MOUNTAINVIEW ENERGY LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2010 and 2009

US Funds
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Mountainview Energy Ltd. <u>Statement 1</u>

Interim Consolidated Balance Sheets

US Funds
(Unaudited)

ASSETS		**March 31, 2010**		December 31, 2009
Current				
Cash and cash equivalents	**$**	**514,552**	$	353,506
Short-term investments *(Note 3)*		**203,805**		203,805
Accounts receivable - trade		**229,787**		251,261
Inventory		**9,790**		8,017
		957,934		816,589
Property, Plant and Equipment *(Note 7)*		**241,161**		254,380
Petroleum and Natural Gas Interests *(Note 4)*		**3,408,198**		3,492,536
Reclamation Bond *(Note 4b)*		**110,883**		110,883
	$	**4,718,176**	$	4,674,388
LIABILITIES				
Current				
Accounts payable and accrued liabilities – trade *(Note 5)*	**$**	**1,238,996**	$	1,235,210
Current portion of long-term debt *(Note 8)*		**17,990**		24,408
Income tax payable		**58,571**		64,571
		1,315,557		1,324,189
Long-Term Debt *(Note 8)*		**85,993**		85,993
Asset Retirement Obligation *(Note 6)*		**276,804**		271,761
Future Income Tax Payable		**161,438**		161,438
		1,839,792		1,843,381
SHAREHOLDERS' EQUITY				
Share Capital *(Note 9)*		**1,071,140**		1,071,140
Contributed Surplus *(Note 10)*		**212,930**		212,930
Retained Earnings *–Statement 2*		**1,594,314**		1,546,937
		2,878,384		2,831,007
	$	**4,718,176**	$	4,674,388

Nature of Business *(Note 1)*

Measurement Uncertainty *(Note 5)*

Commitments *(Note 8b)*

Subsequent Event *(Note 14)*

ON BEHALF OF THE BOARD:

"Patrick V. Montalban" , Director

"Bruce P. Young" , Director

- See Accompanying Notes -

Mountainview Energy Ltd. Statement 2

Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and Retained Earnings

For the Periods Ended March 31

US Funds
Unaudited

		2010		2009
Revenue				
Gross sales	**$**	**696,900**	$	367,516
Less royalties		**(106,105)**		(54,385)
		590,795		313,131
Cost of Sales				
Inventory - Beginning of period		**8,017**		4,999
Depletion, accretion and amortization		**104,141**		86,228
Production taxes		**80,390**		33,877
Labour		**49,690**		40,211
Repairs and maintenance		**60,439**		59,987
Utilities		**35,814**		33,657
Materials		**22,992**		23,966
Vehicle		**20,016**		18,188
Amortization - Equipment		**20,245**		12,264
Miscellaneous production costs		**7,054**		7,860
Insurance		**9,162**		3,598
Inventory - End of period		**(9,790)**		(5,752)
		408,170		319,083
Gross Profit (Loss)		**182,625**		(5,952)
General and Administrative Expenses *(Schedule)*		**(134,752)**		(120,687)
Income (loss) before the Undernoted		**47,873**		(126,639)
Other Income (Expenses)				
Interest income and expense		**(496)**		6,272
Net Income (Loss) and Comprehensive Income (Loss) for the Period		**47,377**		(120,367)
Retained Earnings - Beginning of period		**1,546,937**		1,838,629
Retained Earnings - End of Period	**$**	**1,594,314**	$	1,718,262
Income (Loss) per Share – Basic and Fully Diluted	**$**	**0.01**	$	(0.01)
Weighted Average Number of Common Shares Outstanding - Basic & Fully Diluted		**9,766,850**		9,766,850

Mountainview Energy Ltd. <u>Statement 3</u>

Interim Consolidated Statements of Cash Flows

For the Periods Ended March 31
US Funds

Cash Resources Provided By (Used In)		**2010**		2009
Operating Activities				
Cash receipts from customers	**$**	**611,047**	$	485,509
Cost of sales		**(316,035)**		(215,979)
Cash paid to suppliers and employees		**(122,970)**		(414,632)
Interest income and expense		**(496)**		6,272
		171,546		(138,830)
Investing Activities				
Cash paid to suppliers of petroleum and natural gas interests		**(9,260)**		(230,091)
Cash paid to suppliers of property, plant and equipment		**(7,658)**		39,644
		(16,918)		(190,447)
Financing Activities				
Long-term debt		**6,418**		-
				-
Net Decrease in Cash and Cash Equivalents		**161,046**		(329,277)
Cash position - Beginning of period		**353,506**		644,464
Cash Position - End of Period	**$**	**514,552**	$	315,187

Supplemental Schedule of Non-Cash Transactions:				
Amortization	**$**	**631**	$	601
Depletion, accretion and amortization	**$**	**124,386**	$	98,492
Foreign exchange (gain) loss	**$**	**2,305**	$	(1,993)
Petroleum and natural gas interests costs included in accounts payable	**$**	**825**	$	-

- See Accompanying Notes -

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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.

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2. Significant Accounting Policies

These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual consolidated financial statements except for the changes noted below. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at December 31, 2009.

