

Montello Resources Ltd.

Financial Statements

For the Six Months Ended January 31, 2008

Montello Resources Ltd.

Consolidated Balance Sheets

Canadian Funds

	ASSETS	January 31, 2008 (unaudited)	July 31, 2007 (audited)
Current			
Cash		\$ 695,466	\$ 3,261,268
Marketable securities		-	18,617
Accounts receivable and prepaid expenses		1,239,231	344,248
		<u>1,934,697</u>	<u>3,624,133</u>
Property & equipment (Note 3)		<u>9,024,016</u>	<u>578,839</u>
		<u>\$ 10,958,713</u>	<u>\$ 4,202,972</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 1,344,588	\$ 2,420,734
Asset retirement obligation		<u>260,929</u>	<u>219,729</u>
		<u>1,605,517</u>	<u>2,640,463</u>
Shareholders' equity			
Share capital (Note 4)		30,360,095	21,130,478
Contributed surplus		1,811,319	1,107,230
Warrants		797,436	1,090,038
Deficit		<u>(23,615,654)</u>	<u>(21,765,237)</u>
		<u>9,353,196</u>	<u>1,562,509</u>
		<u>\$ 10,958,713</u>	<u>\$ 4,202,972</u>

Approved by the directors:

"William R. Cawker"

Director – William R. Cawker

"Joseph Dow"

Director – Joseph Dow

See accompanying notes.

Montello Resources Ltd.

Consolidated Statements of Operations and Deficit

Six Months Ended January 31, 2008

(Unaudited)

Canadian Funds

	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2008	2007	2008	2007
Revenue				
Oil and gas sales	\$ 102,904	\$ 24,611	\$ 289,813	\$ 326,911
Royalty expense	(25,647)	(6,157)	(43,683)	(33,639)
Interest income	10,841	6,364	17,281	6,364
	<u>88,098</u>	<u>24,818</u>	<u>263,411</u>	<u>299,636</u>
Expenses				
Production	33,131	(16,698)	93,483	139,779
General & administration	150,949	15,780	299,625	355,041
Interest	2,518	19,035	2,518	40,000
Depletion, depreciation & accretion	59,941	162,795	118,462	387,810
Stock based compensation	-	306,099	1,708,239	531,316
Foreign exchange (gain) loss	(137,475)	(5,636)	(108,499)	(5,446)
	<u>109,064</u>	<u>481,375</u>	<u>2,113,828</u>	<u>1,448,764</u>
Loss for the period	20,966	456,557	1,850,417	1,149,128
Deficit, beginning of period	23,594,688	19,119,245	21,765,237	18,426,674
Deficit, end of period	<u>\$ 23,615,654</u>	<u>\$ 19,575,802</u>	<u>\$ 23,615,654</u>	<u>\$ 19,575,802</u>

See accompanying notes.

Montello Resources Ltd.
Consolidated Statements of Cash Flows
Six Months Ended January 31, 2008
(Unaudited)
Canadian Funds

	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2008	2007	2008	2007
Cash provided by (used in)				
Operating activities				
Loss for the period	\$ (20,966)	\$ (456,557)	\$ (1,850,417)	\$ (1,149,128)
Items not affecting cash:				
Depletion, depreciation & accretion	59,941	162,795	118,462	387,810
Stock based compensation	-	306,099	1,708,239	531,316
	38,975	12,337	(23,716)	(230,002)
Changes in non-cash working capital items, net	270,642	908,752	(1,952,512)	918,870
	309,617	921,089	(1,976,228)	688,868
Investing activities				
Additions to property & equipment	(3,195,925)	2,068	(5,023,439)	(81,127)
	(3,195,925)	2,068	(5,023,439)	(81,127)
Financing activities				
Issuance of shares, net of issue costs	177,056	3,086,221	4,433,865	3,288,721
Advances from (to) affiliated company	-	(379,772)	-	(272,696)
	177,056	2,706,449	4,433,865	3,016,025
Increase (decrease) in cash during the period	(2,709,252)	3,629,606	(2,565,802)	3,623,766
Cash, beginning of period	3,404,718	94,683	3,261,268	100,523
Cash, end of period	\$ 695,466	\$ 3,724,289	\$ 695,466	\$ 3,724,289

See accompanying notes.

Montello Resources Ltd.
Notes to the Consolidated Financial Statements
January 31, 2008
(unaudited)
Canadian Funds

1. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and on a basis consistent with the audited July 31, 2007 financial statements. Accordingly these unaudited interim statements should be read in conjunction with the notes contained in the Company's audited July 31, 2007 financial statements. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Accordingly, actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies.

Certain prior period comparative figures have been reclassified to conform to the presentation used in the current period.

2. NATURE OF OPERATIONS

The Company's principal business activities include the evaluation, acquisition, exploration and development of oil and gas properties in Western Canada and Tennessee, USA. These consolidated financial statements include the accounts of the Company and its 100% interest in Montello Resources USA Ltd., which was incorporated in Delaware, USA on March 2, 2005.

