MOUNTAINVIEW ENERGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

US Funds

Insert Audit Report Here

Mountainview Energy Ltd. Statement 1

Consolidated Balance Sheets

As at December 31
US Funds

ASSETS		2008		2007
Current				
Cash and cash equivalents	$	**644,464**	$	736,321
Short-term investments *(Note 3)*		**400,000**		-
Accounts receivable - trade		**322,485**		340,780
Inventory		**4,999**		7,218
		1,371,948		1,084,319
Property, Plant and Equipment *(Note 6)*		**191,358**		235,893
Petroleum and Natural Gas Interests *(Note 4)*		**3,402,475**		2,111,881
Reclamation Bond *(Note 4b)*		**106,710**		100,690
	$	**5,072,491**	$	3,532,783

LIABILITIES				
Current				
Accounts payable and accrued liabilities - trade	$	**1,001,089**	$	717,612
Income tax payable *(Note 11)*		**532,757**		218,415
		1,533,846		936,027
Asset Retirement Obligation *(Note 5)*		**243,053**		204,436
Future Income Tax Payable *(Note 12)*		**172,893**		141,000
		1,949,792		1,281,463
SHAREHOLDERS' EQUITY				
Share Capital *(Note 7)*		**1,071,140**		1,071,140
Contributed Surplus *(Note 9)*		**212,930**		-
Retained Earnings –*Statement 2*		**1,838,629**		1,180,180
		3,122,699		2,251,320
	$	**5,072,491**	$	3,532,783

Nature of Business *(Note 1)*

Subsequent Event *(Note 16)*

ON BEHALF OF THE BOARD:

________________________________ , Director

________________________________ , 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

	2008	2007
Revenue		
Gross sales	**$ 4,151,733**	$ 2,685,372
Less royalties	**(595,147)**	(381,872)
	3,556,586	2,303,500
Cost of Sales		
Inventory - Beginning of year	**7,218**	5,712
Depletion, accretion and amortization	**408,998**	244,620
Production taxes	**399,071**	255,122
Labour	**149,027**	137,563
Repairs and maintenance	**146,830**	69,855
Utilities	**129,909**	142,603
Vehicle	**84,319**	81,122
Materials	**76,236**	52,640
Amortization - Equipment	**72,901**	69,793
Miscellaneous production costs	**21,266**	8,163
Engineering	**12,323**	22,613
Property taxes	**4,631**	3,974
Insurance	**3,598**	1,146
Consulting fees	**-**	800
Inventory - End of year	**(4,999)**	(7,218)
	1,511,328	1,088,508
Gross Profit *(2008 –57.51%; 2007 – 52.74%)*	**2,045,258**	1,214,992
General and Administrative Expenses *(Schedule)*	**(836,644)**	(547,224)
Income before the Undernoted	**1,208,614**	667,768
Other Income		
Interest income	**10,340**	7,708
Income Before Income Taxes	**1,218,954**	675,476
Provision for Income Tax – Current *(Note 11)*	**(528,612)**	(223,660)
Provision for Income Tax – Future *(Note 12)*	**(31,893)**	(51,400)
Net Income and Comprehensive Income for the Year	**658,449**	400,416
Retained Earnings - Beginning of year	**1,180,180**	779,764
Retained Earnings - End of Year	**$ 1,838,629**	$ 1,180,180
Income per Share – Basic and Fully Diluted	**$ 0.07**	$ 0.04
Weighted Average Number of Common Shares Outstanding - Basic & Fully Diluted	**9,766,850**	9,766,850

Mountainview Energy Ltd. Statement 3

Consolidated Statements of Cash Flows

For the Years Ended December 31

US Funds

Cash Resources Provided By (Used In)		2008		2007
Operating Activities				
Cash receipts from customers	**$**	**3,855,836**	$	2,336,260
Cost of sales		**(1,049,418)**		(765,877)
Cash paid to suppliers and employees		**(864,234)**		(791,834)
Interest		**10,340**		7,708
		1,952,524		786,257
Investing Activities				
Petroleum and natural gas interests		**(1,613,518)**		(432,112)
Property, plant and equipment		**(30,863)**		(134,377)
		(1,644,381)		(566,489)
Financing Activities				
Short-term Investments		**(400,000)**		-
Net Increase (Decrease) in Cash and Cash Equivalents		**(91,857)**		219,768
Cash position - Beginning of year		**736,321**		516,553
Cash Position - End of Year	**$**	**644,464**	$	736,321

Supplemental Schedule of Non-Cash Transactions:				
Petroleum and natural gas interests included in accounts payable	**$**	**44,832**	$	**19,341**
Property, plant and equipment included in accounts payable	**$**	**1,469**	$	**1,548**
Depletion, accretion and amortization	**$**	**408,998**	$	**244,620**
Amortization	**$**	**75,397**	$	**72,302**
Foreign exchange (gain) loss	**$**	**(3,700)**	$	**8,995**
Provision for income tax - current	**$**	**528,612**	$	**223,660**
Provision for income tax - future	**$**	**31,893**	$	**51,400**

- 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 Canadian 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.

