MOUNTAINVIEW ENERGY LTD

Management's Discussion and Analysis

Year Ended December 31, 2011

Expressed in US Dollars

Management's Discussion and Analysis ("MD&A"), dated April 30, 2012, is management's assessment of the financial position and operating results of Mountainview Energy Ltd. (the "Company" or "Mountainview") and should be read in conjunction with the consolidated financial statements and the accompanying notes for the year ended December 31, 2011 and 2010. Additional information relating to the Company, are available on SEDAR at www.sedar.com. Mountainview is listed for trading on the TSX Venture Exchange under the symbols "MVW". All amounts are in US dollars, unless otherwise stated.

BASIS OF PRESENTATION

The financial data presented below has been prepared in accordance with International Financial Reporting Standards ("IFRS") which apply for years beginning on or after January 1, 2011. The audited consolidated financial statements are prepared on this basis and the term "GAAP" refers to the Previous GAAP before the adoption of IFRS. Comparative figures for 2010 have been restated to give effect to these changes. Refer to note 20 of the audited consolidated financial statements for disclosure regarding the impact of the transition to IFRS. The adoption of IFRS did not have a material impact on the amounts reported as funds generated from operations.

The reporting and the measurement currency is the US dollar. For the purpose of calculating unit costs, natural gas is converted to a barrel equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil unless otherwise stated. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The following MD&A compares the results of the year ended December 31, 2011 ("2011") to the year ended December 31, 2010 ("2010") and the results of the three months ended December 31, 2011 ("Q4 2011") to the three months ended December 31, 2010 ("Q4 2010").

Where amounts are expressed in barrels of oil equivalent ('boe") in this MD&A, natural gas volumes have not been included as the Company receives less than 1% of revenues from sales of natural gas.

MOUNTAINVIEW'S BUSINESS

Mountainview Energy Ltd. ("Mountainview" or " the Company") was incorporated under the laws of the Province of British Columbia, Canada and its principal business is the exploration, acquisition, development and production of petroleum and natural gas reserves through the drilling of horizontal Three Forks and Bakken wells on the Company's acreage located in the South Alberta Bakken Play in the State of Montana and the Williston Basin in Montana and North Dakota, USA.

FORWARD-LOOKING INFORMATION

Forward-Looking Statements

This MD&A contains certain forward-looking statements within the meaning of applicable securities laws. These statements relate to future events or future performance and are based on the Company's current expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Accordingly, undue reliance should not be placed on these forward-looking statements. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", and similar expressions are intended to identify forward-looking statements or information. In particular, but without limiting the foregoing, this MD&A contains forward-looking information concerning: the 2011 capital budget and allocation thereof; projected average production volumes for 2011; anticipated prices for oil and natural gas, including heavy oil; anticipated 2011 average operating expenses and the Company's ability to reduce such expenses; tax horizon and available tax pools; the remaining amount and allocation of the 2011 capital program; ability to fund the remaining capital program; the timing of funding our financial obligations; and impact of adoption of IFRS on our financial position and results of operations. In addition, information and statements relating to oil and/or natural gas reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated, and that the reserves can be profitably produced in the future.

These forward-looking statements are based on certain key expectations and assumptions made by Mountainview, including but not limited to expectations and assumptions concerning: prevailing and future market prices for oil, natural gas, and in particular heavy oil differentials; prevailing and future foreign exchange rates, interest rates and inflation rates; applicable royalty rates, tax rates and related laws and regulations; future production rates; the performance of existing and future wells; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services, including but not limited to drilling and completion equipment and services; adequate weather and environmental conditions for drilling and completion activities, including the transportation of associated equipment, the ability to obtain external sources of financing on acceptable terms; and the realization of the anticipated benefits of acquisitions.