3. PROPERTY & EQUIPMENT

	January 31, 2008		July 31, 2007	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Petroleum & natural gas properties				
-Canada	\$ 7,284,356	\$ 2,296,898	\$ 4,987,458	\$ 457,639
-United States	4,026,982	-	4,026,982	110,560
Office equipment	18,253	8,677	9,576	10,640
	\$ 11,329,591	\$ 2,305,575	\$ 9,024,016	\$ 578,839

Montello Resources Ltd.
Notes to the Consolidated Financial Statements
January 31, 2008
(unaudited)
Canadian Funds

4. SHARE CAPITAL

a. Authorized:
Unlimited Common shares without
par value

b. Issued:

	Number of shares	Value
Balance as at July 31, 2007	142,363,552	\$ 21,130,478
Issued for cash, net of fair value of warrants	8,202,166	1,268,887
Issued for cash pursuant to flow thru private placement	480,000	62,400
Issued for oil & gas assets	11,663,333	3,499,000
Issued for cash on exercise of warrants	12,417,780	1,571,777
Issued for cash on exercise of stock options	12,949,855	1,443,967
Fair value transfer on exercise of stock options	-	1,004,150
Fair value transfer on exercise of warrants	-	518,162
Share issue costs	-	(138,726)
Balance as at January 31, 2008	<u>188,076,686</u>	<u>\$ 30,360,095</u>

c. Share capital transactions during the six months ended January 31, 2008:

- i. In October 2007 the Company completed a private placement of 8,202,166 units @ \$0.18 per unit for gross proceeds of \$1,476,390. The units consist of one common share and one share purchase warrant exercisable into one common share @ \$0.30. \$138,726 of issue costs were incurred including 820,217 broker warrants.
- ii. During the six months ended January 31, 2008 the company issued 12,417,780 common shares on exercise of share purchase warrants ranging from \$0.11 to \$0.20 per share for total cash proceeds of \$1,571,777.
- iii. During the six months ended January 31, 2008 the company issued 12,949,855 common shares on exercise of stock options at various prices ranging from \$0.10 to \$0.15 for total cash proceeds of \$1,443,967. The fair value assigned to these exercised options of \$1,004,150 has been transferred to share capital from contributed surplus.
- iv. In the second quarter, 480,000 shares were issued for cash at \$0.13 per share pursuant to a flow thru subscription agreement.

Montello Resources Ltd.

Notes to the Consolidated Financial Statements

January 31, 2008

(unaudited)

Canadian Funds

- v. Also in the second quarter, 11,663,333 shares were issued at a deemed value of \$0.30 per share in exchange for certain oil & gas assets in Alberta, Canada.

d. Stock option plan

The Company has a stock option plan for the benefit of directors, officers, employees and consultants administered by the Board of Directors, in which up to 10% of the issued and outstanding common shares are reserved for issuance. All share options granted vest immediately.

A summary of the status of the stock option plan as of January 31, 2008 and changes during the period then ended is presented below:

	Number of Options	Average Exercise Price
	<hr/>	<hr/>
Balance, July 31, 2007	13,311,355	\$0.11
Exercised	(2,919,834)	\$0.10
Exercised	(6,944,121)	\$0.11
Exercised	(877,000)	\$0.105
Exercised	(1,500,000)	\$0.13
Exercised	(350,000)	\$0.135
Exercised	(358,900)	\$0.15
Cancelled	(200,000)	\$0.15
Granted	2,900,000	\$0.14
Granted	3,529,868	\$0.155
Granted	9,900,000	\$0.21
	<hr/>	<hr/>
Balance, January 31, 2008	16,491,368	\$0.19

Montello Resources Ltd.

Notes to the Consolidated Financial Statements

January 31, 2008

(Audited)

Canadian Funds

d. options continued

The following table summarizes information about options outstanding at January 31, 2008:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
150,000	\$0.135	March 10, 2012
11,500	\$0.11	April 19, 2012
2,900,000	\$0.14	September 6, 2012
3,529,868	\$0.155	October 2, 2012
<u>9,900,000</u>	<u>\$0.21</u>	<u>October 30, 2012</u>
<u>16,491,368</u>		

The Company has recorded stock-based compensation expense of \$ 1,708,239 for the six months ended January 31, 2008. The compensation expense is determined based on the fair value of the options at the grant date. The fair value of each option granted is estimated on the date of granting the options using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	<u>January 31, 2008</u>
Risk free rate	6.0%
Expected volatility	56.0%
Annual dividend yield	0.0%
Expected life of options	5 years

Montello Resources Ltd.
Notes to the Consolidated Financial Statements
January 31, 2008
(unaudited)
Canadian Funds

e. Warrants

A summary of the status of Warrants issued and outstanding at January 31, 2008 and changes during the period then ended, is presented below:

	<u>Number of Warrants</u>	<u>Average Exercise Price</u>	<u>Expiry Date</u>
Balance, July 31, 2007	30,921,658	\$0.11-\$0.20	September 15, 2007 to December 13, 2008
Exercised	(750,000)	\$0.20	November 18, 2007
Exercised	(7,914,209)	\$0.11	September 30, 2008
Exercised	(903,571)	\$0.20	March 21, 2008
Exercised	(2,850,000)	\$0.13	December 13, 2008
Granted	9,022,383	\$0.30	October 18, 2008
Expired	(2,039,565)	\$0.20	September 15, 2007
Expired	(1,078,884)	\$0.20	November 18, 2007
Balance, January 31, 2008	<u>24,407,812</u>	<u>\$0.21</u>	

The Company has the following share common share purchase warrants outstanding at January 31, 2008:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Value \$</u>	<u>Expiry Date</u>
5,515,429	\$0.20	88,246	March 21, 2008
9,870,000	\$0.13	483,630	December 13, 2008
9,022,383	\$0.30	225,560	October 18, 2008
<u>24,407,812</u>		<u>797,436</u>	

Montello Resources Ltd.

Management Discussion and Analysis

**SECOND QUARTER ENDED
JANUARY 31, 2008**

Date Submitted: MARCH 31, 2008

Montello Resources Ltd.
Management Discussion and Analysis
For the Second Quarter Ended January 31, 2008
Submitted: March 31, 2008

OVERALL PERFORMANCE

General

The Company is a junior natural resource company engaged in the acquisition, exploration and development of natural resource (oil and gas) properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol MEO. During the year, the Company hired a new management team and appointed a new Board of Directors. It was the objective of the new board to evaluate all of Montello's investments, and to develop, abandon, and/or acquire investments to maximize returns by the Company and to improve its working capital position. This Management Discussion and Analysis ("MD&A") of Montello Resources Limited (the "Company") provides analysis of the Company's financial results for the first quarter ended January 31, 2008. It should be read with the unaudited financial statements ended January 31, 2007 and related notes attached thereto. The Company is incorporated in the Province of Alberta (extra-provincially registered in the Province of British Columbia).

