Continued*

q) **Comprehensive Income**

The Company also adopted CICA Section 1530, Comprehensive Income effective January 1, 2007. This section requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes net income or loss and other comprehensive income. Other comprehensive income may include holding gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self sustaining foreign operations. During the current period, the Company did not have any other comprehensive income components.

r) **Joint Interests**

A portion of the Company's exploration, development and production activities is conducted jointly with others. Accordingly, these financial statements reflect only the Company's proportionate interest in such activities.

s) **Recent Canadian Accounting Pronouncements**

The CICA issued three new accounting standards that are applicable to the Company: Section 1535, Capital Disclosures ("Section 1535"), Section 3031, Inventories ("Section 3031"), and Section 3862, Financial Instruments (Section 3862"). The Company will adopt these new accounting standards for the period beginning January 1, 2008.

i) Financial Instrument disclosures

New accounting recommendations for disclosure and presentation of financial instruments are effective for the Company beginning January 1, 2008. The new recommendations require disclosures of both qualitative and quantitative information that enables users of the financial statements to evaluate the nature and extent of risks from financial instruments to which the Company is exposed.

ii) Capital disclosures

As a result of new Section 1535, Capital Disclosures, the Company will be required to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. This additional disclosure includes quantitative and qualitative information regarding an entity's objectives, policies and procedures for managing capital. This Section is applicable for the fiscal year beginning on January 1, 2008.

iii) Inventories

In March 2007, the AcSB approved a new standard with respect to inventories effective for fiscal years beginning on or after January 1, 2008. The new standard requires inventories to be measured at the lower of cost or net realizable value; disallows the use of last-in, first-out inventory costing methodology; and requires that, when circumstances which previously caused inventories to be written down below cost no longer exist, the amount of the write-down is to be reversed. This new standard is not expected to have a material impact on the Company's earnings.

2. Significant Accounting Policies - *Continued*

s) Recent Canadian Accounting Pronouncements - *continued*

iv) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IRFS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, 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 these 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 and Natural Gas Interests

a) Details of cumulative expenditures are as follows:

Proved and Producing		2007		2006
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		**1,881,251**		1,310,522
Asset retirement cost		**148,209**		230,871
Accumulated amortization and depletion		**(930,176)**		(701,572)
	$	**1,702,777**	$	1,443,314
Unproved				
Shannon Properties, Montana, USA:				
Purchase price	**$**	**31,250**	$	31,246
Lease rentals		**132,306**		87,782
Other capitalized costs		**13,066**		
	$	**176,622**	$	119,028
Lake Frances, Montana, USA				
Other capitalized costs		**232,482**		-
Total petroleum and natural gas interests	**$**	**2,111,881**	$	1,562,342

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 $100,690 (2006 - $95,992), which includes accrued interest of $20,690 (2005 - $15,992).

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 year the company sold 50% of its interest to a third party for gross proceeds of $400,000. As part of this transaction a finder's fee of 10% of the gross proceeds ($40,000) was paid to a related party. The Company recorded a gain on the sale of its interest in this property in the amount of $263,483. This gain was determined as follows:

Gross proceeds	**$**	**400,000**
Less:		
50% of Shannon Property acquisition costs		**31,246**
50% of Shannon Property leaseholds		**65,271**
10% finder's fee		**40,000**
Gain on sale of interest in Shannon Property	**$**	**263,483**

As a result of this transaction management has begun initial exploration activities of the Shannon Property and as at December 31, 2006 this property was no longer classified as "held for sale".

4. Petroleum and Natural Gas Interest - Continued

d) During the year the Company entered into an agreement to acquire a 25% working interest in four wells that were drilled on the Lake Frances property in Pondera County, Montana. To participate in the drilling of these wells the Company paid or accrued costs of $232,482 as their share of costs to a company with a director and officer in common.

e) 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 December 31, 2007 and determined that no write-down of the capitalized costs was required (2006 - $nil write-down).