Recent Canadian Accounting Pronouncements

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. The Company has early adopted this Standard effective January 1, 2010 for the fiscal year ending December 31, 2010. There was no material impact on the consolidated financial statements as a result of this adoption.

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 has early adopted this Standard effective January 1, 2010 for the fiscal year ending December 31, 2010. There was no material impact on the consolidated financial statements as a result of this adoption.

3. Short-term Investments

Short-term investments at March 31, 2010 consist of the following:

Type of Investment	Face Value	Annual Interest Rate	Maturity Date
Term deposit	$ 100,000	1.70%	September 25, 2010
Term deposit	$ 100,000	1.75%	December 15, 2010
	$ 200,000		

At March 31, 2009 the Company had short-term investments of $400,000.

4. Petroleum and Natural Gas Interests

a) Details of cumulative expenditures are as follows:

Proved and Producing		**2010**		2009
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		**3,613,113**		3,600,898
Asset retirement cost		**176,323**		176,323
Accumulated amortization and depletion		**(1,829,639)**		(1,730,541)
	$	**2,563,290**	$	2,650,173
Lake Frances, Montana, USA				
Other capitalized costs	**$**	**760,683**	$	758,430
Lease rentals		**84,225**		83,933
	$	**844,908**	$	842,363
Unproved				
Tie Creek Prospect, Montana, USA:				
Purchase price	**$**	**-**	$	31,250
Lease rentals		**-**		199,128
Other capitalized costs		**-**		13,081
	$	**-**	$	243,459
Write-down		**-**		(243,459)
	$	**-**	$	-
Total petroleum and natural gas interests	**$**	**3,408,198**	$	3,492,536

4. Petroleum and Natural Gas Interests - *Continued*

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 $110,883 (2009 - $110,883), which includes accrued interest of $30,883 (2009 - $30,883).

c) 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 $Nil (2009 - $274,021) as their share of costs to a company with a director and officer in common.

d) The costs related to the unproved properties have been excluded from the depletion calculation. The Company considered whether there were any events or circumstances indicating impairment of its capitalized assets at March 31, 2010 and determined that a write-down of $Nil (December 31, 2009 - $243,459) of the capitalized costs that related to unproved properties was required.

e) The following table outlines the benchmark prices used in the impairment test at March 31, 2010 and December 31, 2009:

Year	Oil Price (1)
2009	$ 61.78
2010	74.40
2011	77.40
2012	80.50
2013(3)	83.72

(1) Price based upon future forecast price for AECO “C” – (1000BTU/SCF) – prices have been adjusted herein for quality and transportation.
(2) Prices based upon future forecast price for WTI – (40 API rating) – prices have been adjusted herein for quality and transportation.
(3) Prices escalated at a rate of 3.0 percent per annum to thereafter.

5. Measurement Uncertainty

The company is obliged to pay royalties on its Red Creek and Lake Frances properties. In addition to the royalties paid to known parties, management has estimated an accrual for royalties potentially owing to other unidentified parties that may be entitled to royalty payments from these properties. The estimation of these obligations is dependent on the best information available to management of the royalty rates applicable on each tract of land where the Company has producing wells. Included in accounts payable and accrued liabilities is $1,012,804 (2009- $972,319) accrued royalties. The determination of prior and current royalties is a complex matter and management is in the process of having a legal search and opinion prepared to determine the royalties due. The amount, as determined by the legal search, may be materially different from the amount the Company has estimated for accrued royalties and there may be a significant impact on net income in the year any adjustment is made.

6. Asset Retirement Obligation

The asset retirement obligations are as follows:

	March 31, 2010	December 31, 2009
Asset retirement obligation at the beginning of the period	**$ 271,761**	$ 243,053
Net present value of new obligations during the period	**-**	13,183
Accretion expense	**5,043**	20,170
Revision in estimated cash flows on existing obligations	**-**	(4,645)
Asset retirement obligation at the end of the period	**$ 276,804**	$ 271,761

The Company has calculated the fair value of the asset retirement obligation using a discount rate of 4.75% to 8.5% and an inflation rate of 1.5%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are $492,026 (2009 - $492,026) and are expected to be incurred over a period of approximately 5 to 18 years.

7. Property, Plant and Equipment

			March 31, 2010			December 31, 2009
	Cost $	Accumulated Amortization $	Net Book Value $	Cost $	Accumulated Amortization $	Net Book Value $
Office furniture equipment	**22,756**	**14,140**	**8,618**	21,476	13,509	7,967
Field equipment	**308,958**	**202,965**	**105,993**	302,581	192,981	109,600
Vehicles **	**200,408**	**73,856**	**126,552**	200,408	63,595	136,813
	532,122	**290,961**	**241,161**	524,465	270,085	254,380

** Included in vehicles is the cost of capital leases of $147,750 (2009 - $147,750) and accumulated amortization of $31,582 (2009 - $Nil).