Non- Gap Measures

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), as an indicator of the Company's performance. All financial information is presented in Canadian dollars unless otherwise indicated.

Production Information Definition

Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. This conversion ratio of 6.1 is based on an energy equivalent wellhead value for the individual products. Such disclosure of boes may be misleading, particularly if used in isolation. Readers should be aware that historical results are not necessarily indicative of future performance.

Forward-Looking Statements

Certain information regarding Montello set forth in this report, including management's assessment of Montello's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks and uncertainties, many of which are beyond Montello's control, include the impact of general economic conditions and specific industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, and competition from other Producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. The Company believes the expectations reflected in these forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements and information included in this discussion should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this discussion, and the Company does not undertake any obligation to publicly update or revise any forward-

looking statements or information, except as required by applicable laws. Additional information related to the Company, is available through the internet on the Company's SEDAR profile at www.sedar.com. Readers are also referred to the risk factors described in other documents the Company files from time to time with securities regulatory authorities. Copies of these documents are available on the TSX Venture website www.tsx.com as well as the Company's website, www.montello.com.

BUSINESS OVERVIEW

Montello continues to position itself into potential high impact drilling opportunities at Highpoint and no less importantly, in Alberta, Canada. Montello's growth strategy via the drill bit is to seek farm in projects as a non operator in shallow plays, re-completions, etc. back home in Alberta with future potential revenues directed south to US operations.

Primary interest in the Tennessee Highpoint Play overshadows the potential of developing opportunities at Sarcee, Pincher Creek, and Grouard, Alberta for example on November 1, 2007, the Company entered into an agreement to purchase an undivided 6-per-cent working interest from the base of the Mannville formation to basement underlying sections 12, 13, 14 and 23 in Township 23, Range 4 W5M (2,560 acres), hereinafter referred to as the sale lands. The sale lands are located on the T'suu Tina Reserve (Sarcee) which is located approximately 15 miles west of Calgary, Alta. Included in the acquisition of the sale lands is a 6-per-cent interest in the suspended 10,957-foot 12-13-23-4 W5M cased potential Rundle gas well (12-13 well). The entire purchase price for the Said Interests of \$3,499,000 will be paid in full by Montello issuing to Vanguard 11,663,333 common shares, valued at \$0.30 per share, from treasury, which will be subject to a 4 month hold period. This transaction received follow up approval by the applicable regulatory authorities and provides a net 8.5% interest versus the prior existing 2.5% in a scheduled late spring 2008 recompletion of the 12-13 Well. The Company also has an undivided 8.5% working interest in a proposed follow-up high impact Rundle/Mississippian Deep Test at the 7-23 T'suu Tina Well Location. Montello has the right to participate on a straight up basis.

On November 2, 2007, in Tennessee, the Company announced that the Highpoint Joint Venture Partnership purchased the John Bowen Land Package complete with mineral rights. It was stated that the acquisition reduced the potential royalty payable by Montello and its JV Partners from an estimated 18% down to approximately 8% should the John Bowen Lands be commercial. Subsequently, on November 6, 2007, the Company announced that the Highpoint JV Partnership was utilizing the services of Canadian Integrity Drilling Inc. ("CIDI") of Calgary, Alberta to directionally drill targeted zones. (<http://www.canadianintegrity.com/services.htm>)

On November 14, 2007, the John Bowen #2 Test Well (MH #2) reached a total depth of 9,580 feet considered to the Pre-Cambrian basement after circulating granite samples to surface. Conditioning of the hole began and Halliburton was contracted to handle the logging. The Company announced casing of the John Bowen # 2 Test Well to 9,557 feet on November 21st and after releasing the drill rig, the well evaluation process commenced. All this while Montello USA continued negotiations for additional acreage at Highpoint, corporately on November 28, 2007, the Company announced filing its reserves data and other oil and gas information (51-101 F1, F2 and F3) for the year ended July 31, 2007 in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators". . . Copies may be viewed /obtained on www.sedar.com. The Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 were also included in the filing.

On November 29, 2007, the Company quit claim its non-core interests in 52 shallow gas wells to Austin Developments Corp. in various counties in Northern Tennessee. In return for the transfer of the shallow well assets, Montello benefitted from advantageous initial farm in terms which also included cancellation of third party royalties. Austin has become the operator of these wells, allowing Montello to focus its financial resources and expertise exclusively on potentially high-impact deep drilling operations at Highpoint in Morgan County. Montello has no further involvement in the above mentioned shallow well leases.

On December 4, 2007, Montello announced farming in on two gas exploration wells in the Grouard region of Alberta, 325 km northwest of the City of Edmonton. The Company paid 50% of all costs to earn a 35% working interest in the wells. Montello farmed in on these two wells pursuant to a November, 2007, farm-in agreement per above subject to minor overrides. Our operator, Northern Sun Exploration already operates production in the area. Montello also has the right to participate in other contingent offset wells. Both wells drilled, the 10-3 and 1-15, are multi-zone targets with total depths of approximately 850 meters and drilling commenced on the first of these drilling locations to the Debolt formation.

On December 6, 2007, our Operating Joint Venture Partner, Northern Sun Exploration Company Inc., announced that it had drilled and logged two multi-zone gas wells and the logs for the wells were being reviewed for imminent testing. The 1-15 gas well subsequently tested at 4.4 decs per day of gas (26 boe / day) un-stimulated. Given that the pipeline infrastructure and facility are not yet 100% complete, the 1-15 was only tested out of one zone and one set of perforations, but it does show gas production that would warrant a tie in. The 10-3 well was tested as a gas/oil well and it is producing minor amounts of gas and oil from the first zone perforated. We think this well has decent potential but we have some mechanical issues with the pump, which we are working on presently. There are other zones of interest (by-pass pay) that look good on logs in both the 10-3 and 1-15 wells that are not yet evaluated ; the game-plan is to further test them after the initial zones deplete.

