Management Discussion and Analysis

Dated as of August 26, 2015

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") is management's assessment of Mountainview Energy Ltd.'s ("Mountainview" or the "Company") financial and operating results and should be read in conjunction with the reviewed interim financial statements of the Company for the three and six months ended June 30, 2015 and the audited financial statements and MD&A of the Company for the year ended December 31, 2014. This MD&A is presented in U.S. dollars (except where otherwise noted). Additional information relating to the Company can be found on www.sedar.com.

Mountainview Energy Ltd. ("Mountainview" or "the Company") was incorporated under the laws of the Province of British Columbia, Canada and was continued into the Province of Alberta in May, 2012. Its principal business is the exploration, acquisition, development and production of petroleum and natural gas reserves in the State of Montana, and the State of North Dakota, USA. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MVW" and the Company's head office is located at 33 First Avenue SW, Cut Bank Montana, U.S.A. The Company had the following direct and indirect wholly-owned subsidiaries at June 30, 2015.

- Mountainview Energy (USA) Ltd.
- Mountain View Energy, Inc.
- Mountainview Energy, LLC
- Mountain Divide, LLC
- Numbers, Inc.
- Mountainview Gathering Inc.
- Immgen Inc.
- DBD Investments Inc.
- MC2 Inc.

Non-GAAP Measures – Certain measures in this document do not have a standardized meaning as prescribed by IFRS, such as operating netback(1), funds flow from operations(2), funds flow per share, and net debt(3) and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. The term funds flow from operations or funds flow should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Management's use of these measures has been disclosed further in this document as these measures are discussed and presented.

(1) Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales plus realized gains (losses) on derivatives, less royalties, production taxes, operating and transportation expenses.

(2) Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with International Financial Reporting Standards as an indicator of Mountainview's performance. Funds flow from operations represents cash flow from operating activities prior to changes in non-cash working capital, transaction costs and decommissioning provision expenditures incurred. Mountainview also presents funds flow from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

(3) Net debt is a non-GAAP measure representing the total of bank indebtedness, accounts payables and accrued liabilities, less accounts receivables, deposits and prepaid expenses.

Basis of Presentation – The reporting and measurement currency is the U.S. dollar.

boe Presentation – All calculations converting natural gas and natural gas liquids to barrels of oil equivalent ("boe") have been made using a conversion ratio of six thousand cubic feet (six "Mcf") of natural gas to one barrel of oil, and 42 gallons of natural gas liquids to one barrel of oil, unless otherwise stated. The use of boe may be misleading, particularly if used in isolation, as the conversion ratio of six Mcf of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

GOING CONCERN

The Company has experienced losses for the six month period ended June 30, 2015 and year ended December 31, 2014 of $13 million and $54 million respectively. At June 30, 2015 and December 31, 2014, the Company had a deficit of $84.5 million and $72 million respectively, and a working capital deficit of $77 million and $71 million respectively. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, credit facilities, asset sales or a combination thereof, which is not assured, especially in current volatile and uncertain financial and commodity price environment. The sharp decline in commodity prices during the latter half of 2014 and which continued through the first two quarters of 2015 materially reduced the revenues that were generated from the sale of oil and gas production volumes during these periods which, in turn, negatively affected the Company's working capital balance and the ability of the Company to secure additional financing. There is potential for future commodity prices to remain at current price levels for an extended period of time and should the current commodity price environment continue for a prolonged period of time, the Company will need to negotiate with its creditors to improve payment terms and/or pursue some form of asset sale, debt restricting, equity financing or other capital raising effort in order to fund its operations and to service its existing debt during the next twelve months. In addition, liens in the aggregate amount of $7.9 million have been filed on the Company's assets.

While these liens do not presently impact cash flow, the vendors who have filed the liens may, in fact, restrict cash flow from the wells under lien, further reducing the cash flow available to the Company. Any sale of assets with outstanding liens would require that the lien be cleared before title can be transferred. This condition also limits the proceeds of any potential asset sale.

The Company is also in breach of debt covenants under the agreements governing the term loan and credit facility (Note 9). The term loan is due and payable in November 2015. The Company's credit facility has matured July 1, 2015 and remains unpaid, triggering a default event. The lending bank has not enacted any of its remedies under the facility agreement at this time, however has specifically reserved all its available rights and remedies. Management continues to negotiate a change in terms agreement with the issuing bank, however the agreement has not been finalized.

Management of the Company is actively pursuing strategies to improve its working capital position and/or to reduce its future debt service costs, through the aforementioned means. The Company believes that these actions will mitigate the adverse conditions that the Company is facing; however, there is no certainty that these and other strategies will be successful or permit the Company to continue as a going concern.

These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. If the Company is unable to restructure its debt in an acceptable manner, obtain additional adequate debt or equity financing or achieve adequate proceeds from the sale of assets, the Company will pursue all other legal avenues available to it with a view to improving the Company's financial situation in the best interests of the Company. These unaudited consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities and related expenses that might be necessary, should the Company be unable to continue as a going concern. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these statements would require adjustments to the amounts and classifications of assets and liabilities and these adjustments could be material.

FORWARD-LOOKING STATEMENTS OR INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements or information within the meaning of securities laws. Forward-looking statements or information may relate to our future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Mountainview. Particularly, statements regarding future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts.

These statements are based on certain factors and assumptions regarding, among other things, expected growth, results of operations, performance, business prospects and opportunities, the impact of increasing competition; the general stability of the economic and political environment in which Mountainview operates; the timely receipt of any required regulatory approvals; the ability of Mountainview to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of Mountainview to issue debt or equity, to service debt and fund operations, the ability of Mountainview or the operator of the projects which Mountainview has an interest in to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Mountainview to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Mountainview operates; and the ability of Mountainview to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

Forward looking-information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what we currently expect. These factors include the ability of management to execute its business plan; general economic and business conditions; the risk of instability affecting the jurisdictions in which Mountainview operates; the risks of the oil and natural gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; risks and uncertainties involving geology of oil and natural gas deposits; the uncertainty of reserves estimates and reserves life; the ability of Mountainview to add production and reserves through acquisition, development and exploration activities; Mountainview's ability to enter into or renew leases; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production (including decline rates), costs and expenses; fluctuations in oil and natural gas prices, foreign currency exchange rates and interest rates; risks inherent in Mountainview's marketing operations, including credit risk; uncertainty in amounts and timing of royalty payments; health, safety and environmental risks; risks associated with potential future law suits and regulatory actions against Mountainview; uncertainties as to the availability and cost of financing; and financial risks affecting the value of Mountainview's investments. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

All statements, other than statements of historical fact, which address activities, events, or developments that Mountainview expects or anticipates will or may occur in the future, are forward-looking statements within the meaning of applicable securities laws. These statements are subject to certain risks and uncertainties, and may be based on estimates or assumptions that could cause actual results to differ materially from those anticipated or implied.