Actual results achieved during the forecast periods will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties, the variances may be material. Such risks and uncertainties include: operational risks generally associated with oil and natural gas exploration, development, exploitation, production, transportation and marketing; volatility in market prices for oil, natural gas, and in particular heavy oil differentials; access to capital markets and stock price volatility; increased debt levels or debt service requirements; unanticipated fluctuations or declines in the Company's oil, natural gas production levels; adverse changes in legislation, including but not limited to tax laws, royalty rates and environmental regulations; ability to attract and retained qualified personnel; changes in the demand for Mountainview's products; fluctuations in foreign exchange rates, interest rates and inflation rates, risks associated with adverse weather, the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production rates, costs and

expenses; competition for, among other things, capital resources, acquisitions of reserves, undeveloped land and services.

Capital Expenditures, Acquisitions and Dispositions

On February 17, 2011, Mountainview completed the acquisition of 62 oil and gas leases, and all rights, title and interests thereto, covering 11,066 acres in Montana and North Dakota. In consideration, the Company paid $3,350,000 in cash and issued 18,611,110 common shares at a fair value of $0.31 per share. The issued shares are subject to a Value Securities Escrow Agreement and will be released in over a 3 year period.

In 2011, the Company acquired 19,058 Net Acres in Pondera County, Glacier County and Toole County, Montana. The Company acquired these leases for a total purchase price of $1,428,398.

In 2011, the Company acquired a 5% interest in 1,007 Net Acres in the Sentinel Project. The Company acquired these leases for a total purchase price of $437,198.

In 2011, the Company acquired a 25% interest in a 160 Net Acres in Roosevelt County, Montana. The Company acquired these leases for a total purchase price of $160,000.

In 2011, the Company acquired 1,026 Net Acres in Sheridan County, Montana. The Company acquired these leases for a total purchase price of $670,468.

In 2011, the Company acquired 451 Net Acres in Williams County, and Divide County, North Dakota. The Company acquired these leases for a total purchase price of $128,625.

Results of operations

Production

	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Crude oil (Bbls per day)	143	109	117	101
Oil and liquids as a percentage of production	**100%**	**100%**	**100%**	**100%**

	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Crude oil (Bbls per day)	119	111	111	118
Oil and liquids as a percentage of production	**100%**	**100%**	**100%**	**100%**

The Company receives less than 1% of its revenues from its natural gas interests and thus this information has not been included. Production increased by 20% to 143 boe/d in Q4 2011 from 119 boe/d in Q4 2010. The Company was impacted with lower production rates in Q1 2011 due to cold weather.

Realized prices

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Average benchmark prices					
Oil - WTI crude oil USD ($/Bbl)	97.82	84.89	96.23	94.13	93.27
Oil - CHS crude oil USD ($/Bbl)	83.64	78.12	90.85	82.38	83.75
Natural gas - AECO-C Daily spot ($/mcf)	3.37	3.86	3.89	3.71	3.71
Mountainview Average Realized Prices					
Crude oil ($/Bbl)	82.60	77.03	91.04	81.10	82.94
Natural gas ($/Mcf)	1.78	2.14	2.04	2.01	1.99
Average realized price ($/Boe)	**$ 84.38**	**$ 79.17**	**$ 93.08**	**$ 83.11**	**$ 84.93**

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	2010
Average benchmark prices					
Oil - WTI crude oil USD ($/Bbl)	85.09	76.21	77.79	78.75	79.46
Oil - CHS crude oil USD ($/Bbl)	72.64	71.72	68.15	68.65	70.29
Natural gas - AECO-C Daily spot ($/mcf)	3.63	3.55	3.73	4.95	3.97
Mountainview Average Realized Prices					
Crude oil ($/Bbl)	71.72	64.85	66.77	67.55	67.72
Natural gas ($/Mcf)	1.85	1.88	1.92	2.92	2.14
Average realized price ($/Boe)	**$ 73.57**	**$ 66.73**	**$ 68.69**	**$ 70.47**	**$ 69.86**

Approximately 100% of Mountainview's crude oil production consists of heavy oil which ranges in quality from 22 degree to 34 degree API, seen in the Montana, South Alberta properties. In addition, the oil production in the Stateline acreage located in the Montana and North Dakota, Williston Basin properties is 42 degree API, sweet crude oil quality. Mountainview markets its oil based on refiners' posted prices for CHS Inc ("CHS") adjusted for quality. The Company's realized prices are reflected net of the blending charges required for heavier crudes to be transported by pipeline and explains the Company's differential to CHS.