The 10-3 and the 1-15 wells are tested and deemed successful with estimated production of 25 to 35 boepd per well. They will be tied into a gathering system that is currently being negotiated between the Company and the Operator whereby it is proposed Montello will be able to move forward as a joint Venture partner in the play on all wells to be drilled going forward with a 30 to 35% working interest. Offset wells in the area have produced 1 to 1.5 bcf. The planned infrastructure project will also create third party water disposal revenue and substantially reduce operating costs for the existing stranded gas wells and at least the six follow up exploration and development wells that have already been identified.

Grouard represents a lower risk play given the multi-zone oil and gas potential, and provides Montello with a good mix of production. A new royalty framework will not affect the economics given that we will be able to produce the wells longer at a marginal less productive rate thus avoid the increased royalty rate especially with the recent gas price deck increases as the market firms up. Our operating partner has defined an opportunity to Montello to participate in a stepped up multi well program that could commence in the latter half of 2008 through 2009 per funding commitments.

On December 5, 2007, the Company filed on www.sedar.com a Notice of Change of Auditor dated November 28, 2007 to the Alberta and British Columbia Securities Commissions and to the TSX Venture Exchange replacing new Auditor Ernst & Young LLP with the Company's previous 2005 and 2006 Auditor, Charlton and Company. Also filed this same day were the letter from the successor auditor and former auditor, the Annual Management Discussion Analysis

Form 51-102F1, Consolidated Financial Statements and Auditors' Report July 31, 2007 and 2006 Canadian Funds, and Form 52-109F1- Certification of Annual Filings CEO and CFO.

On December 11, 2007, Montello announced approval of their agreement with Vanguard Exploration Corp by the TSX Venture Exchange to purchase an undivided 6% working interest from the base of the Mannville Formation to the basement in "Sale Lands" encompassing approximately 2,560 acres located 15 miles west of Calgary Alberta. Filing documentation was accepted by the TSX Venture Exchange pursuant to an assignment and novation agreement dated Nov. 1, 2007, whereby Montello agreed to this acquisition for the consideration of 11,663,333 common shares of the Company valued at CDN \$3,499,000 at a deemed price of 30 cents per share from treasury, which are subject to a (4) four month hold. This acquisition is beneficial to Montello in that it provides the company a net 8.5% interest versus its previous 2.5% working interest in the upcoming recompletion of the 12-13 Well as well as in the follow-up 7-23 Well Location which Montello also has the right to participate in, on a straight up basis, as to an undivided 8.5% working interest.

On December 17th, 2007 Montello announced that the logging and evaluation of the John Bowen #2 Well would be deferred until at least mid January, 2008. Various logistical issues such as scheduling after US Thanksgiving; length of time to complete drilling, casing and cementing; initial aborted efforts to run open hole logs when open hole logging tools got stuck twice due to sloughing in the hole (following recommendations to run cased hole logs); release of the rig to accommodate logging and evaluation; the December 14th acquisition by Park Place Energy of Great Northern Oilsands Inc.'s 5% interest; and the requirement to issue the last Supplemental AFE, all contributed to the delay. Montello and Park Place were paid up and ready to go mid January, but our other partner needed more time to raise their portion of funds as allowed under the terms of the AFE. In the meantime, USD \$1.2 Million was forwarded to the AFE Account and the Montello Resources USA Personnel focused on finalizing lease agreements that would lead to the drilling of Highpoint # 3 and # 4 Test Wells and to study additional lease agreements for well sites for the proposed Morgan Highpoint # 6 and #7 Test Wells.

The Company also announced a private placement for accredited investors of CDN \$3.51 million non-brokered Flow Through Unit Financing consisting of 1,800,000 Units priced at CDN \$1.95 per Unit with each unit to be comprised of 10 Flow Through Common Shares and 5 Non-flow Through Common Shares all of which are priced at \$0.13. A CDN \$1.2 million non-brokered Private Placement of up to 10 million Units at the price of \$0.12 per Unit. Each Unit consists of one Common Share at \$0.12 and one Common Share Purchase Warrant priced at \$0.25 for accredited investors was announced subject to the approval of the TSX Venture Exchange. On December 27, 2007 the Company announced the cancellation of the \$1.2 Million Non Flow Through Placement.

On December 31, 2007, the Company closed a Flow Through and non Flow Through financing which was accepted for filing February 26, 2008 by the TSX Venture Exchange, at a price of \$0.13 per common share: 320,000 Flow-Through common shares and 160,000 common shares. Proceeds of the Private Placement received by December 31, 2007 from the flow-through portion, were used by Montello to incur qualifying expenditures renounced in favour of purchasers for the 2007 taxation year and that any flow through proceeds in 2008 may be used to advance exploratory activities including Pincher Creek, Sarcee, Grouard, and Mulligan, while non flow through proceeds would be used in Morgan County, as well as to explore lands that Montello may acquire or farm-in to, besides for general working capital purposes. No subsequent monies were raised before a 45 day time period expired as focus on Tennessee dominated time and effort.

On January 3, 2008, Montello announced that Geologist Peter C. Brown of Calgary, Alberta, with over 24 years experience, agreed to act as a Consulting VP of Exploration and as well to join the Board of Directors once final board approval, filing, and subsequent regulatory approval received. Mr. Charles C. Baumgart, a professional engineer from Calgary, with over 25 years experience, agreed to act as a Consulting VP of Infrastructure and Business Development. Montello's President and CEO, Bill Cawker stated "A main focus in 2008 is to strengthen technical expertise within the Company. We feel that these appointments are timely and necessary development with which to lay a strong foundation going forward."