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

Year	Oil Price (1)
2008	$ 98.00
2009	95.00
2010	95.00
2011(2)	98.00

(1) Price based upon future forecast price for WTI – (40 API rating) – prices adjusted herein for quality and transportation.
(2) Prices escalated at a rate of 1.5% per annum to 2014, further escalated at a rate of 1.0% per annum to 2019, remaining constant thereafter for oil.

5. Asset Retirement Obligation

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

		2007		2006
Asset retirement obligation at the beginning of the year	**$**	**271,082**	$	184,312
Net present value of new obligations during the year		**10,363**		68,683
Accretion expense		**16,016**		18,087
Revision in estimated cash flows on existing obligations		**(93,025)**		-
Asset retirement obligation at the end of the year	**$**	**204,436**	$	271,082

The Company has calculated the fair value of the asset retirement obligation using a discount rate of 8.5% and an inflation rate of 1.5%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are $406,250 (2006 - $437,700) and are expected to be incurred over a period of approximately 5 to 18 years.

6. Property, Plant and Equipment

			2007			2006
	Cost $	Accumulated Amortization $	Net Book Value $	Cost $	Accumulated Amortization $	Net Book Value $
Office furniture equipment	16,035	8,450	7,585	12,571	5,941	6,630
Field equipment	290,738	85,337	205,401	159,825	25,361	134,464
Vehicles	52,657	29,750	22,907	52,657	19,932	32,725
	359,430	123,537	235,893	225,053	51,234	173,819

7. 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	
	2007	2006	**2007**	2006
Balance	**9,766,850**	9,766,850	**$ 1,071,140**	$ 1,071,140

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

8. Related Party Transactions

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

a) During the year, geological consulting fees of $NIL (2006 - $50,030) were paid to a company that is owned by a relative of a director and officer of the Company.

b) During the year, wages and benefits of $151,600 (2006 - $83,650) were paid to directors and officers of the Company.

c) During the year, consulting fees of $NIL (2006 - $24,758) were paid to relatives of a director and officer of the Company.

d) During the year, director fees of $6,550 (2006 - $NIL) were paid to directors 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.

9. Income Taxes

Details of income taxes for the year are as follows:

	2007	2006
Net income before income taxes	**$ 675,476**	$ 736,298
Income tax as statutory rates	**34.12%**	34.12%
Expected income tax expense	**230,472**	251,225
Non-deductible items and other	**(32,812)**	(61,537)
Temporary difference relating to property, plant and equipment	**48,075**	41,504
Difference in foreign tax rates	**29,325**	30,608
Income tax expense for the year	**$ 275,060**	$ 261,800

Income tax expense is comprised of:		
Current income tax expense	**$ 223,660**	$ 247,500
Future income tax expense	**$ 51,400**	$ 14,300

10. Future Income Tax

The significant components of the Company's future income tax liabilities applying substantially enacted corporate tax rates of 38% are as follows:

	2007	2006
Petroleum and Natural Gas Interests	**$ 54,860**	$ 23,496
Property, plant and equipment	**86,140**	66,104
Future Tax Liability	**$ 141,000**	$ 89,600

11. Comparative Figures

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

12. Subsequent Events

a) Subsequent to the year end the Company, by way of assignment acquired a 50% interest in three oil and gas leases in the State of Montana by paying an acquisition cost of $12,260. The assignment was done with a company with a director and officer in common.

b) Subsequent to the year end the Company entered into an agreement to acquire a 50% working interest in one well that was drilled on the Lake Frances property in Pondera County, Montana. To participate in the drilling of this well the Company paid or accrued costs of $102,149 as their share of costs to a company with a director and officer in common.