The price of CHS crude oil increased in Q4 2011 from an Average of US$83.64/bbl compared to $72.64/bbl in Q4 2010.

Mountainview realized an average oil price of $82.60/bbl in Q4 2011 which is an increase from the $77.03/bbl in Q3 2011 but a decrease from the $91.04/bbl in Q2 2011 and a small change from the $81.10/bbl in Q1 2011. These prices are still higher than the price received per barrel in Q4 2010 of $71.72/bbl, $64.85/bbl in Q3 2010 and $66.77/bbl in Q2 2010 and $67.55/bbl in Q1 2010. The Q4 2011 realized price was 15% higher than $71.71/bbl realized in Q4 2010.

The Company's natural gas is sold under marketing arrangements tied to the Alberta daily spot price at AECO, with a premium or discount received specific to the quality (based on heat-content) of the Company's natural gas production. Mountainview realized an average natural gas price of $1.78/mcf in Q4 2011 an increase over the $1.90/mcf received in Q4 2010.

AECO prices in Q4 2011 decreased slightly to an average of $3.37/mcf average compare to $3.86/mcf average in Q3 2011, $3.89/mcf average in Q2 2011 and $3.71/mcf average in Q1 2011, AECO Prices in 2010 were also slightly higher with a price of $3.63/mcf average in Q4 2010, $3.55/mcf average for Q3 2010 and the $3.73/mcf average for Q2 2010. Mountainview Energy Ltd anticipates AECO prices to average approximately $3.80/mcf for the remainder of the year. The Company receives less than 1% of all its revenue from its natural gas interests.

Revenue

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Crude oil sales	$ 928,840	$ 796,781	$ 941,910	$ 730,827	$ 3,398,358
Natural gas	9,562	10,892	9,919	10,769	41,142
Gross petroleum and natural gas revenues	**$ 938,402**	**$ 807,673**	**$ 951,829**	**$ 741,596**	**$ 3,439,500**

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	2010
Crude oil sales	$ 771,244	$ 687,156	$ 662,682	$ 722,990	$ 2,844,072
Natural gas	12,379	13,520	15,885	14,397	56,181
Gross petroleum and natural gas revenues	**$ 783,623**	**$ 700,676**	**$ 678,567**	**$ 737,387**	**$ 2,900,253**

Total oil and gas revenue during the three and twelve months ended Q4 2011 increased by 20%and 19% during Q4 2011 at $938,402 and $3,439,500 from the $783,623 and $2,900,253 reported in Q4 2010, due to a 29% increase in average realized price with a 1% decline in production.

Royalties

Royalties are paid to mineral owners, which may include freehold landowners and other parties by way of contractual overriding royalties. Royalty rates are generally dependent on commodity prices and well productivity.

Total royalties expense during the three and twelve months ended Q4 2011 were $80,478 and $314,559 from $63,853 and $246,015 in Q4 2010 due to increased sales volumes and revenues. In addition in Q3 2010 the Company had a royalty recovery of $803,000 as the royalty percentage decreased upon completion of a title opinion. Mountainview's royalty rate was consistent across all periods subsequent to Q1 2010

Operating Expenses

Significant components of the Company's operating expenses include well servicing, fuel and power, labour and production taxes. The total operating expenses for the three and twelve months ended Q4 2011 decreased and increased by 1% and 35% to $323,493 and $1,584,852, from $325,247 and $1,171,588 in Q4 2010. Operating expenses increased due to labour and consulting, repairs and maintenance, production and property taxes, materials and vehicle expense.