Any financial outlook or future oriented financial information in this presentation, as defined by applicable securities legislation, has been approved by management of Mountainview. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to Mountainview Energy Ltd and its subsidiaries, drilling plans, production forecasts, operating costs or any future market activity. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Please see "Assessment of Business Risks" in this MD&A.

Additional information relating to Mountainview, including Mountainview's annual information form and financial statements can be found on SEDAR at www. sedar.com or the Company's website at:
www.mountainviewenergy.com

INITIAL PRODUCTION

Any references in this MD&A to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. Such rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for Mountainview. In addition, certain assets of Mountainview may be subject to high initial decline rates. While Mountainview discloses the initial results from new wells, the information disclosed herein should be considered preliminary and is not indicative of long-term performance. Ongoing technical work and operational enhancements are expected to continue to improve the Company's understanding of the ultimate potential of its assets.

PETROLEUM AND NATURAL GAS SALES

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Sales				
Light oil	1,554	6,918	3,552	12,937
Natural gas	51	92	87	180
Natural gas liquids	17	-	32	-
Total petroleum and natural gas sales	1,622	7,010	3,671	13,117
Average Daily Sales Volume				
Light oil (bbl/day)	356	814	491	1,605
Natural gas (mcf/day)	234	243	223	493
Natural gas liquids (boe/day)	27	-	22	-
Total (boe/day)	423	854	550	1,687
% oil production	84%	95%	89%	95%
% of natural gas production	16%	5%	11%	5%
Average Realized Commodity Prices				
Light oil ($ per bbl)	47.91	94.47	39.96	89.23
Natural gas ($ per mcf)	2.40	4.09	2.17	4.06
Natural gas liquids ($ per boe)	6.68	-	7.96	-
Barrels of oil equivalent ($ per boe)	42.15	91.06	36.85	86.08
Benchmark Pricing				
WTI crude oil (US$ per bbl)	57.85	94.47	53.19	89.23
NYMEX natural gas (US$ per mcf)	2.98	4.09	2.64	4.06
Exchange rate (US$/Cdn$)	1.23	1.23	1.23	1.10

Sales for the three months ended June 30, 2015 and 2014 were $1.6 million and $7 million respectively. This represents a decrease of $5.3 million, or 77%. Excluding the impact of derivative instruments, the average realized commodity price decreased from $91.06 for the three months ended June 30, 2014 compared to $42.15 for the same period in 2015, representing a 54% decrease. When comparing the six month periods ending June 30 2015 and 2014, the average realized commodity decreased from $86.08 to $36.85, representing a 57% decrease. The decrease in realized price is due to a lower WTI benchmark price, upon which the Company's sales contract is based. Compared to the prior period quarter, the WTI crude oil benchmark decreased $37 per bbl, or 39%. The impact of the depressed commodity price was compounded by a production decrease due to normal decline activity and some field interruptions. Average daily production volumes decreased by 431 boe/day, or 50%, when compared to the prior year quarter. See further discussion regarding field interruptions in the Quarterly Financial Summary.

The Company has not targeted gas-based drilling, however the associated gas produced in Divide County is currently marketed and sold as natural gas liquids and residue gas. Natural gas sales currently account for 11% of production volumes, and 3% of sales revenue.

ROYALTIES

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Light oil	272	1,232	633	2,295
Natural gas	3	17	8	32
Natural gas liquids	3	-	6	-
Total royalties	278	1,249	647	2,327
Total royalties per boe	7.23	14.99	6.50	14.01
% of P&NG Sales	17.2%	17.8%	17.6%	17.7%

Royalties for the three months ended June 30, 2015 and 2014 were $0.3 million and $1.2 million, respectively. As a percentage of sales, the average royalty rate for the comparative periods stayed consistent at approximately 18%, which reflects a blended rate of the Company's North Dakota and Montana operations. The average royalty rate in Divide County, North Dakota ranges from 18% to 21%, which is the source of 80% of the Company's production.

PRODUCTION TAXES

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Production taxes	132	624	312	1,157
Production taxes per boe	3	7	3	7
% of P&NG Sales	8.2%	8.9%	8.5%	8.8%

Production taxes are calculated as a percentage of revenues or volumes depending on the state laws of the producing assets and are payable to the state governments in Montana and North Dakota where Mountainview operates. For the three months ended June 30, 2015 and 2014, production taxes were approximately 9% of petroleum and natural gas sales as the Company's tax rates and product mix have remained consistent from the prior period.

OPERATING AND TRANSPORTATION COSTS

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Operating costs excluding water disposal	657	797	1,480	1,646
Water disposal costs	406	1,355	1,269	2,245
Transportation costs	28	33	58	33
Total operating and transportation costs	1,090	2,185	2,807	3,923
Operating costs excluding water disposal per boe	17.07	9.56	14.85	9.90
Water disposal costs per boe	10.55	16.27	12.74	13.51
Transporation costs per boe	0.72	0.39	0.59	0.20
Total operating and transportation costs per boe	28.33	26.22	28.17	23.61

Operating and transportation costs were $1.1 million or $28.33 per boe for the quarter ended June 30, 2015 compared to $2.2 million or $26.22 per boe for the quarter ended June 30, 2014.

Operating costs, decreased $1 million when compared to the prior three month period; however, management saw the per boe costs increase by 8%. This per boe increase is a result of fixed costs distributed over a 50% decrease in production volume.