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

Consolidated Schedule of General and Administrative Expenses

For the Years Ended December 31

US Funds

	2007	2006
General and Administrative Expenses		
Wages and benefits	**$ 242,927**	$ 149,337
Legal, accounting and consulting fees	**107,514**	108,091
Travel and promotion	**99,718**	84,038
Office supplies and utilities	**59,570**	45,450
Telephone	**12,596**	9,130
Listing and filing fees	**9,897**	4,224
Foreign exchange	**8,995**	6
Transfer agent fees	**3,498**	5,954
Amortization	**2,509**	1,658
	$ 547,224	$ 407,888

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

April 24, 2008

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-V") 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 in October 2006. QMAC ENERGY, INC also shares in 50% of any on-going costs. 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 Management is in the process of analyzing for development possibilities.

Operations and Financial Condition

Gross Revenues for the Year Ended December 31, 2007 of $2,685,372 increased by $387,005 from the $2,298,367 in Gross Revenues reported for the Year Ended December 31, 2006 (Gross Revenues include a nominal amount of bookkeeping revenue). The change in the revenues between these two periods is a direct result of the increase in the price received per barrel of oil and an increase in production volumes resulting in increased sales. 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 slight decline in sales and pricing.

Period	Sales Volumes (Barrels)	Average Price ($)	Gross Oil Sales ($)
4th Quarter 2007	11,723	79.76	935,020
3rd Quarter 2007	11,008	64.96	715,184
2nd Quarter 2007	10,075	54.36	547,684
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

As depicted in the foregoing schedule the average price per barrel increased by $30.51 per barrel at $79.76 for the 4th Quarter 2007 compared to the $49.25 received during the 4th Quarter 2006. The Company saw significant increases in the price received per barrel of oil during each quarter of 2007 and continues to see increased pricing into the 1st Quarter of 2008. The current posting with the Company's purchaser, CHS, INC., as of April 14, 2008 was $100.00 per barrel.

Selected Annual Information

		2007	2006
Net Revenues		2,303,500	1,970,261
Net Income		400,416	474,498
Net Income Per Share		0.04	0.05
Dividends		Nil	Nil
Total Assets		3,532,783	2,946,045
Total Long-Term Liabilities		345,436	360,682

Summary of Quarterly Results

Period	Revenue Net of Royalties ($)	Net Income ($)	Income per Share Basic ($)	Income Per Share Diluted ($)	Total Assets ($)	Total Long-Term Liabilities ($)
4th Quarter 2007	815,404	170,882	0.02	0.02	3,532,783	345,436
3rd Quarter 2007	613,079	144,688	0.01	0.01	3,134,604	385,212
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	433,665	186,241	0.02	0.02	2,946,045	360,682
3rd Quarter 2006**	523,664	97,057	0.01	0.01	2,581,866	273,177
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

**Restated

A two-well drilling program was conducted during the 3rd Quarter 2007 in the Red Creek Field. Following are the results of this program:

> Red Creek No. 37: A complete geological and engineering evaluation was conducted through geologic sample analysis and open hole logs, which determined that this was a successful oil and gas well.
>
> 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 Red Creek No. 37 had initial production of 52 barrels of oil per day.

Red Creek No. 36: The Company made a gas discovery in the 1st Bow Island Sandstone. This discovery is the first producing 1st Bow Island Gas Well in the Red Creek Field.

The 1st Bow Island Sandstone was discovered from 1562' to 1584', which is 22 feet of pay zone. The initial production was 210,000 cubic feet of sweet dry gas per day. Shut-in pressure of the reservoir was 150 pounds and building after a one-hour test.

> The discovery of the 1st Bow Island Sandstone in the Red Creek Field No. 36 has proved to not only be a one-well discovery but the discovery of a gas field. With the development of the Bow Island Gas Reservoir and the existing gas that is current being flared at the Red Creek Field, the potential exists for the Company to build a gas gathering system and pipeline to take this discovery to market. The Red Creek No. 36 had initial production of 22 barrels of oil per day in addition to the 150,000 cubic feet of gas per day from the 1st Bow Island.