	Year ended December 31,	
	2011	2010
Labour and consulting	$ 341,496	$ 256,381
Production and property taxes	328,996	319,934
Repairs and maintenance	267,183	148,202
Materials	212,974	116,654
Electrical	159,841	139,402
Vehicle	136,531	96,585
Engineering	56,336	22,786
Water disposal	47,927	-
Other production costs	38,465	55,427
Insurance	13,753	13,214
Beginning Inventory	5,014	8,017
Ending Inventory	(23,665)	(5,014)
	$ 1,584,852	$ 1,171,588

There was a major increase in the cost of repairs and maintenance. This was a result of the cost of replacing and repairing bottom-hole pumps in wells currently producing. This process requires a service rig, which adds to the cost of the procedure. In addition, the Company conducted a number of acid treatments to enhance production from existing wells, the procedure which also requires a service rig. The Company saw a $50 per hour increase for rig services during the year, as well as an increase in the cost for acid stimulation and bottom-hole equipment. Along with these costs the Company incurred one-time costs for a communications system overhaul, which required an upgrade of the existing electrical system and the installation of new electrical equipment on the injection system at the Red Creek Field.

The Company saw a large increase in the cost of materials and supplies, mainly due to the installation of chemical pumps in existing wells along with the purchase of chemical to treat existing wells to prevent scale buildup and corrosion. The Company saw a $3.00 per barrel increase for this chemical during the year.

General and Administrative Expense

The Company recorded G&A expenses for the three and twelve months ended in Q4 2011 of $734,743 and $1,940,116 an increase of 253% and 220% from $289,477 and $878,964 in Q4 2010.

As set out below the G&A expenses from the current and prior year.

	Year ended December 31,	
	2011	2010
Travel and promotion	$ 524,960	$ 247,074
Salaries and Wages	331,527	285,874
Legal Fees	320,002	27,488
Accounting and Auditing	269,727	59,829
Office expense	180,285	115,944
Shareholder relations	121,611	40,239
Investor Relations	56,605	36,297
Listing and filing fees	52,005	47,174
Director fees	23,097	12,500
Insurance	21,742	-
Professional fees	19,441	-
Transfer Agent Fees	19,115	6,545
	$ 1,940,116	$ 878,964

The large increase in travel and promotion, legal fees, accounting and auditing, office and shareholder relations relate to the acquisition of Stateline and additional acquisitions that the Company has been working on completing.

The Company saw a significant increase in travel and promotion, legal fees, accounting and auditing, office and shareholder relations during the year. These costs were necessary to facilitate the acquisition transactions completed during the year along with securing financing to move forward with the Company's development plan in the South Alberta Bakken Play in Montana and the Three Forks/Bakken Play in the Williston Basin, located in Montana and North Dakota.

Share-based Compensation Expense

Share-based compensation expense is a non-cash item representing the estimated fair value of the stock options granted to employees and others, recognized when the options vest. The Company recorded in the three and twelve months ended Q4 2011 $nil and $3,597,911 of share-based compensation and $nil and $nil in Q4 2010.

Depletion, accretion and Depreciation Expense

Depletion, accretion and depreciation of property, plant and equipment is calculated on the unit-of-production basis using depletable capital costs, production and estimated proved plus probable reserves. Depletion, accretion and depreciation expense in the three and twelve months ended increased to $499,048 and $872,483 in Q4 2011 an increase over $352,593 and $687,718 from Q42010. Increase in depletion, accretion and depreciation expense relates to the purchase of additional vehicles and an additional well that the company has a joint interest in.

Net Earnings (Loss)

	Year ended December 31,	
	2011	**2010**
Net income (loss) for the year	$ (4,736,238)	$ 371,470
Weighted average shares - basic and diluted	49,208,929	9,766,850
Income (loss) per share - basic and diluted	$ (0.10)	$ 0.04

The Company reported a net loss in Q4 2011 of $4.7 million or $0.10per share. The loss relates to the large share-based compensation expense of $3.5 million. The Company's net loss for the three months ended Q4 2011 was $611,520 or $0.01 per share. The loss in Q4 2011 reflects a higher non-cash expense as compared to Q4 2010.