It is imperative in the Divide County Three Forks play to adequately manage water disposal costs as they comprise approximately 50% of total operating costs. In efforts to reduce water disposal costs, the Company has entered into a contract with third party service provider to install salt water disposal lines which will transport the produced water to an existing salt water disposal well, which is owned by the service provider. The installation of the salt water disposal system was completed in Q4, 2014 and is now operational on six of the company's nine wells. The price per barrel of water disposed under the contract is 50% less than the previous contract in place, however a monthly volume minimum reduced the realized savings in the first quarter of 2015. Subsequent to quarter end, management successfully renegotiated the contract to extend the minimum volume requirement through the contracted disposal line(s). In addition to removing the volume requirement management also negotiated a 36% reduction per barrel of water produced on the remaining 3 wells trucked to a disposal system. Management plans on hooking up the remaining three wells to a piped disposal system in the near future, however, due to current cash flow constraints these capital expenditures are considered discretionary.

Management has also electrified six of the nine wells with electrification of the seventh well occurring on May 13, 2015. Management plans to electrify the last location of the two remaining wells however considers the expenditure discretionary due to current cash flow constraints. Cost reductions in relation to the electrification of the seventh well will be partially realized in Q2 2015 and fully realized in Q3 2015 onwards.

GENERAL AND ADMINSTRATIVE ("G&A") EXPENSES

	Three months ended June 30		Six months ended June 30	
($000's except per boe amounts)	**2015**	**2014**	**2015**	**2014**
Legal and accounting	112	32	266	77
G&A expense excluding legal and accounting	552	721	967	1,364
Capitalized G&A expense	(76)	(82)	(158)	(124)
Net G&A	589	670	1,075	1,316
Total net G&A expense per boe	15.31	8.05	10.79	7.92

General and administrative expenses, net of recoveries and capitalized G&A, were $0.6 million or $15.31 per boe for the current quarter, and $0.7 million or $8.05 per boe for the prior year quarter ended June 30, 2014, representing a 12% decrease. Legal and accounting costs have increased on a quarter over prior period quarter basis. Management continues to assess its strategic alternatives and monitor the existing liens on its asset base. This process requires ongoing consultations with legal counsel. Management is pleased to report that it has achieved its goal of reducing monthly G&A below $0.2 million per month, as discussed in the 2014 Q4 Management Discussion and Analysis. The Company continues to evaluate its G&A budget as further cuts may be needed to continue operations in the current commodity price environment.

SHARE-BASED PAYMENT EXPENSE

	Three months ended June 30		Six months ended June 30	
($000's except per boe amounts)	**2015**	**2014**	**2015**	**2014**
Share based payment expense	(65)	106	(21)	212
Total per boe	(1.70)	1.27	(0.21)	1.28

During the three months ended June 30, 2015 and 2014, the Company expensed (recovered) $(0.07) million and $0.1 million in share-based payment expense, respectively. The recovery in the current quarter represents a recalculation of the remaining options not yet vested due to options expiring in the current period.

Although no options were granted in 2015 or 2014, the options granted in prior years vest over a 3 year period. Accounting treatment of the share-based payment expense recognizes more expense in earlier years than later years.

At June 30, 2015, the Company has 5,720,000 options outstanding, of which 5,211,389 had vested and were exercisable. At June 30, 2015, there are no vested options priced below the market price of the common shares of the Company.

FINANCE EXPENSE

	Three months ended June 30		Six months ended June 30	
($000's except per boe amounts)	2015	2014	2015	2014
Interest and bank charges	-	4	-	11
Interest on term loan	123	99	246	283
Interest on long-term debt	12	2	14	3
Interest on credit facility	985	928	1,959	1,662
Finance costs on credit facility	-	278	-	280
Finance costs	4	-	111	-
Interest on convertible debenture (non cash)	27	22	52	44
Interest on promissory notes (non cash)	243	198	472	395
Accretion on decommissioning liabilities (non cash)	11	14	28	44
Accretion on credit facility (non cash)	591	603	1,149	1,247
Total finance expense	1,996	2,148	4,031	3,968
Finance expense per boe	29.22	15.72	23.39	13.48
Finance expense (non cash) per boe	22.65	10.05	17.07	10.41
Total finance expense per boe	51.87	25.77	40.46	23.88

For the three months ended June 30, 2015, finance charges were $2.0 million as compared to $2.1 million for the period ended June 30, 2014. This decrease is a result of decreased finance costs on the credit facility being greater than increased interest costs on the promissory notes, convertible debenture and bank debt.

The Company’s current interest charge on the credit facility is a floating rate with a minimum of 8.0%. The Company’s promissory notes pay interest rates ranging from 5.0% to 9.0% and the convertible debentures pay an interest rate of 5.0% annually. The combined effective interest rate for the quarter was 7.1%.

DERIVATIVE ACTIVITIES

As part of the financial management strategy to protect cash flows available for capital expenditures, the Company has adopted a commodity price risk management program. The purpose of the program is to stabilize and hedge future cash flow against the unpredictable commodity price environment, with an emphasis on protecting downside risk. In Q4 2013, a wholly-owned subsidiary of Mountainview, Mountain Divide, LLC, entered into an eighteen month crude oil collar for January 2014 through June 2015 with a floor of $85.00 per barrel and a ceiling of $97.70 per barrel.

With derivative instruments, there is a risk that the counterparty could become illiquid or that Mountainview may not have the actual sales volumes to offset the hedge position. To manage risk, the Company’s counterparties on derivative instruments are major international banks.

Realized gains and cash proceeds

The Company recognized a realized gain (loss) of $0.3 million or $8.44 per boe and $(0.05) million or $(0.57) per boe for the three month period ended June 30, 2015 and 2014 respectively.

Unrealized derivative assets and liabilities

The Company has recognized an unrealized loss on financial derivatives in the amount of $0.6 million and $0.3 million for the three month period ended June 30, 2015 and 2014 respectively. This unrealized loss is due to an increase in forward WTI pricing in the second half of 2015.

The following is a summary of the derivative as at June 30, 2015:

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Realized gain (loss)	325	(47)	761	(207)
Unrealized loss	(572)	(303)	(880)	(274)
Gain (loss) and proceeds	(247)	(350)	(119)	(480)
Realized gain (loss) on derivatives per boe	8.44	(0.57)	7.64	(1.24)
Unrealized loss on derivatives per boe	(14.87)	(3.63)	(8.83)	(1.65)
Gain (loss) on derivative per boe	(6.43)	(4.20)	(1.19)	(2.89)

The contract expired July 1, 2015.