This drilling 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 $675,476 for the period ending December 31, 2007, which is a decrease of $60,822 from the income from operations reported for December 31, 2006 of $736,298. This decrease in Income is due mainly to an increase in General and Administrative Expenses, and a realized gain on the sale of interest in the Shannon Property in 2006. The Company reported General and Administrative Expenses of

$547,224 for the period ending December 31, 2007 compared to $407,888 for the same period in 2006, which is an increase of $139,336. The majority of this increase is due in part to the addition in Wages and Benefits as a result of the new President and Chief Executive Officer's salary during 2007. There was also an increase in the cost of travel and promotion, which is a result of Management's efforts to grow the Company in addition to the inclusion of the 2007 Annual General Meeting expenses. The Company saw an increase in the foreign exchange expense due to the fluctuation in U.S. dollar figures compared to the Canadian dollar equivalent. The Company minimizes this risk by incurring expenses in other currencies only when required.

The Company realized Net Income for the period ending December 31, 2007 of $400,416 after the Provision for Income Tax, which is a significant decrease over the $474,498 reported for the same period in 2006. The difference between Net Income for 2006 and 2007 was affected by a gain on the sale of the Shannon Property in 2006 and an increase in the current years general and administration expenses. Without this gain on sale in 2006, Net Income would have been $211,015, significantly less than what the Company is reporting in 2007. The Provision for Income Tax (Current and Future) increased from $261,800 reported for the period ending December 31, 2006 compared to $275,060 reported for the period ending December 31, 2007. This increase in Income Tax liability is a result of the Companies increase in revenues for the period, as well as the future tax liability resulting from temporary differences between accounting income and taxable income.

The Company's Cash Position increased for the period ending December 31, 2007 to $736,321 from the $516,553 reported for period ending December 31, 2006. This increase of $219,768 is a direct result of increased revenue for the period, as a result in the increase in oil sales and the average price received per barrel of oil. As of December 31, 2007, there was an increase in the Company's Cash Position of $67,432 from the $668,889 reported for the quarter ending September 30, 2007.

As depicted in the Consolidated Statement of Income and Retained Earnings, the major cash operating expense during the period ending December 31, 2007 was for Production Taxes at $255,122. This is a slight decrease over the $232,557 reported for the same period in 2006. The Company receives a "tax holiday" on new wells drilled and those placed on production after being dormant for a long period of time. This "tax holiday" consists of a significantly reduced tax rate on new production for a period of 12-months. Since the Company had two newly drilled wells on production during the year and existing shut-in wells, which were placed on production after a long period of time in the prior twelve months, this resulted in a large share of the oil sales for the period being taxed at a reduced rate. In turn, the Company saw a decrease in the production tax expenses. However, the Company is still subject to a higher tax rate, for those wells that have been in production for a longer period of time. Thus, tax rates for the 4th Quarter 2007 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 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 materials for the period as well as for repairs and maintenance, which was a result of maintaining the production from existing wells, as well as newly drilled wells. Another major expense to note was for depletion, accretion and amortization, which decreased from the $295,574 reported for period ending December 31, 2006 to $244,620 for the period ending December 31, 2007. This expense will increase as the Company continues to increase its quarterly production. In addition, as the Company continues to drill new wells bringing anticipated increases in production, expenses associated with operating these wells are also expected to increase. Therefore, the Company can expect to see increases in costs for production taxes, utilities, labour, repairs and maintenance with the addition of each new well.