Management's estimates of oil and gas prices and reserves, and of asset retirement costs, are subject to certain risks and uncertainties that may affect the determination of the recoverability of the oil and gas property costs. Although management has made its best estimates of these factors, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows generated from its properties.

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.

2. Significant Accounting Policies - *Continued*

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.

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, values of future income tax assets and liabilities and assumptions used in determining the fair value of non-cash stock-based compensation.

These estimates are limited by the availability of reliable comparable data, and the uncertainty of predications concerning future events. Accordingly, by their nature, estimates as described above are subjective

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

2. Significant Accounting Policies - *Continued*

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.

l) Impairment of Long-lived Assets

Management reviews property, plant and equipment and intangible assets with finite useful lives whenever events of changes in circumstances indicate that an impairment may have occurred. Recoverability is assessed by management comparing the carrying amount to the estimated future net cash flows the assets are expected to generate. Where the carrying value exceeds estimated net cash flows, the assets are written down to their estimated fair value.

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.

2. **Significant Accounting Policies** – *Continued*

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**

i) Financial Instrument disclosures

The Company adopted CICA Handbook Sections 3862 and 3863 which replace CICA 3861 relating to disclosure and presentation of financial instruments, and which 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. See note 14 for the required disclosures.

ii) Capital disclosures

The Company adopted CICA Handbook Section 1535, relating to Capital Disclosures, and which are effective for the Company beginning January 1, 2008. The new recommendations require the Company 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. See note 13 for the required disclosures.

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.

t) **Future Canadian Accounting Pronouncements**

i) Goodwill and Intangible Assets (Section 3064)

In February 2008, the AcSB issued Handbook Section 3064, Goodwill and Intangible Assets and amended Section 1000, Financial Statement Concepts clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. This standard also provides guidance for the treatment of pre-production and start-up costs and requires that these be expensed as incurred. The standard is effective for fiscal years beginning on or after October 1, 2008 and early adoption is permitted. The adoption of this new section is not expected to have a material impact on the Company's earnings and financial position.

2. Significant Accounting Policies - *Continued*

t) Future Canadian Accounting Pronouncements - *continued*

ii) Business Combinations (Section 1582)

In January 2009, the CICA issued Handbook Section 1582, “Business Combinations”, which requires that all assets and liabilities of an acquired business be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the period after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011.

iii) Consolidations (Section 1601) and Non-Controlling Interest (Section 1602)

In January 2009, the CICA issued Handbook Section 1601, “Consolidations” (“CICA 1601”), and Section 1602, “Non-Controlling Interests” (CICA 1602”). CICA 1601 establishes standards for preparing consolidated financial statements and CICA 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

iv) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the CICA issued EIC Abstract 173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. The EIC requires the Company to take into account the Company’s own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

3. Short-term Investments

Short-term investments at December 31, 2008 consist of the following:

Type of Investment	Face Value	Annual Interest Rate	Maturity Date
	$		
Term deposit	100,000	2.70%	March 26, 2009
Term deposit	100,000	2.45%	September 25, 2009
Term deposit	200,000	3.65%	April 23, 2009
	400,000		

At December 31, 2007 the Company did not have any short-term investments.

4. Petroleum and Natural Gas Interests

a) Details of cumulative expenditures are as follows:

Proved and Producing		2008		2007
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		**3,202,418**		1,881,251
Asset retirement cost		**167,785**		148,209
Accumulated amortization and depletion		**(1,320,133)**		(930,176)
	$	**2,653,563**	$	1,702,777
Unproved				
Tie Creek Prospect, Montana, USA:				
Purchase price	**$**	**31,250**	$	31,250
Lease rentals		**157,950**		132,306
Other capitalized costs		**13,081**		13,066
	$	**202,281**	$	176,622
Lake Frances, Montana, USA				
Other capitalized costs	**$**	**464,512**	$	232,482
Lease rentals		**82,119**		-
	$	**546,631**	$	232,482
Total petroleum and natural gas interests	**$**	**3,402,475**	$	2,111,881

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 $106,710 (2007 - $100,690), which includes accrued interest of $26,710 (2007 - $20,690).

c) In 2004, the Company purchased a 100% interest in the Tie Creek Prospect (Formerly 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 a prior year the company sold 50% of its interest to a third party for gross proceeds of $400,000.

d) During the prior 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. During the current year, the Company entered into agreements to acquire a 25% working interest in two additional wells and a 50% working interest in one well. To participate in the drilling of these wells the Company paid or accrued costs of $254,696 (2007 - $232,482) as their share of costs to a company with a director and officer in common.