DEPLETION, DEPRECIATION & IMPAIRMENT

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Depletion & depreciation	907	1,541	2,016	2,923
Depletion & depreciation per boe	23.56	18.50	20.23	17.59

For the quarter ended June 30, 2015 and 2014, depletion and depreciation of capital assets was $0.9 million and $1.5 million, respectively. On a per boe basis, the quarter over prior period quarter decrease relates to a 50% decrease in production.

At June 30, 2015, the Company identified impairment indicators, the most significant being the depressed commodity price environment. In response to the identification of impairment indicators management performed an impairment analysis by cash generating unit noting that the related asset values of the oil and gas properties for each cash-generating unit were less than the value of the future reserves associated with those properties, as a result no impairment was taken.

NET AND COMPREHENSIVE LOSS

($000's except per share amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Net loss	(7,642)	(6,267)	(12,652)	(7,809)
Net loss per share	(0.09)	(0.07)	(0.14)	(0.09)

The net and comprehensive loss for the quarters ended June 30, 2015 and 2014 was $7.6 million and $6.3 million respectively. The net loss was driven by a decreased commodity price environment as the Company's realized price decreased by 54% from the prior period quarter, as well as lease expirations and finance costs despite operating and general and administrative costs savings.

FUNDS FLOW FROM OPERATIONS AND NETBACKS

($000's except per share amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Cash flow from operating activities	(2,545)	(121)	(1,832)	(1,057)
Change in non-cash working capital	1,062	93	(2,529)	1,338
Funds flow	(1,482)	(28)	(4,361)	281
Funds flow per share	(0.02)	(0.00)	(0.05)	0.00

In the current price environment funds flow from operations for the quarter ended June 30, 2015 was $(1.5) million ($(0.02) per share) compared to $0.03 million ($(0.00) per share), for the period ended June 30, 2014. This decrease primarily relates to low commodity pricing despite operating and general and administrative cost savings on quarter over prior year quarter basis.

The commodity price environment has also impacted Mountainview's operating netbacks. On a per boe basis the Company's operating netback has decreased $0.13 since year end December 31, 2014 and $30.20 when comparing to the quarter ended June 30, 2014. Realized price for the same period comparison has decreased $19.01 and $48.91, respectively.

The following table summarizes netbacks for the past eight quarters on a barrel of oil equivalent basis:

($ per boe)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Petroleum and natural gas sales	42.15	33.51	61.16	82.40	91.06	75.01	68.16	83.47	73.72
Realized gain (loss) on derivatives	8.44	7.14	2.55	(0.39)	(0.57)	(0.40)	-	-	-
Royalties	(7.23)	(6.04)	(10.58)	(16.84)	(14.99)	(13.02)	(13.49)	(12.96)	(11.57)
Production and operating expense	(31.77)	(31.01)	(41.41)	(36.73)	(33.71)	(27.43)	(20.08)	(26.57)	(29.73)
Operating netback (1)	11.59	3.61	11.72	28.44	41.79	34.16	34.59	43.94	32.42
General and administrative expense	(15.31)	(7.94)	(11.52)	(10.05)	(8.05)	(7.80)	(8.05)	(5.25)	(7.72)
Interest and bank charges	(51.87)	(33.28)	(24.87)	(23.54)	(25.77)	(21.98)	(11.50)	(28.21)	(15.89)
Funds flow from operations	(55.59)	(37.62)	(24.67)	(5.15)	7.97	4.38	15.04	10.48	8.81

(1) Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales plus realized gains (losses) on derivatives, less royalties, production taxes, operating and transportation expenses.

CAPITAL EXPENDITURES AND PROPERTY, PLANT & EQUIPMENT (PPE&E) ADDITIONS

($000's except per boe amounts)	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Land acquisition	2	193	8	319
Drilling and completion	-	5,382	-	11,917
Intangible equipment and facilities	28	-	288	-
Tangible equipment and facilities	39	686	114	1,882
Disposals	(22)	-	(22)	-
Development capital	47	6,261	388	14,118
Net other additions (disposals) to PP&E (2)	(2,282)	(3)	(2,282)	49
Corporate acquisitions (disposals) to PP&E	(44)	114	(348)	115
Total net additions to PP&E	(2,279)	6,372	(2,242)	14,282

(1) Capital expenditures is a non-GAAP measure and is defined as the total cash consideration paid or received for property acquisitions and dispositions, plus development and exploration capital expenditures.

(2) Net other additions to PP&E reconciles the Non-GAAP Capital Expenditures measure to the IFRS measure of capital additions, and is the net adjustments made to account for the assets purchased under IFRS 3 - Business Combinations, assets sold for cash, reclassification of E&E assets, and corresponding changes in PP&E..

During the quarter ended June 30, 2015, the Company invested $0.05 million on development capital net of sales proceeds of $0.02 million a decrease of $6.2 million from $6.3 million in development capital invested in the second of 2014. The Company's development capital expenditures for the period ended June 30, 2015 were focused on equipment and facility improvements in Divide County. The sales proceeds were derived from the sale of the Snouse Coulee gas project located in Northern Montana.

Drilling Results

	June 30,			
	2015		2014	
	Gross	Net	Gross	Net
Crude oil	-	-	2.0	1.9
Dry and abandoned	-	-	-	-
Total	-	-	2.0	1.9
Success Rate %		-		100%

Land Holdings

The Company continues to hold undeveloped acreage in the Stateline, South Alberta Bakken "SAB" and Divide County projects. In addition to the undeveloped acreage future development is possible on the held by production acreage "HBP" for both SAB and Divide County as both areas have other prospective pay zones. Due to current cash flow constraints management considers any future development in all areas to be discretionary. Current land holdings, gross and net are outlined below.

	Six months ended June 30 2015			December 31, 2014		
	Stateline	SAB	Divide County	Stateline	SAB	Divide County
Gross acres undeveloped	8,560	34,844	1,922	8,560	37,854	6,087
Net acres undeveloped	4,602	29,929	912	4,602	33,027	3,610
Gross acres HBP	528	35,231	12,741	528	35,231	12,741
Net acres HBP	337	30,707	8,313	337	30,707	8,313
Total gross acres undeveloped & HBP	9,088	70,075	14,663	9,088	73,086	18,828
Total net acres undeveloped & HBP	4,939	60,636	9,224	4,939	63,734	11,922

The Company's undeveloped land holdings have decreased from December 31, 2014, as acreage expiries were recognized.