Equity

The Company's equity structure consists of common shares outstanding and stock options outstanding to acquire additional common shares on a one for one basis. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol MVW.

	April 29, 2012	**December 31, 2011**	**December 31, 2010**
Number of securities outstanding			
Common Shares	59,108,150	59,108,150	9,766,850
Total exercisable stock options	4,130,000	4,130,000	775,000

Financial Instruments and Risk Management

Mountainview is subject to a number of financial risks, including market risk, liquidity risk and credit risk. Market risk is the risk that the fair value of future cash flows will fluctuate due to movements in market prices, as comprised of commodity price risk, foreign exchange rate risk and interest rate risk. Market risk is managed by Mountainview through ongoing monitoring of the markets. Liquidity risk is the risk that the Company will encounter financial difficulty in meeting obligations associated with financial liabilities. Mountainview manages its liquidity risk through cash and debt management and review of financial ratios. Credit risk is the risk that a counterparty to a financial asset will default resulting in the Company incurring a loss. Mountainview manages credit risk by entering into sales contracts with

creditworthy entities and reviewing its exposure to individual entities on a regular basis. Details of risk management contracts in place at December 31, 2011 and the accounting treatment of the Company's financial instruments are disclosed in the notes to the consolidated financial statements as at and for the year ended December 31, 2011.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgments, assumptions and estimates in the application of IFRS that may have a significant impact on the financial results of the Company. The preparation of financial information in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The following is a summary of key areas where critical accounting estimates are made:

Financial statement item and Critical accounting estimates

Depletion and depreciation expense

Accumulated costs are depleted using the unit-of-production method based on estimated proved reserves. Depletion is calculated based on individual components (i.e. fields or combinations thereof and other major components with different useful lives).

Impairment of non-current assets

The carrying amounts of the Company's property, plant and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized in earnings for the period to the extent that the carrying amount of the asset (or CGU) exceeds the recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset (or CGU) does not exceed the carrying amount that would have been determined, net of depletion and depreciation, had no impairment loss been recognized for the asset (or CGU). A reversal of an impairment loss is recognized immediately in earnings.

E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation (“E&E”) costs

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of an oil and gas resource is considered to be established when proved and/or probable reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, the impairment costs are charged to exploration and evaluation expense. Upon determination of proved and/or probable reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to oil and gas development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount, and upon transfer to property, plant and equipment whereby they are allocated to cash-generating units based on geographical proximity and other factors.

Decommissioning liabilities

Decommissioning liabilities are recognized for the future legal or constructive obligation to abandon and reclaim the Company's oil and natural gas properties. The amount of the decommissioning liabilities represents the net present value of the estimated future expenditures required to abandon and reclaim the Company's net ownership in wells and facilities determined in accordance with local conditions, current technology and current requirements. The liabilities are calculated using currently estimated abandonment and reclamation costs inflated to the estimated decommissioning date and then discounted using a risk free discount rate. A liability is recorded in the period in which an obligation arises with a corresponding decommissioning cost added to the carrying amount of the related asset. The liability is progressively accreted over time as the effect of discounting unwinds, creating an accretion expense which is recognized as part of finance expense. The related decommissioning cost capitalized in property, plant and equipment is depreciated in a manner consistent with the depletion and depreciation of the underlying asset.

Changes in the estimated liability resulting from revisions to estimated timing of decommissioning, expected amount of cash flows or changes in the discount rate are recognized as a change in the decommissioning liability and the related decommissioning cost.

Actual decommissioning expenditures incurred are charged against the accumulated liability to the extent recorded.

Share-based payments

The grant date fair value of options to employees and directors is recognized as share-based compensation expense, with a corresponding increase in contributed surplus, over the vesting period of the options. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Each tranche in an award is considered a separate grant with its own vesting period and grant date fair value. Fair value is determined using the Black-Scholes option pricing model. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the consideration received by the Company plus the associated amount recorded in contributed surplus are transferred to common shares within equity.

Deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case, the tax is also recognized in other comprehensive loss or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Changes in Accounting Policies

Adoption of International Financial Reporting Standards ("IFRS")

The Company has adopted IFRS effective January 1, 2011. The Company's annual financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply fully with IFRS. The Company's transition date is January 1, 2010 and the Company has prepared its first statement of financial position at that date.

January 1, 2011, IFRS became the generally accepted accounting principles in Canada. Previously, Mountainview Energy Ltd prepared their financial results in accordance with the Canadian generally accepted accounting principles in effect prior to January 1, 2011 ("Previous GAAP"). The adoption date of January 1, 2011 requires the restatement, for comparative purposes, of 2010 amounts reported by Mountainview, including the opening statement of financial position as at the January 1, 2010 transition date.

Our annual financial statements for the year ended December 31, 2011 must use the IFRS that are in effect on December 31, 2011, and therefore our condensed interim financial statements have been prepared using the standards expected to be effective at the end of December 31, 2011. Reconciliations to IFRS from the previously reported financial statements prepared in accordance with Previous GAAP are presented in note 20 to the consolidated financial statements for the year ended December 31, 2011. The accounting policies described in note 3 to the consolidated financial statements set out those policies that have been applied retrospectively and consistently in preparing the consolidated financial statements, except where specific exemptions permitted an alternative upon transition to IFRS in accordance with IFRS 1, "First Time Adoption of International Financial Reporting Standards" (as disclosed in Note 20 to the consolidated financial statements).

IFRS 1 Transition Exemptions

Mountainview has applied the following exemptions to full retrospective application of IFRS:

a) Oil and gas property cost basis

The Company followed a "full cost" approach under GAAP which is a policy no longer permitted on transition to IFRS. The Company has elected to apply the first time adoption exemption for full cost oil and gas entities whereby the carrying amount of oil and gas assets at the date of transition to IFRS is measured on a deemed cost basis. Exploration and evaluation assets are reclassified from the GAAP full cost pool to exploration and evaluation assets at the amount was recorded under GAAP for these assets. The remaining full cost pool has been allocated to oil and gas development and production assets by component pro rata using proved reserve values.

b) Exploration and evaluation ("E&E") assets

Upon transition to IFRS, the Company reclassified all E&E assets that were included in the oil and gas properties balance on the statement of financial position. This consisted of the carrying amounts for Mountainview's land and related seismic which did not have proved or probable reserves attributed to the related exploration properties. E&E assets will not be depleted, and will be assessed for impairment when indicators of impairment exist. This resulted in a transfer of $387,653 and $900,580 from O&G to E&E assets at January 1, 2010 and December 31, 2010. The Company also incurred a write-down of $201,325 and $Nil at January 1, 2010 and December 31, 2010 for unsuccessful wells.

c) Depletion and depreciation expense

Under GAAP, the Company depleted all of its oil and gas property as one cost centre. Under IFRS, the Company has adopted a policy of depleting its oil and gas property based upon individual cash generating units. As a result of depleting the oil and gas assets at the component level, depletion and depreciation expense increased by $226,612 and by $95,213 at January 1, 2010 and December 31, 2010.

d) Decommissioning obligations

Under GAAP, asset retirement obligations are measured at fair value, incorporating market assumptions and discount rates based on the entity’s credit-adjusted risk-free rate. Adjustments are made to asset retirement obligations for changes in the timing or amount of the cash flows and the unwinding of the discount. However, changes in discount rates alone do not result in a re-measurement of the provision. Changes in estimates that decrease the liability are discounted using the discount rate applied upon initial recognition of the liability while changes that increase the liability are discounted using the current discount rate.