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 the twelve months ended December 31, 2007:

a) Gross Wages of $83,500 and Directors' Fees of $650.00 were paid to the President & Chief Executive Officer during 2007.

b) Gross Wages of $68,100 and Directors' Fees of $650.00 were paid to the Corporate Secretary and Director during 2007.

c) Directors' Fees in the amount in the amount of $6,550 (2006 - $Nil) were paid to Directors of the Company during 2007.

d) A Finders Fee of $40,000 was paid to a private Company 100% owned by the Company's President & Chief Executive Officer for facilitating the sale of a 50% Working Interest to QMAC Energy, Inc in the Tie Creek (Shannon) Prospect in Carter County, MT & Harding County, SD).

e) Mountain View Energy, Inc paid a private Company, which is 100% owned by the Company's President & Chief Executive Officer, $221,775.76 in drilling and completion costs during 2007 to earn a 25% Working Interest in 4 wells drilled in the Lake Frances Field.

Company Progress:

Lake Frances Field – Pondera County, Montana

Mountainview Energy Ltd participated in the drilling of 2 natural gas wells and one wildcat oil well in Pondera County, Montana during the Second and Third Quarter 2007. Following are details with respect to this drilling project:

> B Ag #25-1: This development natural gas well was drilled in Section 25-T29N-R5W, Pondera County, Montana. Total depth for this well was with the primary objective being the 4th Bow Island "C" Sandstone. This well had initial production of 50,000 cubic feet per day and the pipeline is currently being constructed to connect this well to the gathering system.
>
> Vandenbos #19-1: This exploration wildcat natural gas well was drilled in Section 19-T29N-R5W, Pondera County, Montana. Total depth for this well was with the primary objective being the 4th Bow Island "C" Sandstone. The initial production for this well was 750 MCF per day, which is the highest production volume of any well so far in the area. The production interval on the Vandenbos #19-1 wells is 2269' to 2284', with 16 feet of pay zone. The pipeline is currently being constructed to connect this well to the gathering system.
>
> Jody Fields #4-1: This exploration wildcat oil well was successfully drilled to a total depth of 3,545 feet in the NENENE-Section 4-T28N-R6W, Pondera County, Montana. The primary objective was the Madison/Sun River Dolomite. Other potential zones of interest were the Bow Island and the Sunburst Sandstones. A wildcat well is considered to be a well that is drilled, based on a large element of hope, in a frontier area where very little is known about the subsurface. However, it has been determined that the well is located on the upside block of a structural fault, which creates an excellent opportunity for an oil deposit. A study of the logs from offsetting wells showed good oil or hydrocarbon shows in the Madison/Sun River Dolomite.
>
> The Company made a discovery in the Madison/Sun River Dolomite and encountered 3 separate pay zones. The first pay zone was from 3446' to 3454' (8 feet) with porosity of 8% to 10%. The second pay zone was from 3456' to 3464' (8 feet) with porosity of 8% to 11%. The third and most prolific zone discovered was from 3466' to 3488' (22') with porosity of 12% to 19%. This is a total discovery of 32 feet in the Madison/Sun River Dolomite. All zones showed excellent resistivity on the array induction tool, good permeability on the micro-log and excellent oil and gas shows throughout the geologic samples. These shows included a strong petroliferous odor, uniformed yellow fluorescence and live light brown oil stains in samples with a strong flowing cut in trichloroethane.

Mountainview Energy Ltd earned a 25% Working Interest in these newly drilled wells, as a result of paying one-third of the drilling and completion costs. Mountainview Energy Ltd is under no contractual obligation to participate in the drilling of additional wells.

Following are the revenues received or accrued for these new gas wells for the period ending December 31, 2007. Figures are based on the Company's Net Revenue Interest:

Month	Net Volumes	Price Per MCF	Gross Revenue	Share of Production Taxes	Share of Operating Expenses	Net Revenue
B. Ag. #25-1						
11/2007	20.80	3.78	78.63	0.60	-	78.03
12/2007	49.60	4.06	201.38	1.53	293.75	(15.87)
Vandenbos #19-1						
11/2007	963.19	3.78	3,640.85	27.67	222.74	3,390.44
12/2007	1,897.09	4.06	7,702.18	58.54	75.00	7,568.65

The Company commenced a two-well drilling program in the Red Creek Field on March 14, 2008 with the drilling of the Red Creek No. 40. 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 objective of this well is the 1st and 2nd Bow Island to further develop the natural gas discovery made during the Summer of 2007 drilling program.