The table below outlines the timing of future expirations of the remaining undeveloped acreage if drilling in the area does not continue.

	Net Acres		
	Stateline	SAB	Divide County
2015 Expirations	4,342	3,397	512
2016 Expirations	260	13,153	400
2017 Expirations		3,117	-
2018 Expiration	-	1,300	-
2020 Expirations	-	360	-
2021 Expirations	-	8,601	-
	4,602	29,929	912

QUARTERLY FINANCIAL SUMMARY

($000's except per share amounts)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Average production (boe/d)	423	680	927	807	854	898	1,183	711	703	391
Petroleum and natural gas sales	1,622	2,050	5,108	5,883	7,010	6,108	7,418	5,993	5,107	2,009
Operating netback (per boe)(1)	11.59	3.61	9.17	28.83	35.42	34.56	34.39	26.13	24.98	24.12
Funds flow from operations(2)	(1,482)	(2,879)	(1,922)	(332)	(28)	310	2,085	2,156	766	(207)
Per share basic	(0.02)	(0.03)	(0.02)	(0.00)	(0.00)	0.00	0.02	0.02	0.01	(0.00)
Per share diluted	(0.02)	(0.03)	(0.02)	(0.00)	(0.00)	0.01	0.02	0.02	0.02	(0.00)
Net income (loss)	(7,642)	(5,011)	(44,899)	(1,638)	(6,267)	(1,561)	(3,141)	(387)	(1,065)	(1,381)
Per share basic	(0.09)	(0.06)	(0.51)	(0.02)	(0.07)	(0.02)	(0.00)	(0.01)	(0.02)	(0.02)
Per share diluted(3)	(0.09)	(0.06)	(0.51)	(0.02)	(0.07)	(0.02)	(0.00)	(0.01)	(0.02)	(0.02)
Capital expenditures(4)	3	37	3,669	7,403	6,333	7,910	16,584	7,262	1,682	21,401
Total assets	35,136	51,411	54,979	101,208	86,800	90,214	84,744	74,265	67,253	65,131
Net debt excluding financial derivatives(5)	90,512	88,109	84,658	75,911	71,304	65,314	59,244	46,883	35,772	33,287

(1) Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales plus realized gains (losses) on derivatives, less royalties, production taxes, operating and transportation expenses.

(2) Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with International Financial Reporting Standards as an indicator of Mountainview's performance. Funds flow from operations represents cash flow from operating activities prior to changes in non-cash working capital, transaction costs and decommissioning provision expenditures incurred. Mountainview also presents funds flow from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

(3) Due to the anti-dilutive effect of Mountainview's net loss for the three months ended June 30, 2015 and 2014, the diluted number of shares is equal to the basic number of shares. Therefore, diluted per share amounts of the net loss are equivalent to basic per share amounts.

(4) Capital expenditures is a non-GAAP measure, calculated as the purchase or sale price of an asset, plus development capital expenditures added to PP&E.

(5) Net debt is a non-GAAP measure representing the total of bank indebtedness, accounts payables and accrued liabilities, less current assets.

Quarterly variances in sales are a direct result of changes in commodity prices and production volumes. In Q2 2015, average daily production was 423 boe/day compared to 854 boe/day from the prior year quarter. In addition to normal decline activity during the current quarter and six month period end June 30, 2015, there were also some lengthy field interruptions. Four of the Company’s nine wells were down due pump failure and replacement as well as water disposal hook up. The first well was down 20 days in the month of January, a second well was down 13 days in the month of February and 15 days in the month of March. A third well was down from the middle of April through the end of the current quarter and the newest well to come on-line in October 2014 was also down approximately 10 days in June and into the third quarter. Some field interruptions were longer than normal as management was assessing the economic impact of bringing the wells back on-line in the current price environment, specifically those wells with higher than average variable production costs.

The production profile of a Three Forks (Torquay) well demonstrates initial flush production rates, with a significant decline in the first months of the production life. The production rate then stabilizes and the wells produce for an extended reserve life with relatively low decline rates. In Q1 2014, the Company realized these expected declines from initial production rates on six of the nine wells. In Q1 2015 this expected decline were realized on the well completed in Q4 2014. While the Company works to minimize production interruptions, various wells were intermittently shut in over the last year to eighteen months. The conversion of wells to a Rotoflex pumping unit and the ninth well coming on line contributed to the increased average daily production rate for the quarter ended December 31, 2014.

Through its strategy to protect cash flows, a wholly-owned subsidiary of Mountainview, Mountain Divide, LLC hedges a percentage of production using financial derivatives. As such, commodity price swings in oil have a moderated effect on funds flow from operations, as only current quarter realized cash gains or losses are included. The hedging agreement expired July 1, 2015.

Quarterly variances in net income, however, are largely driven by commodity price variance, financing costs and non-cash items, such as depletion, impairment, lease expiries, other losses and unrealized gains or losses on derivatives. The Company funded its initial eight well program with debt, resulting in increased financing expenses as wells were drilled and completed. The net loss in Q2 2015 was largely due to financing costs, asset impairments, leasehold expirations and lower realized oil prices despite operating costs and general and administrative cost savings.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a sizeable working capital and accumulated deficit which raise substantial doubt regarding the Company's ability to continue as a going concern. Should the company overcome its working capital deficit and refocus its efforts on oil and gas development projects its objectives in capital management would be to maintain a conservative, yet flexible structure which will allow it to execute on its capital investment program.

The Company actively monitors its capital structure through cash flow from operating activities before changes in non-cash working capital, which drives current and forecasted net debt levels. In forecasting these amounts, the Company includes economic conditions; investment opportunities; past and forecasted capital investment efficiencies; and current and forecasted petroleum and natural gas prices.

In order to manage the capital structure, the Company will focus on its forecasted debt to forecasted cash flow from operating activities (before changes in non-cash working capital) ratio; the level of bank credit that may be obtainable as a result of crude oil and natural gas reserve growth; the availability of other sources of debt; issuing new common equity if available on favorable terms; the sale of assets; and limiting the size of the investment program.

The Company's share capital is not subject to external restrictions; however, its credit facility value is based primarily on its petroleum and natural gas reserves and there are covenants Mountainview must comply with which are detailed below. The Company was not in compliance with all of its debt covenants at the end of the reporting period, see further discussion below regarding covenant breaches by debt instrument. The Company confirms there are no off-balance sheet financing arrangements.