4. Petroleum and Natural Gas Interest - Continued

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, 2008 and determined that no write-down of the capitalized costs was required (2007 - $nil write-down).

f) The following table outlines the benchmark prices used in the impairment test at December 31, 2008:

Year	Oil Price (1)
2009	$ 46.39
2010	49.39
2011	54.39
2012(2)	64.39

(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 3.0% per annum to thereafter for oil.

5. Asset Retirement Obligation

The asset retirement obligations for the years ended December 31, 2008 and 2007 are as follows:

	2008	2007
Asset retirement obligation at the beginning of the year	**$ 204,436**	$ 271,082
Net present value of new obligations during the year	**-**	10,363
Accretion expense	**19,041**	16,016
Revision in estimated cash flows on existing obligations	**19,576**	(93,025)
Asset retirement obligation at the end of the year	**$ 243,053**	$ 204,436

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 $487,500 (2007 - $406,250) and are expected to be incurred over a period of approximately 5 to 18 years.

6. Property, Plant and Equipment

			2008			2007
	Cost $	Accumulated Amortization $	Net Book Value $	Cost $	Accumulated Amortization $	Net Book Value $
Office furniture equipment	17,504	10,946	6,558	16,035	8,450	7,585
Field equipment	320,131	151,366	168,765	290,738	85,337	205,401
Vehicles	52,657	36,622	16,035	52,657	29,750	22,907
	390,292	198,934	191,358	359,430	123,537	235,893

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	
	2008	2007	**2008**	2007
Balance	**9,766,850**	9,766,850	**$ 1,071,140**	$ 1,071,140

c) As at December 31, 2008 and 2007, there were no share purchase warrants outstanding.

8. Share Purchase Options

The Company has established a share purchase option plan which authorizes the board of directors to grant options for the purchase of up to 10% of the issued and outstanding common shares. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors.

The Company's stock option activity for the nine month period and balance as at December 31, 2008 are as follows:

Balance at December 31, 2007	Granted	Exercised	Expired	Balance at December 31, 2008	Exercise Price	Expiry Date
-	775,000	-	-	775,000	$0.24	June 17, 2013

As at December 31, 2008, a total of 775,000 of outstanding options have vested.
The fair value of each option granted is estimated using an option-pricing model with the following weighted average assumptions:

	2008
Expected dividend yield	0.0%
Stock price volatility	122.41%
Risk free interest rate	3.37%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

9. Contributed Surplus

The Company's contributed surplus as at December 31, 2008 and the changes for the year ended on that date are as follows:

Balance, December 31, 2007	$	-
Non-cash stock-based compensation		212,930
Balance, December 31, 2008	$	212,930

10. Related Party Transactions

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

a) During the year, wages and benefits of $157,600 (2007 - $151,600) were paid to directors and officers of the Company.

b) During the year, investor relation fees of $19,595 (2007 - $NIL) were paid to a relative of a director and officer of the Company.

c) During the year, director fees of $12,000 (2007 - $6,550) 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.

11. Income Taxes

Details of income taxes for the year are as follows:

	2008	2007
Net income before income taxes	**$ 1,218,954**	$ 675,476
Income tax at statutory rates	**31.00%**	34.12%
Expected income tax expense	**377,876**	230,472
Non-deductible items and other	**75,729**	(32,812)
Temporary difference relating to property, plant and equipment	**-**	48,075
Difference in foreign tax rates	**106,900**	29,325
Income tax expense	**$ 560,505**	$ 275,060

Details of income tax expense are as follows:

	2008	2007
Current income tax expense	**$ 528,612**	$ 223,660
Future income tax expense	**31,893**	31,893
Total income tax expense	**$ 560,505**	$ 275,060

12. Future Income Tax

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

	2008	2007
Petroleum and Natural Gas Interests	**$ 101,679**	$ 54,860
Property, plant and equipment	**71,214**	86,140
Future Tax Liability	**$ 172,893**	$ 141,000

13. Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return to shareholders, while satisfying other stakeholders, and to support any growth plans.

In the management of its capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, receivables and current liabilities.

The Company's objectives when managing capital are to:

i) Continue the development of its Petroleum and Natural Gas Interests
ii) Support any expansion plans; and
iii) Maintain a capital structure which optimizes the cost of capital at an acceptable risk.

As at December 31, 2008, the Company had no bank indebtedness or long-term debt.