Lastly also announced was the December 31, 2007 closing of what turned out to be the only tranche of a \$0.13 per share Flow Through Unit Financing whereby a unit consisted of (10) ten flow through shares and (5) five non flow through shares totaling (15) fifteen shares per unit at total cost of \$1.95 per unit. Proceeds received by December 31, 2007 from the flow-through portion of the Private Placements were used by Montello to incur qualifying expenditures, to be renounced in favour of purchasers for the 2007 taxation year. Any flow through proceeds in 2008 would be used to advance exploratory activities on joint venture properties, including Pincher Creek, Sarcee, Grouard, and Mulligan, with non flow through proceeds earmarked for general expenses and Highpoint, Morgan County. .

On January 31, 2008, the Company received an activity update from operator Pennine Petroleum on the new discovery at Pennine Pinch CK 100/01-11-004-29W4M. Engineering was currently evaluating various downhole production schemes to place the Cadomin formation onto production, including the handling of associated natural gas via the selection of condensate lift systems and gas tie-in points. The current plan is to initially produce the Cadomin formation so as to establish optimal production rates. Examination of data collected during the Brown sand completion will be investigated re possibly commingling both zones in the future.

PROPERTY EXPLORATION PLANS AND WORK PROGRAMS STATUS

The Company plans to continue exploration work on its currently held resource properties, subject to availability and timing of financing (including, where applicable, the ability to meet cash calls from the project operator) and data analysis from work programs. For properties in which the Company is the operator, results of exploration programs, including technical disclosure are prepared by or under the supervision of a qualified person. For properties in which the Company is not the operator, results of exploration programs are provided to the Company by the project operator. The Company is the project operator for the Mulligan Property in Alberta, at Morgan Highpoint in Tennessee, and the 52 shallow wells in Scott, Morgan Counties et al, Tennessee. The operator of the Sarcee Project was C1 Energy Ltd. and has since been changed to Arapahoe Energy. Montello came in behind JV Partner, Arapahoe Energy and is now recognized as having earned in on the project.

OIL AND GAS PROPERTIES

Highpoint Joint Venture Project, Morgan County, Tennessee

In 2006, Montello entered into a Farm-out Agreement with Austin Developments Ltd. whereby Austin advanced US\$2,400,000 towards the drilling and completion the John Bowen #2 Test Well to earn an undivided Net 40% Working Interest. Initially, a late January 2007 spud date had been planned, however it was subsequently determined that due to technical issues, a larger drill rig was required precipitating the need for extending the time required for the pre-drill phase as Engineering and Operations personnel reviewed logistics including a greater need for more

specialized drilling technology and equipment, site preparation and the additional recruitment of more qualified personnel than was originally anticipated. It was felt that extending the pre-drill period was prudent. In the interim, Montello negotiated more equipment and additional land in the immediate area and drilling began August 15, 2007 on the John Bowen #2 Test Well (MH #2 / Morgan Highpoint #2). Houston-based Nabors Drilling USA was contracted. On November 14, 2007, Montello announced drilling to T.D. of 9,580 feet, commencement of conditioning of the hole, and contracting of Halliburton for logging. On November 21, 2007 the well was announced as cased to 9,557 feet and on December 17, 2007 the JV Partnership announced that due to logistical and technical issues, testing and evaluation would be deferred to the New Year. Unanticipated funding delays into March, 2008 were rectified throughout February and into March and a multi well program starting with the drilling of Morgan Highpoint #3 and #4 with open hole logging of them to follow and cased hole logging of John Bowen #2 / MH #2 to follow. Funding and other logistics are being handled ongoing and we hope that Morgan Highpoint #5 Test Well can commence before the end of April, 2008.

Sarcee, Alberta

Canadian Phoenix Resources Corp. of Calgary, the operator of the Sarcee Project held a partners meeting in February, 2008, to discuss the possibilities of recompleting in the original borehole and isolating some formation damage created by the previous operator in the the suspended 10,957 foot 12-13-23-4 W5M cased potential Rundle Gas Well ("12-13 Well"). The alternative is to cut a window in the casing and drill a new section of clean hole. Montello's Geoscientists subsequently reviewed the 3D Seismic whereby the operator and JV Partners determined that such a new hole should be drilled along the strike of the structure keeping within the already discovered gas column. Before this window can be cut and a new section of hole can be drilled, an update of the emergency response plan (ERP) needs to be completed. It is Montello's understanding that this process is underway and operations are expected to commence sometime after spring break-up. Montello's share of this operation will be 8.5% and as yet the company has not received an AFE.

Montello under a previous farm-out agreement owned a 2.50 percent working interest in 2,560 acres on four sections of land by paying 5.00 percent of the gross capital development expenditures. These lands contained one well and one identified drilling location and up until July 31, 2007 Year End, the Company elected not to spend any time related to this project until the original operator, C1 Energy, was replaced. With the subsequent re-organization of the JV Partnership, Montello entered an agreement with Vanguard Exploration Corp. on November 1, 2007 to increase its interest to 8.5% by entering an agreement to purchase an additional undivided 6% working interest from the base of the Mannville Formation to basement underlying Sections 12, 13, 14 and 23 in Twp. 23 Rge. 4 W5M (2,560 acres), hereinafter referred to as "the Sale Lands" located on the T'suu Tina Reserve approximately 15 miles west of Calgary Alberta. Included in the acquisition of the Sale Lands is a 6% interest in the suspended 10,957 foot 12-13-23-4 W5M cased potential Rundle Gas Well ("12-13 Well").

The entire purchase price for the Said Interests of \$3,499,000 was paid in full by Montello issuing to Vanguard 11,663,333 common shares, valued at \$0.30 per share, from treasury, which were subject to a 4 month hold period. This transaction received follow up approval by the applicable regulatory authorities and provides a net 8.5% interest versus the prior existing 2.5% in the scheduled Spring 2008 12-13 Well Recompletion. The Company also has an undivided 8.5% working interest in a proposed follow-up high impact Rundle/Mississippian Deep Test at the 7-23 T'suu Tina Well Location. Montello also has the right to participate on a straight up basis.