Term Loan

On April 17, 2012, the Company entered into a revolving line of credit for $5,500,000 and on June 27, 2012, increased the line of credit to $8,700,000. During the year ended December 31, 2014, the line of credit was converted to a term loan extending the maturity date from October 17, 2014 to November 1, 2015. The outstanding balance at June 30, 2015 and December 31, 2014 was $8,488,266 and $8,660,000 respectively. The Company's US subsidiary provided a general security over its assets as collateral for the term loan and, a director and officer of the Company and major shareholder have provided personal guarantees. Carrying value of the collateral at March 31, 2015 was $3,044,925. The minimum interest rate is 5.25%. Repayment terms are monthly principal and interest payments of $110,900. At June 30, 2015 the Company was in default due to nonpayment. At this time the bank has not taken any formal action to exercise its rights and/or remedies under the credit agreement, nor has it applied the Default Rate, however the bank has specifically reserved all of its rights and remedies under the lending agreement. The Company continues to communicate with the bank and is currently engaged in negotiations with the bank to reach a solution that would allow for repayment terms that would rectify the defaults, while still providing the Company with adequate cash flow to meet its ongoing obligations.

Convertible debenture

On May 28, 2012, the Company acquired from a related company owned by a director and officer in common, a compressor, plant and equipment for consideration of $2,660,000. The Company paid $283,000 and agreed to issue a $2,377,000 debenture convertible into common shares of the Company at a price of $2.50 per common share (the actual convertible debenture issued was $2,072,053, which was reduced by costs incurred of $304,947 on behalf of the related company prior to the transaction closing). During the year ended December 31, 2013 the original convertible debenture was cancelled and a new convertible debenture was signed to extend the maturity date to June 1, 2015. In the year ended December 31, 2014 an amendment to the debenture was issued extending the maturity date to July 1, 2016 all other terms remained unchanged. At June 30, 2015 the convertible debenture was $2,072,053 plus accrued interest of $279,074. Principal and interest payments are due at maturity. At June 30, 2015, if the convertible debenture had been converted the Company would have issued 919,924 additional common shares.

Credit Facility

The Company entered into a senior secured advancing credit facility (the "Facility") for up to a maximum of $75.0 million. At June 30, 2015 the Company had $49.4 million drawn with no additional funds available on this facility. The Facility matured on July 1, 2015 and remains unpaid, triggering a default event. Interest payable in the amount of $324,754 also remains unpaid at June 30, 2015.

Amounts borrowed bear interest at a floating rate with an 8% minimum. Monthly repayments of outstanding interest plus principal are required based on 85% of net profits from the 12-Gage Project. In connection with the Facility, the lender and the Company will have an area of mutual interest ("AMI"), which will be in northern Divide County, North Dakota. In addition, pursuant to the Facility, upon the earlier of the maturity date or the date the Facility is paid in full, the Lender will trigger the start of a 39% after pay-out net profits interest (the "NPI") in all of the Company's oil and gas properties within Divide County, North Dakota.

The NPI is defined as all revenues, less all operating costs, production taxes, and capital costs incurred by the Company. Payments on the NPI commence upon repayment in full of the outstanding Facility. The NPI will be reduced from 39% to 20% once the lender achieves a 0.65 x return on investment. Return on investment is based on principal plus interest and fees. At June 30, 2015 the return on investment required to trigger this reduction in NPI is $36.2 million. The Facility is secured by a first priority mortgage and security interest in the 12 - Gage properties. The carrying amount of the collateral is $34,930,829. The borrowing base under the Facility will be subject to re-determination in the absolute discretion of the lender. The Company's US subsidiary, Mountain Divide LLC, is required to maintain a current ratio of 1.0: 1.0. At June 30, 2015 the US subsidiary's current ratio excluding the credit facility balance was 0.10:1.0, which results in a covenant breach.

For the period ended June 30, 2015, the Company incurred fees of $Nil ($61,591 – December 31, 2014) representing 1.25% of the borrowing base increase to the lender. A finder's fee was also incurred in conjunction with Facility. The finder's fee is payable at a rate of 4% based on each borrowing base increase up to the total amount available of $75.0 million, $1.31 million was accrued at June 30, 2015.

During the period ended June 30, 2015, the Company received proceeds of $Nil (December 31, 2014 -$13,218,423) under the Facility. The transaction has been recorded as a borrowing and a sale of conveyance relating to the 20% NPI. The Company has determined the fair value of the conveyance portion of the arrangement using a relative percentage of the conveyed property's fair value determined at its acquisition date and has recorded this amount of $2,661,810 (December 31, 2014 - $2,661,399) as an adjustment to the property. The residual amount of the initial proceeds has been determined to be a borrowing and has been recorded as a current liability based upon the expected terms of repayment. The discount to the face amount of the debt will be accreted over the term of the Facility. At June 30, 2015, the Company owed $49,389,680 in principal and $324,754 in interest under the Facility. During the period ended June 30, 2015, the Company has repaid $4,789 of the principal and has paid or accrued $1,959,388 in interest.

As noted above, at June 30, 2015 the Company is in default due to the following covenant breaches (1) principal balance remains unpaid past the maturity date of July 1, 2015 (2) the current ratio covenant (3) the covenant which requires prompt and timely payment of trade vendors and (4) the covenant requiring all oil and gas assets to be free of liens (Note 8). The lender has been notified of these breaches and is working with management towards a comprehensive solution. At this time the bank has not taken any formal action to exercise its rights and/or remedies under the credit agreement nor has it applied the Default Rate, however the bank has specifically reserved all of its rights and remedies under the facility agreement. The Company continues to communicate with the bank and is currently engaged in negotiations with the bank to reach a solution that would allow for repayment terms that would rectify the defaults, while still providing the Company with adequate cash flow to meet its ongoing obligations.

The following table reconciles the face value of the credit facility to the carrying value:

	June 30, 2015	December 31, 2014
Balance, beginning of period	$ 50,539,132	$ 38,203,410
Proceeds received	-	13,218,423
Principal payments	(4,789)	(3,107,389)
Conveyance Fee	(416)	148,850
Accretion	1,148,727	2,350,825
Interest accrual (payment)	-	(274,987)
Balance, end of period	**$ 51,682,654**	**$ 50,539,132**

Long-term debt

The Company has various vehicle loans outstanding as of June 30, 2015 and December 31, 2014 with balances of $211,018, and $391,042 respectively. The current portion of vehicle loans as at June 30, 2015 and December 31, 2014 is $75,334 and $126,319. There are six vehicle loans with fixed rates that vary from 0% interest to 3.90% and will be repaid after five years.