The Red Creek No. 41 was spudded on April 13, 2008 with a primary objective the same as that of the Red Creek No. 41. This well is the second of a two-well program in the Red Creek Field. The Company is in the completion stages of the two-well program and will provide further results as soon as they become available.

The drilling and completion of the Red Creek #36 and Red Creek #37 during 2007 has further enhanced the Red Creek Field's production volumes. With the completion of the Red Creek #40 and #41, the Company expects to see additional increases in production resulting in increased sales volumes.

In addition, the Company's participation in the drilling of the B. Ag. #25-1 and the Vandenbos #19-1 gas wells has also further enhanced sales.

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 and cash equivalents, 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 December 31, 2007, there were no shares held in escrow, warrants or options outstanding.

Liquidity and Solvency

Working Capital for the period ending December 31, 2007 was $148,292 (Current Assets of $1,084,319 less Current Liabilities of $936,027). This is a decrease from the same period in 2006 in which the Company reported Working Capital of $379,433. In comparison, the Company had Working Capital of $279,880 for the period ending September 30, 2007. This decrease in Working Capital is a result of the Company's increase in Accounts Payable. As development activities increase so will accounts payable and the Company will settle their payables when they become due.

The drilling and enhancement program in the Red Creek Field is expected to contribute to the increase of the Company's cash reserves. In addition, the Company continues to receive historically high prices for oil produced in the Red Creek Field

With respect to the Company's short-term liabilities, as of December 31, 2007, the Company had an obligation of $717,612 in Accounts Payable. This figure is mainly comprised of costs associated with accrued royalty and production tax expenses for the period. A portion of these accounts payable obligations have since been extinguished during the 1st Quarter of 2008. The $141,000 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 $204,436 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.

Steady monthly revenues due to historically high oil prices 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

Effective January 1, 2007, the Company adopted the revised Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1506 "Accounting Changes", which requires that: a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Financial Instruments – Recognition and Measurement

Effective January 1, 2007 the Company adopted the new accounting standards issued by the CICA relating to financial instruments. As required by the transitional provisions of these standards, these standards have been adopted on a prospective basis without restatement of prior period financial statements.

This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Unrealized changes in fair value are to be recognized in the statements of operation or comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item, As such, the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Changes to the fair values of certain assets and liabilities as at January 1, 2007, are recognized by adjusting opening retained earnings or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following four categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

i) Held-to-maturity investments, loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.

ii) Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

iii) Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.

iv) All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise, except for derivative instruments which represent a cash flow hedge, where the gain or loss is recognized in other comprehensive income.

Under adoption of this new standard, the Company designated its cash and cash equivalents, accounts receivable and accounts payable as held-for-trading which are measured at fair value. The reclamation bond is designated at held-to-maturity and is measured at amortized cost.

Comprehensive Income

The Company also adopted CICA Section 1530, Comprehensive Income effective January 1, 2007. This section requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes net income or loss and other comprehensive income. Other comprehensive income may include holding gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self sustaining foreign operations. During the current period, the Company did not have any other comprehensive income components.

Recent Canadian Accounting Pronouncements

The CICA issued three new accounting standards that are applicable to the Company: Section 1535, Capital Disclosures ("Section 1535"), Section 3031, Inventories ("Section 3031"), and Section 3862, Financial Instruments (Section 3862"). The Company will adopt these new accounting standards for the period beginning January 1, 2008.

i) Financial Instrument disclosures

   New accounting recommendations for disclosure and presentation of financial instruments are effective for the Company beginning January 1, 2008. The new recommendations require disclosures of both qualitative and quantitative information that enables users of the financial statements to evaluate the nature and extend of risks from financial instruments to which the Company is exposed.