14. Financial Instruments

Categories of financial assets and liabilities

As at December 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

		December 31, 2008		December 31, 2007
Held for trading	$	**1,044,464**	$	736,321
Loans and receivables	$	**322,485**	$	340,780
Held to maturity	$	**106,710**	$	100,690
Other financial liabilities	$	**1,001,089**	$	717,612

a) **Classification of Financial Instruments**

The Company designated its cash and cash equivalents and short-term investments as held-for-trading, which is measured at fair value. GST and other receivables have been designated as loans and receivables, which are measured at amortized cost. The reclamation bond is designated at held-to-maturity and is measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

b) **Fair Value**

The fair values of financial assets and liabilities that are included in the balance sheet approximate their carrying values as the financial assets and liabilities have a short-term to maturity.

14. Financial Instruments – Continued

a) **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.

A portion of the Company's receivables belong to a joint venture partner in the oil and gas industry and are subject to normal industry credit risks.

The maximum exposure to credit risk is represented by the carrying amount of accounts receivable in the balance sheet.

b) **Foreign Currency Exchange Risk**

The majority of the Company's operations are conducted in U.S. dollars. The Company is exposed to foreign currency fluctuations to the extent cash, GST receivable and accounts payable and accrued liabilities of the Company not denominated in US dollars.

At December 31, 2008, the Company had the following assets and liabilities dominated in Canadian dollars.

		December 31, 2008		December 31, 2007
Cash	$	**3,573**	$	13,765
GST receivable	$	**11,023**	$	4,934
Accounts payable and accrued liabilities	$	**82,734**	$	63,500

c) **Commodity Price Risk**

The Company is exposed to market risk and commodity price risk. Based on these commodity price exposures at December 31, 2008 a $10 decrease or increase in the average price of oil would result in a decrease or increase of gross revenues of approximately $450,000. Declines in the market price of commodities, most significantly oil and gas, can not only adversely affect operating results, but may also affect the Company's ability to raise additional capital. As at the balance sheet date, the Company did not have any commodity price risk contracts in place to mitigate these risks.

d) **Interest Rate Risk**

The Company's bank accounts earn interest income at variable rates. The Company's future interest income is exposed to changes in short-term rates.

e) **Liquidity Risk**

The Company is exposed to liquidity risk. The Company manages liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations.

15. Comparative Figures

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

16. Subsequent Event

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 $110,114 as their share of costs to a company with a director and officer in common.

Mountainview Energy Ltd. Schedule

Consolidated Schedule of General and Administrative Expenses

For the Years Ended December 31

US Funds

	2008	2007
General and Administrative Expenses		
Wages and benefits	**$ 245,960**	$ 242,927
Stock based compensation *(Notes 8 and 9)*	**212,930**	-
Travel and promotion	**133,612**	99,718
Office supplies and utilities	**99,460**	59,570
Legal, accounting and consulting fees	**91,054**	100,964
Investor relations *(Note 10)*	**19,595**	-
Director fees *(Note10)*	**12,000**	6,550
Telephone	**9,894**	12,596
Listing and filing fees	**8,223**	9,897
Transfer agent fees	**5,120**	3,498
Amortization	**2,496**	2,509
Foreign exchange gain	**(3,700)**	8,995
	$ 836,644	$ 547,224

Form 51-102F1
Management Discussion and Analysis

MOUNTAINVIEW ENERGY LTD
Fiscal Year Ended December 31, 2008

April 28. 2009

Management's discussion and analysis (MD&A) of the financial condition, results of operations and cash flows should be read in conjunction with the consolidated financial statements and the accompanying notes. This discussion and analysis is based on information available to April 24, 2009. Additional information relating to the Company is on SEDAR at www.sedar.com.

Forward Looking Statements

This report contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "estimate", "believe", and other similar words, or statements that certain events or conditions "may", or "will" occur. By their nature, forward-looking statements limited to, those associated with resource definition, the possibility of project cost overruns or unanticipated costs and expenses, regulatory approvals, fluctuating oil and gas prices, and the ability to access sufficient capital to finance future development, reservoir performance and drilling results. Although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements as a result of new information, future events or otherwise, subsequent to the date of this report, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements.

Company Overview

Mountainview Energy Ltd ("Mountainview" or the "Company") is involved in the acquisition of petroleum and natural gas rights, the exploration for, and development and production of, crude oil, condensate and natural gas. The Company is listed on the TSX Venture Exchange under the symbol "MVW".

Operations and Financial Condition

Gross Revenues for the Year Ended December 31, 2008 of $4,151,733 increased by $1,466,361 from the $2,685,372 in Gross Revenues reported for the same period in 2007 (Gross Revenues include a nominal amount of bookkeeping revenue. Also included in these figures are the Gas Revenues received for gas wells in which the Company holds a Working Interest. The change in the revenues between these two periods is a direct result of the increase in the average price received per barrel of oil and an increase in sales volumes. The following schedule shows a trend of increasing revenues received by the Company through the Second Quarter 2008 and a decline commencing during the Third Quarter 2008. This decline can be primarily attributed to the decrease in the price received per barrel of oil, which is consistent with the decline in the price of oil in the World Market.