Promissory notes

The Company entered into two unsecured promissory notes payable with major shareholders of the Company, each for $4,000,000 (total $8,000,000), bearing interest at 9% per annum and drawdown of the full principal balance. The principal was payable on or before May 30, 2015. During the year ended December 31, 2014, amendments to the promissory notes were executed extending the maturity to July 1, 2016. At June 30, 2015, the balance due on the promissory notes was $7,850,000 plus accrued interest of $2,051,694. Principal and interest payments are due at maturity.

On March 12, 2013, the Company entered into two unsecured promissory notes payable with major shareholders of the Company and a Company with a director and officer in common, for $250,000, bearing interest at 5% per annum. The principal was payable on or before March 12, 2015. During the year ended December 31, 2014, amendments to the promissory notes were executed extending the maturity to July 1, 2016. At June 30, 2015, the balance due on the promissory notes is $250,000 plus accrued interest of $29,788. Principal and interest payments are due at maturity.

On November 26, 2013, the Company signed three unsecured promissory notes payable with a major shareholder of the Company, for $460,949, $248,205, and $96,000, bearing interest at 9% per annum. The principal was payable on or before March 15, 2015, May 7, 2015 and June 6, 2015. During the year ended December 31, 2014, amendments to the promissory notes were executed extending the maturity to July 1, 2016. At June 30, 2015, the balance due on the promissory notes is $805,154 plus accrued interest of $172,110. Principal and interest payments are due at maturity.

The following is a schedule of debt payments over the next five years:

At June 30, 2015	Total	< 1 Year	1-3 years	4-5 years	After 5 years
Credit facility	$ 51,682,654	$ 51,682,654	$ -	$ -	$ -
Term loan	8,488,266	8,488,266	-	-	-
Promissory notes	11,158,747	-	11,158,747	-	-
Convertible Debenture	2,351,127	-	2,351,127	-	-
Vehicle loans	211,018	75,334	125,563	10,121	-
Total contractual obligations	$ 73,891,812	$ 60,246,254	$ 13,635,437	$ 10,121	$ -

SHARE CAPITAL

In the first two quarters of 2015, there were no shares issued on account of vested share purchase options that were exercised.

As at June 30, 2015 the Company has 87,820,443 Common Shares, 5,720,000 stock options and 7,822,727 class B shares in a subsidiary outstanding. The Class B shares can be exchanged at the option of the holder, on a share for share basis with common stock of the Company or, at the option of the Company, be paid by cash at the current market value calculated as weighted average price per common stock of the Company for 20 consecutive trading days of the TSX-V. The exchange dates are as follows:

- September 4, 2012 to June 4, 2013 33%
- September 5, 2013 to June 5, 2014 66%
- September 6, 2014 to June 7, 2019 100%
- September 8, 2019 to June 9, 2022 100% (mandatory exchange or payable by cash)

The effect of Class B shares has not been included in the EPS for the periods ended June 30, 2015 and 2014. At June 30, 2015 none of the shares have been exchanged.

In addition, there is a convertible debenture outstanding which, if converted at June 30, 2015, would have resulted in the issuance of 919,924 Common Shares.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The Company enters into short term contractual obligations in the normal course of business, including purchase of assets and services, operating agreements, transportation commitments, sales commitments, royalty obligations, lease rental obligations and employee agreements. These obligations are of a recurring, consistent nature and impact cash flows in an ongoing manner.

Mountainview also has long-term contractual obligations and commitments. The Company is responsible for the retirement of long-lived assets related to its oil and gas properties at the end of their useful lives. Mountainview has recognized a liability of $2.5 million (June 30, 2014 – $2.8 million) based on current legislation and estimated costs. Actual costs may differ from those estimated due to changes in legislation or actual costs.

Additional contractual obligations and commitments are as follows:

At June 30, 2015	< 1 Year	1-3 years	4-5 years	After 5 years	Total
Trade and accrued liabilities	$ 18,931,165	$ -	$ -	$ -	$ 18,931,165
Term loan - principal(1)	8,488,266	-	-	-	8,488,266
Long-term debt	75,334	125,563	10,121	-	211,018
Credit facility - principal(1)	49,389,681	-	-	-	49,389,681
Credit facility - interest(1)	324,754	-			324,754
Convertible debenture - principal(2)	-	2,072,053	-	-	2,072,053
Convertible debenture - interest(2)	-	279,074	-	-	279,074
Promissory notes - principal	-	8,905,154	-	-	8,905,154
Promissory notes - interest	-	2,253,593	-	-	2,253,593
Total	$ 77,209,200	$ 13,635,437	$ 10,121	$ -	$ 90,854,758

(1) Repayment of this principal amount in less than one year is based on the terms of the credit agreement.

(2) Repayment of the Convertible Debentures assumes that all holders of the debentures will not convert their holdings into shares.

RELATED PARTY TRANSACTIONS

During the six month period ended June 30, 2015 the Company paid or accrued $2,593,759. (June 30, 2014 - $2,630,429) to seven companies owned by one of its major shareholders for services provided in the drilling and operating of the wells in the 12-Gage Project. These services have occurred in the normal course of business and are measured at their exchange amount. On January 23, 2015 five of the seven companies had filed liens on the Company's oil and gas assets in the total amount of $1,628,329. While these liens do not presently impact cash flow, the vendors who have filed the liens may, in fact, restrict cash flow from the wells under lien, further reducing the cash flow available to the Company

During the period ended June 30, 2015, the Company had a joint interest receivable of $29,298 (June 30, 2014 - $13,998) from two companies owned by two of its major shareholders. The companies are participants in certain joint venture activities.

During the period ended June 30, 2015, the Company had net a joint interest receivable of $31,121 and had paid or accrued $48,577 (June 30, 2014 - $14,503 and $48,577) from/to three companies owned by a Director and officer in common. The companies are participants in certain joint venture activities.

As of December 31, 2014 the Company executed a purchase and sale agreement for one of the company's non-operated oil and gas assets with a company owned by a major shareholder. Sales proceeds were $400,000 and a loss of $269,149 was recognized on the disposal.