IFRS requires decommissioning obligations to be measured based on management’s best estimate of the expenditures that will be made and adjustments to the provision are made in each period for changes in the timing or amount of cash flow, changes in the discount rate, and the accretion of the liability to fair value (unwinding of the discount). Furthermore, the estimated future cash flows should be discounted using the current risk-free rates. Management has initially estimated the risk-free rate to be 3.11% which resulted in a revaluation of the restoration provision to $385,748. The revaluation resulted in an accretion adjustment of $22,665 for the year ended December 31, 2010.

Subsequent Events

Subsequent events have been disclosed in note 21 to the consolidated financial statements.

Future Changes in Accounting Policies

The following accounting standards have been issued or amended and are effective for future reporting periods. The Company is evaluating the impact of these new or amended standards and a more detailed description of these policies is disclosed in note 3 o) to the condensed interim financial statements for the year ended December 31, 2011:

IFRS 7	Disclosures – Transfers of Financial Assets
IFRS 9	Financial Instruments
IAS 12	Income Taxes
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

Controls and procedures

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis.

In contrast to the certificate under National Instrument (“NI”) 52-109 (Certification of disclosure in an Issuer’s Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure controls and procedures

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable

assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

The business of acquisition, development, exploration and production of oil and natural gas reserves involved a number of business risks which may impact Mountainview's results and several of which are beyond the control of the Company. A detailed discussion of risk factors can be found under the heading "Risk Factors" in the Company's annual MD&A for the year ended December 31, 2010 available on SEDAR at www.sedar.com

Selected Quarterly Information

	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net Revenue	$ 928,840	$ 796,781	$ 941,910	$ 647,331
Net Income (Loss)	$ (611,520)	$ (503,778)	$ 28,140	$ (3,649,080)
Income (Loss) per Share - Basic	$ (0.01)	$ (0.01)	$ 0.00	$ (0.13)
Income (Loss) per Share - Diluted	$ (0.01)	$ (0.01)	$ 0.00	$ (0.13)
Total Assets	$ 19,151,591	$ 19,000,075	$ 17,499,702	$ 17,362,720
Total Liabilities	$ 544,154	$ 692,017	$ 680,864	$ 614,708

	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net Revenue	$ 771,244	$ 687,156	$ 662,682	$ 779,171
Net Income (Loss)	$ (315,857)	$ (103,618)	$ 743,568	$ 47,377
Income (Loss) per Share - Basic	$ (0.03)	$ (0.01)	$ 0.08	$ 0.00
Income (Loss) per Share - Diluted	$ (0.03)	$ (0.01)	$ 0.08	$ 0.00
Total Assets	$ 6,634,616	$ 4,785,899	$ 4,691,001	$ 4,660,242
Total Liabilities	$ 582,915	$ 534,274	$ 529,280	$ 524,235

Selected Annual Information

Set out below is selected annual information for Mountainview for the last three years:

	2011	2010	2009 (1)
Petroleum and natural gas sales	$ 3,439,500	$ 2,900,253	$ 2,357,475
Royalties	314,559	246,015	338,067
Operating expense	1,584,852	1,171,588	998,073
Depletion, accretion and depreciation	872,482	698,982	745,188
	667,607	783,668	276,147
General and administrative expense	1,940,116	878,964	681,972
Interest	15,896	10,756	11,650
Funds (loss) from operations	(1,256,613)	(84,540)	(394,175)
Per share - Basic and diluted	(0.03)	(0.01)	(0.04)
Net income (loss)	$ (4,736,238)	$ 371,470	$ (291,692)
Per share - Basic and diluted	(0.10)	0.04	(0.03)
Exploration and evaluation assets	6,397,705	512,927	-
Property, plant and equipment	255,389	54,453	134,172
Oil and gas property	1,250,378	-	523,182
Dispositions	-	(174,149)	-
Net debt	180,292	83,614	110,401
Total assets	$ 19,162,857	$ 6,634,614	$ 4,674,388
Weighted Average Shares outstanding			
Basic and diluted	49,208,929	9,766,850	9,766,850

(1) 2009 comparatives were those derived under GAAP and have not been restated to IFRS.