ii) Capital disclosures

   As a result of new Section 1535, Capital Disclosures, the Company will be required to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. This additional disclosure includes quantitative and qualitative information regarding and entity's objectives, policies and procedures for managing capital. This Section is applicable for the fiscal year beginning on January 1, 2008.

iii) Inventories

   In March 2007, the AcSB approved a new standard with respect to inventories effective for fiscal years beginning on or after January 1, 2008. The new standard requires inventories to be measured at the lower cost or net realizable value; disallows the use of last-in, first-out inventory costing methodology; and requires that, when circumstances which previously caused inventories to be written down below cost no longer exist, the amount of the write-down is to be reversed. This new standard is not expected to have a material impact on the Company's earnings.

iv) International Financial Reporting Standards ("IFRS")

   In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IRFS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim an annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Risks:

Exploration and development of oil and gas reserves is speculative and involves a significant degree of risk. There is no guarantee that exploration and development of properties will lead to a discovery. The success of our business depends on our ability to successfully drill and complete producing oil and natural gas wells. Drilling may yield uneconomic efforts, through either dry wells or those which are not sufficiently productive to justify commercial development. In addition, the price we receive for our product dictates the amount of revenues we will receive. A material decline in the price of oil and gas may have an affect on Mountainview Energy Ltd's financial condition.

The Company needs to continue the development of our oil and natural gas properties in order to grow and achieve financial profitability.

Mountainview Energy Ltd is a small Company and is dependent on the efforts of its existing Management. Should the Company's Management become unavailable for any reason, a disruption in operations could result, thus having a material effect on the Company's financial condition.

Corporate Matters

On May 9, 2007 the Alberta and British Columbia Securities Commission issue Cease Trade orders on the Company's securities for failure to file financial statements for the year ended December 31, 2006 in a timely manner.

On Friday, September 21, 2007, the TSX Venture Exchange reinstated the Company's stock for trading, as the Company had fulfilled all requirements set forth by the Alberta and British Columbia Securities Commission, as well as the Exchange.

Fourth Quarter Results:

The Company reported Net Income of $170,882 for the Fourth Quarter 2007, which was a decrease of $15,359 from the $186,241 reported for the same period in 2006. This decrease between Net Income from the Fourth Quarter 2006 to the Fourth Quarter 2007 was affected by the sale of 50% of the Company's interest in the sale of the Shannon Property in 2006. As a result of this sale the Company recorded a gain of $263,483. Without this gain on the sale of a 50% interest in the Shannon Property in 2006, the Company would have recognized a Net Loss of $77,242 before taxes for the Fourth Quarter 2006, significantly less than what the Company is reporting in 2007. The Company also saw an increase in general and administrative costs of $23,324 from the $159,981 reported for Fourth Quarter 2006 to the $183,305 report for the Fourth Quarter 2007. This increase can be attributed to an increase in wages and salaries, legal and accounting costs and travel and promotion costs.

Cost of sales for the Fourth Quarter 2007 was $251,034 a decrease of $74,197 from the $325,231 report for Fourth Quarter 2006. While the Company experienced increases of expenditures during the Fourth Quarter 2007 compared to the Fourth Quarter 2006 for production taxes of $42,324, Labor $10,729, these were offset by a decrease in repairs and maintenance of $49,807, depletion, accretion and amortization of $89,170 and utilities of $5,855.

Subsequent Events

On January 29, 2008 the Company accepted assignment of a 50% interest in three State of Montana oil and gas leases covering 389.35 Gross Acres and 194.68 Net Acres to Mountainview Energy Ltd. The Company's net share of acquisition costs for this acreage was $12,260.

In addition, the Company participated in the drilling of the Jim Powers #20-1 gas well located in Pondera County, Montana. with a Company 100% owned by Mountainview Energy Ltd's President & Chief Executive Officer The Company paid $102,149, which was 2/3 of the drilling and completion costs in order to earn a 50% Working Interest.

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: April 24, 2008**