ASSESSMENT OF BUSINESS RISKS

The following are the primary risks associated with the business of Mountainview. These risks are similar to those affecting other companies competing in the conventional oil and natural gas sector. Mountainview's financial position and results of operations are directly impacted by these factors and include:

Operational risk associated with the production of oil and natural gas:

- the ability of the corporation to continue operating as a going concern

- continued participation of Mountainview's lenders despite debt covenant breaches. Mountainview seeks to mitigate these risks by:
    - acquiring properties with established production trends to reduce technical uncertainty as well as undeveloped land with development potential;
    - maintaining a low cost structure to maximize product netbacks and reduce impact of commodity price cycles;
    - diversifying properties to mitigate individual property and well risk;
    - maintaining product mix to balance exposure to commodity prices;
    - conducting rigorous reviews of all property acquisitions;
    - monitoring pricing trends and developing a mix of contractual arrangements for the marketing of products with creditworthy counterparties;
    - maintaining a hedging program to hedge commodity prices with creditworthy counterparties;
    - adhering to the Company's safety program and adhering to current operating best practices;
    - keeping informed of proposed changes in regulations and laws to properly respond to and plan for the effects that these changes may have on our operations;
    - carrying industry standard insurance;
    - establishing and maintaining adequate resources to fund future abandonment and site restoration costs; and
    - monitoring our joint venture partners' obligations to us and cash calling for capital projects to limit the Company's credit risk.
- commodity risk as crude oil and natural gas prices fluctuate due to market forces;
- the ability of the Company to obtain new funding to meet the funding requirements of future capital programs which would be needed to ensure cash flow from reserves will be sufficient to cover ongoing activities
- the Company's level of indebtedness reduces financial flexibility
- reserve risk in respect to the quantity and quality of recoverable reserves;
- exploration and development risk of being able to add new reserves economically
- market risk relating to the availability of transportation systems to move the product to market;
- financial risk such as volatility of the Canadian/U.S. dollar exchange rate, interest rates and debt service obligations;
- environmental and safety risk associated with well operations and production facilities;
- changing government regulations relating to royalty legislation, emissions, income tax laws, incentive programs, drilling and operating practices and environmental protection relating to the oil and natural gas industry
- fluctuations in the Company's market price per share or potential dilution resulting from any future acquisitions or financings
- litigation, in the normal course of operations, the Company may be come party to or be the subject of legal proceedings.
- breach of confidentiality, while discussing potential business relations or transactions with third parties the Company may disclose confidential information.
- management growth, can management continue to grow its internal systems as needed and retain key personnel to ensure proper controls and financial systems are in place at all times

Please also see the risk factors identified in Mountainview's annual information form, which is available on SEDAR.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ACCOUNTING POLICIES

For more details regarding the Company's critical accounting judgments, estimates and accounting policies the following should be read in conjunction with the Company's 2014 audited financial statements.

Management is required to make judgments, estimates and assumptions in the application of accounting policies that could have a significant impact on our financial results. Actual results may differ from those estimates and those differences may be material. The estimates and assumptions used are subject to updates based on experience and the application of new information. The Company’s critical accounting policies and estimates are reviewed annually by the Audit Committee of the Board of Directors of the Company. Further details on the basis of presentation and significant accounting policies can be found in the Company’s notes to the Consolidated Financial Statements and annual MD&A for the year ended December 31, 2014.

Critical Accounting Judgments in Applying Accounting Policies

Critical judgments are those judgments made by Management in the process of applying accounting policies that have the most significant effect on the amounts recognized in the Company’s annual and interim Consolidated Financial Statements and accompanying notes. On January 1, 2014, as required, the Company adopted the amendments to IAS 32 and IFRIC 21. See discussion below under Changes in Accounting Policies for details. Further information on Management’s critical accounting judgments in applying accounting policies can be found in the notes to the Consolidated Financial Statements for the year ended December 31, 2014.

Critical accounting estimates

Critical accounting estimates are those estimates that require Management to make particularly subjective or complex judgments about matters that are inherently uncertain. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognized in the period in which the estimates are revised. For 2014, the Company had a change in estimate related to its depletion calculation, see Note 5 in the Consolidated Financial Statements for the year ended December 31, 2014.

Changes in Accounting Policies

The Company adopted several new IFRS interpretations and amendments in accordance with the transitional provisions of each standard. A brief description of each new accounting policy and its impact on the Company's financial statements follows below:

- IAS 32 Financial Instruments: Presentation — The Company adopted, as required, amendments to IAS 32. The amendments clarify that the right to offset financial assets and liabilities must be available on the current date and cannot be contingent on a future event. IAS 32 did not impact the Company’s interim financial statements.

- IAS 36 "Impairment of Assets" has been amended to reduce the circumstances in which the recoverable amount of cash generating units "CGUs" is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. The retrospective adoption of these amendments will only impact the Company’s disclosures in the notes to the financial statements in periods when an impairment loss or impairment reversal is recognized.

- IAS 39 "Financial Instruments: Recognition and Measurement" has been amended to clarify that there would be no requirement to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The retrospective adoption of the amendments does not have any impact on the Company’s financial statements.

- IFRIC 21 "Levies" was developed by the IFRS Interpretations Committee ("IFRIC") and is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 "Income Taxes") and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. Lastly, the interpretation clarifies that a liability should not be recognized before the specified minimum threshold to trigger that levy is reached. The retrospective adoption of this interpretation has had a nominal impact on the Company's financial statements.

Future Accounting Pronouncements

Financial Instruments

IFRS 9, Financial Instruments, was issued in July 2014 and is intended to replace IAS 39, Financial Instruments: Recognition and Measurement, and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of assessing the impacts of adopting this new standard. In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, this standard will replace IAS 18 Revenue, IAS 11 construction contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2017, with earlier adoption permitted. The company is currently evaluating the impact of the standard on the financial statements.

Revenue

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which replaces IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations as the single source for accounting for revenue for all companies in all industries and replaces current guidance including industry or product specific guidance. IFRS 15 provides specific and detailed guidance in many areas where current standards have been more limited, and thus may provide for less flexibility in developing and applying accounting policies and practices. This standard is required to be adopted either retrospectively or using a modified transition approach and is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of assessing the impacts of adopting this new standard.