Pincher Creek Project, SW Alberta

It is Montello's understanding that the operator Pennine Petroleum Corp. intends to build a pipeline to tie into Buffalo- Choices gas line as soon as right of way agreements are completed and surface access has been granted by the local land owners. With the most recent update from the operator, Pennine, negotiations on this were at an advanced stage. In January, 2008, our operator held a meeting with all the partners, including Paramount and Mercury to discuss the status of the pumping system. It was determined that the down-hole pump had seized due to an influx of frac sand. Regulations only allow for production over a period of 72 hours to determine the level of associated gas before a pipeline must be built and the well tied in. Pennine achieved the necessary stable flow, before the pump seized, with up to 250 bbls of condensate a day from just the Cadomin including up to 500 mcf of gas a day. The 1-11 well was then shut in pending the completion of the pipeline. Pennine intends to repair the pump when all regulatory and third party agreements are in place.

Montello has a 25% working interest in the discovery well 1-11, that is capable of producing high grade condensate from 2 zones with associated gas. Montello was pleased enough with the results that it has exercised its option to participate in the upcoming 6-12 deep well, 500 yards to the east of this discovery. This well is anticipated to encounter the same two zones discovered in the 1-11 well, but structurally up dip. The well will also test the deeper Rundle formation offsetting some of the original discovery wells in the Pincher Creek Gas Field but in a zone of virgin pressure. The operator has subsequently applied for the license for this well and Montello anticipates it to be spud at the end of Montello's fourth quarter in early August, 2008. Montello can earn an estimated undiluted working interest of 20% in the 6-12-4-29W4 well and in a follow up well for its participation.

By way of background, Montello entered into an agreement to participate in the Mannville Re-Completion of the Pennine et al Pinch Ck 1-11-4-29W4M well at Pincher Creek, southwestern Alberta by farming into the PN&G rights held by Pennine Petroleum Corporation. Montello is participating as to a minimum of 25% of Pennine's interest in the Pennine Pinch Ck 100/ 01-11-004-29W4M well. The recompletion of the well was initiated on August 30, 2007 and was recompleted in the Brown and Cadomin sands with initial swabbing rates of up to 337 barrels of condensate and 500 Mcf per day natural gas. The success of this well has resulted in enhanced prospectively in these zones throughout the joint venture partnership's petroleum and natural gas rights in the area. It is anticipated that revenues from this well may commence before the end of the third quarter (April 30, 2008).

The Pincher Creek Field has been one of the most prolific fields in Alberta. It is a structurally-controlled, over-thrusted imbricate stack that has been producing since 1947 and to date has produced some 600 BCF of gas and 1 million plus barrels of associated liquids from the Mississippian-age carbonates of the Turner Valley (Rundle) formation.

Grouard Joint Venture, Alberta

The Company farmed in on two exploration test wells in the Grouard area of Northern Alberta located approximately 325 kms northwest of Edmonton. The Company paid 50% of all costs to earn a 35% working interest in the wells. Both wells had multi-zone targets with total depths of approximately 850 meters. The wells were tested and both deemed to be successful with estimated production of 25 to 35 boed per well with Montello holding 35% of each well. The wells will be tied into a gathering system that is currently being negotiated between the Company and the Operator whereby Montello will be able to move forward as a Joint Venture

Partner in the play on all wells to be drilled going forward with a 30 to 35% working interest. Offset wells in the area have produced 1 to 1.5 bcf. A planned infrastructure project will also create third party water disposal revenue and substantially reduce operating costs for the existing stranded gas wells and at least the six follow up exploration and development wells that have already been identified.

Mulligan (Peace River Arch), Alberta

The Company owns various working interests in 6,720 acres of land in the Mulligan area in Northern Alberta. This asset contains four producing oil wells, one producing gas well, four shut-in gas wells; one shut-in oil well and two identified drilling locations with water-flood possibilities and voidage replacement enhancement opportunities.. The Company continues to work on enhancing the Mulligan properties and successfully demonstrated upside from “water flood / voidage replacement” with pressure maintenance techniques to increase production in the Charlie Lake Oil Zone in Section -81-8 W6M. With summer 2007 approval of a water-flood enhancement scheme by the “AEUB” (Alberta Energy & Utility Board) in place, re-work of the injection well 6-23-81-8W6M well was completed to enhance oil production in the Charlie Lake Oil Formation at Mulligan was commenced. Up to two potential re-completions and two new drilling locations are being reviewed to develop the proved non-producing and probable reserves in 2008 provided successful negotiation with Joint Venture Partners.

We are looking to focus our efforts on our larger interest ownership at Mulligan commencing with additional water-flood opportunities. Economics have been poor on our smaller interest properties due to overhead, so we are looking to relinquish operatorship on them to better focus on our larger opportunities in Township 82-8-W6 at Mulligan.

Scott and Morgan County et al – Shallow Well Leases

As of July 31, 2007 Montello was the owner of approx. 52 oil and gas wells located with Austin Developments which earned a 50% participating interest in each well and associated contiguous land package by reimbursing Montello December 27, 2006 with an equalization payment for 100 per cent of all costs involved in the acquisition, drilling, completion, stimulation, and equipping of all wells. Subsequently on November 28 and 29, 2007 Austin, and Montello, formally announced the closing of an agreement whereby Montello quit claim its 50% interest and operatorship to Austin et al. Benefits include reduction of third party royalties on the John Bowen Lands while allowing Montello to solely focus operational efforts at Morgan Highpoint as well as pursue other potential “high impact deep well opportunities”. Other benefits included Austin earning their working interest in the “Morgan Highpoint Project” on a two for one basis (80% gross to earn net 40%).