Period	Sales Volumes (Barrels)	Average Price (US $)	Gross Oil Sales (US $)
4th Quarter 2008	11,527	44.50	512,965
3rd Quarter 2008	11,971	104.96	1,256,461
2nd Quarter 2008	12,148	112.12	1,362,042
1st Quarter 2008	10,419	85.00	885,649
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

As depicted in the foregoing schedule the average price per barrel of oil received decreased by $35.26 per barrel to $44.50 for the 4th Quarter 2008 compared to the $79.76 received during the 4th Quarter 2007. The Company experienced a temporary increase in the price received per barrel of oil during the 1st, 2nd, and 3rd Quarter 2008. However, from the 4th Quarter 2008 to date the Company has continued to see a decrease in pricing with the Company's posting price per barrel currently at US$38.75.

Selected Annual Information

		2008	2007
Net Revenues		3,556,586	2,303,500
Net Income		658,449	400,416
Net Income Per Share		0.07	0.04
Dividends		Nil	Nil
Total Assets		5,072,491	3,532,783
Total Long-Term Liabilities		415,946	456,436

Summary of Quarterly Results

Period	Net Revenue ($)	Net Income ($)	Income per Share Basic ($)	Income Per Share Diluted ($)	Total Assets ($)	Total Long-Term Liabilities ($)
4th Quarter 2008	465,070	(193,821)	(0.02)	(0.02)	5,072,491	415,946
3rd Quarter 2008	1,110,646	478,008	0.05	0.05	5,032,834	345,436
2nd Quarter 2008	1,194,389	148,520	0.02	0.02	4,489,054	345,436
1st Quarter 2008	786,481	225,742	0.02	0.02	3,742,715	345,436
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

2009 Drilling Programs

A two-well drilling program was conducted during the 1st Quarter 2008 in the Red Creek Field. The two oil wells, Red Creek No. 40 and No. 41, were successfully completed and placed on production in May 2008. Mountainview owns 100% Working Interest in the Red Creek No. 40 and No. 41.

Red Creek No. 40: The Red Creek No. 40 had an initial production rate of 21 barrels of oil per day and 5 barrels of water per day from the Madison/Sun River Dolomite. The producing interval in the Madison/Sun River Dolomite is 2,770' to 2,772'. There is an additional 14 feet of Upper Cut Bank Gas pay zone and 30 feet of Middle and Lower Cut Bank Oil pay zone, for a total of 44 feet that has yet to be perforated and completed

Red Creek No. 41: The Red Creek No. 41 had an initial production rate of 121 barrels of oil per day and 22 barrels of water per day from the Madison/Sun River Dolomite. A two week test showed average production at 81 barrels of oil and 26 barrels of water per day. The producing interval in the Madison/Sun River Dolomite is 2,766' to 2,770'. Sample and log interpretations show the total amount of pay from 2,766' to 2,782' for a total of 16 feet of oil pay zone. There is an additional 12 feet of Upper Cut Bank Gas pay zone and 35 feet of Middle and Lower Cut Bank Oil pay zone, for a total of 47 feet that has yet to be perforated and completed.

During the 3rd Quarter 2008 another two-well drilling program was conducted in the Red Creek Field. The Red Creek No. 42 and No. 43, two oil wells, were successfully completed on placed on production during the quarter.

> Red Creek No. 42: The Red Creek No. 42 had an initial production rate of 18 barrels of oil per day and 5 barrels of water per day from the Madison/Sun River Dolomite. The producing interval in the Madison/Sun River Dolomite is 2,755' to 2,772'. There is an additional 26 feet of Upper Cut Bank Gas pay zone (2590' – 2616') and 16 feet of Middle and Lower Cut Bank Oil pay zone (2648'-2664'), for a total of 42 feet that has yet to be perforated and completed.
>
> Red Creek No. 43: The Red Creek No. 43 had an initial production rate of 7 barrels of oil per day and 48 barrels of water per day from the Madison/Sun River Dolomite. The producing interval in the Madison/Sun River Dolomite is 2,765' – 2778'. There is an additional 43' of Upper Cut Bank Gas pay zone (2601'-2644') and 35' feet of Middle and Lower Cut Bank Oil pay zone (2647'-2682'), for a total of 78' feet that has yet to be perforated and completed.

The two drilling programs in the Red Creek Field have enhanced the Field's production and help to maintain 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 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.