8. Long-Term Debt

a) The Company has long-term debt as at March 31, 2010 of $103,983 (December 31, 2009 of $110,401) relating to the purchase of vehicles for the Company. The current portion relating to the long-term debt is $17,990 (2009 $24,408). The interest rates on the long-term debt range from 1.9% -6% and are fixed for the duration of the loans.

b) Commitments

2010	$ 17,990
2011	$ 25,977
2012	$ 26,882
2013	$ 20,334
2014	$ 12,800

9. 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	
	2009	2008	**2009**	2008
Balance	**9,766,850**	9,766,850	**$ 1,071,140**	$ 1,071,140

No preference shares have been issued.

c) As at March 31, 2010 and 2009, there were no share purchase warrants outstanding.

d) 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 at March 31, 2010 is as follows:

Balance at December 31, 2008	Granted	Exercised	Expired	Balance at March 31, 2010	Exercise Price	Expiry Date
775,000	-	-	-	775,000	$0.24	June 17, 2013

As at March 31, 2010, a total of 775,000 of outstanding options have vested.

The Company's stock option activity at March 31, 2009 is as follows:

Balance at December 31, 2008	Granted	Exercised	Expired	Balance at March 31, 2009	Exercise Price	Expiry Date
775,000	-	-	-	775,000	$0.24	June 17, 2013

As at March 31, 2009, a total of 775,000 of outstanding options have vested.

9. Share Capital - *Continued*

e) Stock-based Compensation

During the period ended March 31, 2010, the Company granted no stock options and did not incur any stock based compensation expense.

During the year ended December 31, 2008 the Company granted 775,000 stock options to its employees with an exercise price of $0.24 per share. All of the options vested immediately. For the year ended December 31, 2008, the Company recorded $212,930 of stock based compensation.

The fair value of each option granted was 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.

10. Contributed Surplus

The Company's contributed surplus as at March 31, 2010 and December 31, 2009 and the changes for the year ended on that date are as follows:

Balance, March 31, 2010 and December 31, 2009	$	212,930

11. Related Party Transactions

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

a) During the year, wages and benefits of $40,527 (2009 - $38,595) were paid to directors and officers of the Company.

b) During the year, investor relation fees of $8,654 (2009 - $7,232) were paid to a relative of a director and officer of the Company.

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

12. 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 and long-term debt.

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 March 31, 2010, the Company had no bank indebtedness and long-term debt of $103,983.

As at December 31, 2009, the Company had no bank indebtedness and long-term debt $110,401.

There were no changes in the Company's approach to capital management during the period ended March 31, 2010 compared to the year ended December 31, 2009. The Company is not subject to externally imposed capital requirements.

13. Financial Instruments

a) Categories of financial assets and liabilities

As at March 31, 2010, 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:

		March 31, 2010		December 31, 2009
Held for trading	$	**557,311**	$	**557,311**
Loans and receivables	$	**229,787**	$	**251,260**
Held to maturity	$	**103,983**	$	**110,883**
Other financial liabilities	$	**1,297,567**	$	**1,299,781**

b) Classification of Financial Instruments

The Company designated its cash and cash equivalents and short-term investments as held-for-trading, and are measured using level 2 fair value measures (in accordance with the CICA Handbook Section 3862). 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 and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

c) 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.

The maximum exposure to credit risk is represented by the carrying amount of cash and equivalents, short term investments, and accounts receivable in the balance sheet. The Company's cash and equivalents and short term investments are deposited with a US regional bank.

d) 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 March 31, 2010, the Company had the following assets and liabilities dominated in Canadian dollars.

		March 31, 2010		December 31, 2009
Cash	$	**5,852**	$	4,559
GST receivable	$	**7,991**	$	6,933
Accounts payable and accrued liabilities	$	**89,727**	$	93,371

13. Financial Instruments – *Continued*

e) Commodity Price Risk

The Company is exposed to market risk and commodity price risk. Based on these commodity price exposures at March 31, 2010 a $10 decrease or increase in the average price of oil would result in a decrease or increase of gross revenues of approximately $107,000. 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.

f) 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. The Company is not exposed to fluctuations in interest expense from the long-term debt as the rates are fixed. Fluctuations do not give rise to significant changes in income.

g) Liquidity Risk

The Company seeks to manage liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations as they fall due. As at March 31, 2010, the Company had a working capital deficit of $357,623 (December 31 - $507,600). Management expects to be able to meet its obligations through improved cash inflows from operations based on improved oil prices in 2010 and beyond.

14. Subsequent Event

Subsequent to the period end the Company signed a letter of intent to enter into an agreement to acquire a 100% working interest of the third parties 30% interest in all wells and oil and gas leases in the Snoose Coulee Field located in Liberty County, Montana for $55,000.

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

Interim Consolidated Schedule of General and Administrative Expenses

For the Periods Ended March 31
US Funds

		2010		2009
General and Administrative Expenses				
Wages and benefits	**$**	**57,637**	$	62,600
Travel and promotion		**29,768**		17,712
Office supplies and utilities		**17,721**		16,465
Legal, accounting and consulting fees		**10,577**		9,645
Investor relations *(Note 10)*		**8,654**		7,232
Listing and filing fees		**4,808**		4,018
Foreign exchange (gain) loss		**2,305**		(1,993)
Telephone		**1,816**		1,646
Transfer agent fees		**835**		2,761
Amortization		**631**		601
	$	**134,752**	$	120,687