SELECTED FINANCIAL INFORMATION

The Company’s fiscal year ends on July 31, of each year. The following is a summary of certain selected audited financial information for the last three completed fiscal years of the Company:

Summary of Annual Results

	2007	2006	2005
Revenues	\$ 397,162	\$ 363,351	\$ -
Operation costs and royalties	236,859	49,854	-
Amortization & depletion	1,872,500	1,284,799	-
General and Administrative Expenses	1,829,900	1,440,072	948,817
Net Income (Loss)	(3,542,097)	(2,411,374)	(942,756)
Loss per share	(.03)	(0.02)	(0.01)
Total Assets	4,202,972	2,777,523	1,631,562
Long Term Liabilities	219,729	496,825	1,279,407

Summary of Quarterly Results

	2008 Jan. 31	2007 Oct. 31	2007 July 31	2007 April 30
Total Revenues	102,904	193,349	34	131
Loss from operations	20,966	1,829,451	1,808	584
Loss per share	nil	\$(0.10)	(.01)	nil

	2007 Jan. 31	2006 Oct. 31	2006 July 31	2006 April 30
Total Revenues	24,611	274,818	237	26
Loss from operations	456,557	692,510	1,467	248
Loss per share	nil	nil	(.02)	nil

RESULTS OF OPERATIONS

The Company lost \$20,966 on revenues of \$102,904 in the quarter ending January 31, 2008. The Company has a total loss of \$1,850,417 for the fiscal year to date. Operating expense on producing oil & gas properties were \$93,483 for the six months. General and administrative expense remained consistent for the first two quarters of this fiscal year at close to \$150,000 per quarter.

At the quarter ended January 31, 2008, net cash flow from operations increased to \$ 38,975 (2007 - \$12,337). For the six months ended January 31, 2008 investment activities in resource property expenditures were \$8,522,439 including properties purchased for shares (\$2007 - \$81,127).

LIQUIDITY AND SOLVENCY

The six months ended January 31, 2008 the Company recorded a net loss of \$ 1,850,417 (2007 - \$1,149,128) but improved its quarterly loss for the three months ended January 31, 2008 to \$20,966 (2007- \$456,557). The Company had a working capital surplus of \$329,180 as compared to \$983,670 July 31, 2007.

FINANCING ACTIVITIES

On December 19, 2007, the TSX Venture Exchange accepted for filing a private placement of 480,000 common shares for proceeds of \$62,400.

During the quarter ended January 31, 2008, the Company issued 200,000 common shares for the exercises of options with proceeds \$22,000; the Company issued 775,000 common shares for the exercise of warrants with proceeds of \$128,750.

Stock Options Granted

No options were granted during the quarter ended January 31, 2008. On March 5, 2008, the Company granted 1,000,000 incentive stock options to a director and a consultant at \$0.10, with a 5 year term.

Since incorporation Montello's capital resources have been limited. In addition to having to rely upon cash generated from operations, the Company has had to rely upon the sale of equity for cash required for administration, acquisition(s) and exploration program(s). It is unlikely that significant cash would be generated from operations if management didn't continue to pursue significant drilling projects with the potential for revenue. The Company intends to strongly pursue its goals of engaging in the acquisition, exploration and development of oil and gas properties on both sides of the Canadian and US border. While there can be no assurance that financing, whether debt or equity, will always be available in the amount(s) required at any particular time or for any particular period or, if available, that it can be obtained on satisfactory terms. The Company is currently interested in looking at agreements to acquire interests in additional projects or Oil and Gas Properties.

The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions, and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise equity capital. The

Company's working capital and liquidity fluctuate in proportion to ongoing project commitments or debt - equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the Company's resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in properties covered by an agreement. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to take on or meet ongoing operational commitments.

Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its natural resource properties from time to time, and operates at a loss.

DIVIDEND RECORD AND POLICY

The Company has not declared any dividends since incorporation and does not intend to declare dividends in the foreseeable future. As the Company generates earnings, it expects that they will be retained to finance future growth.

CAPITAL RESOURCES

The Company is presently entering contractual obligations and commitments in conjunction with its Joint Venture Partners for material expenditures at Morgan Highpoint in Tennessee.

OFF-BALANCE SHEET ARRANGEMENT

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the six months ended January 31, 2008, the Company incurred management fees of \$52,500 with a company owned by a director and officer, accounting fees of \$23,107.50 with a director; \$26,500 with a company owned by a director, for providing corporate liaison consulting services. The Company incurred administration fees of \$17,500 with a company owned by an officer.

CRITICAL ACCOUNTING ESTIMATES

Not applicable to venture issuers.

CHANGES IN ACCOUNTING POLICIES

The Company has not changed any of its accounting policies.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

It is management's opinion that the fair value of the Company's cash and cash equivalents, reclamation deposit, marketable securities, accounts receivable, accounts payable and accrued liabilities, and advances approximate their carrying value due to the relatively short periods to the maturity of the instruments.

The maximum credit risks exposure for all financial assets is the carrying value of those assets. None of the Company's financial instruments are denominated in U.S. dollars, and the Company does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

SUBSEQUENT EVENTS

Canadian Phoenix Resources Corp. of Calgary, the operator of the Sarcee Project held a partners meeting in early February, 2008, to discuss the possibilities of recompleting in the original borehole and isolating some formation damage created by the previous operator in the suspended 10,957 foot 12-13-23-4 W5M cased potential Rundle Gas Well ("12-13 Well"). The alternative is to cut a window in the casing and drill a new section of clean hole. Montello's Geoscientists subsequently reviewed the 3D Seismic whereby the operator and JV Partners determined that such a new hole should be drilled along the strike of the structure keeping within the already discovered gas column. Before this window can be cut and a new section of hole can be drilled, an update of the emergency response plan (ERP) needs to be completed. It is Montello's understanding that this process is underway and operations are expected to commence sometime after spring break-up. Montello's share of this operation will be 8.5% and as yet the company has not received an AFE but is roughly estimated to be a potential capital outlay under 300,000 dollars.