The Company realized Net Income from operations before taxes of $1,218,954 for the Year Ended December 31, 2008. This is a significant increase from the same period in 2007 in which the Company reported $675,476. This increase in Income from operations is a result of the increase in the price received per barrel of oil during the first nine months of the year. As a direct result in the decline in oil prices the Company realized a loss for the three months ended December 31, 2008 of $193,821 compared with net income of $170,882 during the three months ended December 31, 2007. During the three months ended December 31, 2008 the average price per barrel was $44.50 compared with $79.76 for the three months ended December 31, 2007.

The Company reported general and administrative expenses of $836,644 for the year ended December 31, 2008. This compares to the $547,224 reported for the year ended December 31, 2007. The majority of the increase in expenses for the year ended December 31, 2008 over December 31, 2007 can be attributed to the recording of a Stock Base Compensation Expense in the amount of $212,930, as a result of a Stock Option granted to the Directors, Officers and Employees of the Company during the three months ended June 30, 2008. In addition, Management hired an Investor Relations Consultant effective July 1, 2008, which increased our Investor Relations expense.

The Company showed an increase in the Travel and Promotion expenses from the $131,425 for the year ended December 31, 2008 compared to the $99,718 reported for the year ended December 31, 2007. This is due, in part, to the Company's Annual General Meeting ("AGM") and the costs associated with the preparation and implementation of this Meeting. The increase in office supplies & utilities from the $59,570 reported for the year ended December 31, 2007 to the $99,460 reported in December 31, 2008 is a result of updates made in the office during the 4th Quarter 2008. General and administrative expenses are expected to continue to increase over the prior periods as the Company continues to increase its exploration and production activities.

The Company recognized a provision for Income Tax of $528,612 for the year ended December 31, 2008 compared to $223,660 for the year ended December 31, 2007. This increase is directly related to the increase in revenues for the year. As the Company has no losses that can be carried forward the income tax provision is expected to increase along with increases in net revenues.

The Company's Cash Position decreased during the year ended December 31, 2008 to $644,464 from the $736,321 reported for the year ended December 31, 2007. This decrease in cash of $91,857 is a direct result of the Company investing $400,000 into short-term investments which at December 31, 2008 gave the Company access to $1,044,464 in cash. The increase in the average price received per barrel of oil during the nine months ended September 30, 2008 and the additional income realized from the Company's participation in the drilling of the five natural gas wells in the Lake Frances area allowed the Company to invest some of its cash into short-term investments.

As depicted in the Consolidated Statement of Income, Comprehensive Income and Retained Earnings, the major cash operating expense during the year ended December 31, 2008 was Production Taxes at $399,071. This is an increase over the $255,122 reported for the same period in 2007, and relates directly to the increase in the average price received per barrel of oil. 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 consecutive months. Since the Company had four newly drilled wells on production during the period and existing shut-in wells, which were placed on production after a long period of time in prior quarters, this resulted in a large share of the oil sales for the period being taxed at a reduced rate. 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 current period 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 the 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 increases in the cost of materials and repairs and maintenance in contrast to the comparable period in 2007, which was a result of maintaining the production from new and existing wells. This expense will increase as the Company continues to increase its 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, labor, repairs and maintenance with the addition of each new well.

Another major expense to note was for depletion, accretion and amortization, a non-cash item, which increased from the $408,998 reported for year ended December 31, 2008 compared to the $244,620 reported for the same period in 2007. This expense will increase as the Company continues to increase its production.

There have been no material write-offs or write-downs of assets during the period.

Use of 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, values of future income tax assets and liabilities and assumptions used in determining the fair value of non-cash stock-based compensation.

These estimates are limited by the availability of reliable comparable data, and the uncertainty of predications concerning future events. Accordingly, by their nature, estimates as described above are subjective

Related Party Transactions

As reported earlier in the Notes to Consolidated Financial Statements, the following related party transactions occurred during the period ended December 31, 2008.

a) During the twelve-month period ended December 31, 2008, wages and benefits of $157,600 were paid to directors and officers of the Company.

b) During the twelve month period ended December 31, 2008, director fees of $12,000 were paid to directors of the Company.

c) During the twelve-month period ended December 31, 2008, investor relation fees of $19,595 were paid to a relative of a director and officer of the Company.

d) Mountain View Energy, Inc paid a private Company, which is 100% owned by the Company's President & Chief Executive Officer, $254,696 in drilling and completion costs during the twelve-month period ended December 31, 2008 to earn a Working Interest in three natural gas wells drilled in the Lake Frances Field and one oil well which has subsequently been plugged and abandoned.

Company Progress:

Lake Frances Field – Pondera County, Montana

Mountainview Energy Ltd opted to participate in the drilling and completion of three natural gas wells located in Pondera County, Montana during 2008 with Altamont Oil & Gas, Inc a Company 100% owned by Mountainview's President & Chief Executive Officer .

Jim Powers #20-1: Mountainview paid $102,149, which was 2/3 of the drilling and completion costs in order to earn a 50% Working Interest.

Boucher #18-1: Mountainview paid $54,238, being 1/3 of the drilling and completion costs in order to earn a 25% Working Interest.

Stoltz #18-1: Mountainview paid $54,085, being 1/3 of the drilling and completion costs in order to earn a 25% Working Interest.

Following are the revenues received or accrued for these new gas wells from inception to-date. (Figures are based on the Company's Net Revenue Interest.)

Month	Net Volumes	Actual Price Per MCF	Gross Revenue	Share of Production Taxes	Share of Operating Expenses	Net Revenue
B. Ag. #25-1 (Net Revenue Interest – 20%)						
4th Quarter 2008	114	3.41	390	3	421	(34)
3rd Quarter 2008	118	6.04	719	5	394	320
2nd Quarter 2008	123	6.15	755	6	379	370
1st Quarter 2008	124	4.45	556	4	293	259
4th Quarter 2007	70	3.92	280	2	294	(16)

Vandenbos #19-1 (Net Revenue Interest – 20.625%)						
4th Quarter 2008	2,513	3.41	8,572	65	445	8,062
3rd Quarter 2008	3,150	6.04	19,335	147	432	18,756
2nd Quarter 2008	3,984	6.15	24,095	183	416	23,496
1st Quarter 2008	5,030	4.45	22,255	169	981	21,105
4th Quarter 2007	2,860	3.92	11,343	86	298	10,959

Month	Net Volumes	Actual Price Per MCF	Gross Revenue	Share of Production Taxes	Share of Operating Expenses	Net Revenue
Jim Powers #20-1 (Net Revenue Interest – 41.875%)						
4th Quarter 2008	423	3.41	1,444	11	1,841	(408)
3rd Quarter 2008	718	6.04	4,516	34	2,210	2,272
2nd Quarter 2008	1,916	6.15	11,487	87	890	10,510
1st Quarter 2008	448	4.98	2,229	17	-	2,212
Boucher #18-1 (Net Revenue Interest – 20.625%)						
4th Quarter 2008	1,435	3.41	4,895	37	408	4,450
3rd Quarter 2008	1,018	5.21	5,253	40	626	4,587
Stoltz #18-1 (Net Revenue Interest – 20.3125%)						
4th Quarter 2008	165	3.41	562	4	332	226
3rd Quarter 2008	97	5.21	499	4	268	227
Total Net Gas Revenue Received in 2007:						$ 10,943
Total Net Gas Revenue Received or Accrued in 2008:						$ 96,408
Total Net Revenues To-Date:						$ 107,351

Mountainview owns a 25% Working Interest in four of these wells and a 50% working interest in one well, as a result of paying one-third and two-thirds of the drilling and completion costs respectively. Mountainview is under no contractual obligation to participate in the drilling of additional wells.

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. The Company's net share of acquisition costs for this acreage was $12,260.

The completion of the drilling programs in the Red Creek Field have further enhanced the Red Creek Field's oil production volumes. In addition, the Company's revenues have been augmented by the income generated from the natural gas wells in which Mountainview holds a working interest.

During the 3rd Quarter 2008, Mountainview Energy Ltd hired Shane Montalban as an Investor Relations Specialist, effective July 1, 2008. Mr. Montalban's initial contract was for a six-month contract as an Investor Relations Consultant. As per the conditions of the contract, the Company paid Mr. Montalban $2,800 (CDN) per month for the first 3 months and $3,000 (CDN) per month for the last 3 months of the contract. The Company continues to engage Mr. Montalban's services on a month-to-month basis.

Mr. Montalban has an extensive background of working in the investment business for the past 25 years. He worked as a Securities Broker for 7 years with local firms in Vancouver, British Columbia and for the national firm of Osler Wills Bickle in the 80's. Mr. Montalban was also a venture capitalist and fund manager for eight years in the 90's. Mr. Montalban will provide his services to the Company from his residence in Vancouver, British Columbia. Mr. Montalban is the son of the Company's Chairman of the Board, Mr. Joseph V. Montalban, and brother of the President & CEO, Mr. Patrick M. Montalban. He does not have any interest, direct or indirect, in the Company or its securities, or any right or intent to acquire such an interest.

There are no material variances to-date that have impacted the Company's ability to continue its objectives as previously reported.

Financial Instruments

Mountainview's financial instruments consist of cash and cash equivalents, accounts receivable, reclamation bond, accounts payable. 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.

Categories of financial assets and liabilities

As at December 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

		December 31, 2008		December 31, 2007
Held for trading	$	1,044,464	$	736,321
Loans and receivables	$	322,485	$	340,780
Held to maturity	$	106,710	$	100,690
Other financial liabilities	$	1,001,089	$	717,612

Classification of Financial Instruments

The Company designated its cash and cash equivalents and short-term investments as held-for-trading, which is measured at fair value. GST and other receivables have been designated as loans and receivables, which are measured at amortized cost. The reclamation bond is designated at held-to-maturity and is measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company is exposed to market risk and commodity price risk. Based on these commodity price exposures at December 31, 2008 a $10 decrease or increase in the average price of oil would result in a decrease or increase of gross revenues of approximately $450,000. Declines in the market price of commodities, most significantly oil and gas, can not only adversely affect operating results, but may also affect the Company's ability to raise additional capital. As at the balance sheet date, the Company did not have any commodity price risk contracts in place to mitigate these risks.

The Company's bank accounts earn interest income at variable rates. The Company's future interest income is exposed to changes in short-term rates

The Company is exposed to liquidity risk. The Company manages liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations.

Outstanding Share Data

As at December 31, 2008, the Company has 9,766,850 outstanding shares with Shareholder Equity of $1,071,140. As of December 31, 2008, there were outstanding options of 775,000 shares available for exercising at a price of $0.24. These options have an expiration date of June 17, 2013.

Liquidity and Solvency

Working Capital for the year ended December 31, 2008 was $(161,898). This is a significant decrease from the year ended December 31, 2007 in which the Company reported Working Capital of $148,292. This decrease in Working Capital is directly related to the loss incurred in the fourth quarter, the increase in accrued liabilities for the period, which are a result of completion costs associated with the drilling program commenced during the Third Quarter 2008 in addition to accrued royalty and production taxes for the year ended December 31, 2008.

The drilling and enhancement programs in the Red Creek Field are expected to contribute to the increase of the Company's cash reserves even though the price per barrel of oil has decreased significantly over the past two quarterly periods. In addition, the price of natural gas has also continued to decline, which will result in a decrease in the revenues we receive from the natural gas wells in which the Company owns an interest. Management, however, expects to be able to continue to meet its on-going obligations.

With respect to the Company's short-term liabilities, as of December 31, 2008, the Company had an obligation of $1,001,089 in Accounts Payable and $532,755 in Income Tax Payable. The accounts payable figure is mainly comprised of costs associated with accrued royalties and production tax expenses, in addition there was an increase relating to costs associated with the drilling programs during the 4th quarter 2008. The $172,893 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 $243,053 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 Company has no long-term financial liabilities or obligations other than those that are disclosed.

Changes in Accounting Policies

Financial Instrument disclosures

The Company adopted CICA Handbook Sections 3862 and 3863 which replace CICA 3861 relating to disclosure and presentation of financial instruments, and which 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.

Capital disclosures

The Company adopted CICA Handbook Section 1535, relating to Capital Disclosures, and which are effective for the Company beginning January 1, 2008. The new recommendations require the Company 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.

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.

Future Canadian Accounting Pronouncements

Goodwill and Intangible Assets (Section 3064)

In February 2008, the AcSB issued Handbook Section 3064, Goodwill and Intangible Assets and amended Section 1000, Financial Statement Concepts clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. This standard also provides guidance for the treatment of pre-production and start-up costs and requires that these be expensed as incurred. The standard is effective for fiscal years beginning on or after October 1, 2008 and early adoption is permitted. The adoption of this new section is not expected to have a material impact on the Company's earnings and financial position.

Business Combinations (Section 1582)

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which requires that all assets and liabilities of an acquired business be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the period after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011.

Consolidations (Section 1601) and Non-Controlling Interest (Section 1602)

In January 2009, the CICA issued Handbook Section 1601, "Consolidations" ("CICA 1601"), and Section 1602, "Non-Controlling Interests" (CICA 1602"). CICA 1601 establishes standards for preparing consolidated financial statements and CICA 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

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.

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's financial condition. The current price of oil and natural gas continues to decline into the 1st Quarter 2009 and there is an expectation that the Company's cash reserves will be directly affected.

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

Mountainview 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.

Subsequent Events

Subsequent to the year ended December 31, 2008, the Company participated in the drilling and completion of the Vandenbos #13-1 well with Altamont Oil & Gas, Inc, a Company 100% owned by Mountainview Energy Ltd's President and Chief Executive Officer This natural gas well is located in Section 13-T29N-R5W, Pondera County, Montana and the Company paid two-thirds of the drilling and completion costs in the amount of $110,114 in order to earn a 50% Working Interest in this well.

The initial production test of the Vandenbos #13-1 well was 3.5 pounds on a 1" orifice, which is 263 MCF per day. With these results, it was determined that the Lake Frances Field extends to the northwest, proving up additional locations for drilling. The production interval on the Vandenbos #13-1 well is 2368' to 2382', with 14 feet of total pay zone. The Company is in the process of completing this well in addition to constructing the pipeline necessary to connect this well to the gathering system.

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 28, 2009**