On February 14, 2008, Montello announced the upcoming drilling of the Morgan Highpoint # 3 (MH # 3) Test Well as early as March, 2008 and that site preparations were already underway on a recently negotiated 190-acre land package which offsets the John Bowen #2 Test Well (MH # 2). The news release went on to state that its geologists were confident moving forward as

certain key geological data gathered from the yet-to-be-completed John Bowen #2 Under-Balanced Test Well, was going to tactically be applied in the drilling of an offset exploratory well on adjacent land leases. The much-anticipated logging evaluation process of the John Bowen #2 Well also would be undertaken at the earliest opportunity now that cost overruns were being paid down. In fact on March 5, 2008, funding was announced in place and that spud of the Highpoint # 3 Test Well occurred on March 4, 2008 and that it is strategically located approximately one mile west of the John Bowen #1 & #2 Wells and one mile north-west of the Howard White #1 Well. The drill syndicate, is using a more cost efficient drilling rig to drill the first of up to three potential wells that are strategically located on contiguous lands leased from a private U.S. party.

Montello also announced on March 5, 2008, that negotiations commenced with respect to the acquisition of various shallow oil and gas assets / leases in Central and Northwestern Alberta from a private Alberta oil and gas company with the acquisition being negotiated on a 100% equity basis by issuing shares from treasury at a deemed value of \$0.13 per share. Closing is subject to Montello obtaining an independent 3rd party evaluation and TSX Venture Exchange approval. Negotiations can also be terminated at any time by either party.

Concurrent in the March 5, 2008 Announcement, 5,515,429 warrants exercisable at \$0.20 per share would not be extended but on March 19, 2008, Montello rethought this and requested an extension applying for regulatory approval to extend them to April 18, 2008. The TSX Venture Exchange subsequently approved their extension in a TSX Bulletin published March 20, 2008.

On March 10, 2008, participating interests in the Morgan Highpoint # 3 and # 4 Test Wells were announced as follows: Montello, as Operator, paying 15% of all costs associated with both the Morgan Highpoint # 3 and # 4 Test Wells to earn a 35% interest in the associated production spacing units. Austin Developments Corp. paying 20% of the costs to earn a 30% interest, Blackrock Petroleum Corp. paying 60% of the costs to earn a 30% interest and Park Place Energy Corp. paying 5% of the costs to earn a 5% interest.

The company also announced March 10, 2008 that after encountering hydrocarbons below the intermediate casing in the Morgan Highpoint #3 Test Well, the well was secured and operations suspended as a precautionary measure. The drilling rig was released and moved to the Morgan Highpoint # 4 Test Well location. Montello commenced mobilizing additional safety and under balanced equipment to be placed on the Morgan Highpoint # 3 Test Well after which drilling operations will recommence. Montello and the joint venture partners are encouraged to have encountered hydrocarbons in the Morgan Highpoint # 3 Test Well. Although we cannot definitively state that we have a commercial well, we are pleased with the results that have been encountered in the Morgan Highpoint # 3 Test Well to date. The Morgan Highpoint # 4 Test Well would be spud once all regulatory approvals were in place and on March 11, 2008, Montello actually announced that the # 4 well was in fact spud on March 10, strategically located approximately half a mile south of the suspended Morgan Highpoint # 3 Test Well. The participating interests in the Morgan Highpoint # 4 Test Well are Montello, as Operator, paying 15% of all costs to earn a 35% interest, Austin Developments Corp. paying 20% of the costs to earn a 30% interest, Blackrock Petroleum Corp. paying 60% of the costs to earn a 30% interest and Park Place Energy Corp. paying 5% of the costs to earn a 5% interest.

On March 18, 2008, it was announced that Strata Energy Services Inc., ("Strata") based in Red Deer, Alberta and Weatherford Services personnel from Casper Wyoming, who specialize in Nitrogen drilling packages, had mobilized and set up their under-balanced drilling equipment on the Morgan Highpoint # 4 Test Well. Upon reaching total depth on the Morgan Highpoint # 4

Test Well, the drilling rig and Strata's under-balanced equipment will move onto the Morgan Highpoint # 3 Test Well which will then be drilled to total depth.

By drilling the wells under-balanced, damage to the fractured reservoirs, which are renowned for producing high volumes of both gas and oil, can be minimized. In addition, by drilling the wells under-balanced the test wells can effectively be tested and produced at the same time that they are being drilled, thereby providing significant information as to how best to complete and equip them. Strata's management and engineering team has been involved in the drilling of over 500 wells under-balanced and have a strong background in all aspects of managed pressure and under-balanced drilling operations including compression, nitrogen, surface recovery and rotating flow diverters. It was additionally announced that the John Bowen #2 Test Well would be logged and evaluated utilizing the same crew that will be logging the Morgan Highpoint # 3 & # 4 Test Wells with the arrival of cased-hole logging equipment on-site.

On March 19, 2008, Montello as operator of Morgan Highpoint # 3 and # 4 Test Wells, announced successfully finishing the drilling of the Morgan Highpoint # 4 Test Well. The drilling rig and Strata and Weatherford's under balanced drilling equipment would next be moved over to the Highpoint # 3 Test Well where a barefoot completion would be conducted, after which the Morgan Highpoint # 3, the Morgan Highpoint # 4 and the John Bowen # # 2 Test Wells could be logged and evaluated.

On March 27, 2008 the company announced putting the Morgan Highpoint # 3 "Discovery" Well on production and that it had encountered hydrocarbons in the Highpoint # 4 Test" Well. In excess of 250 barrels of light gravity oil flowed to surface during an eight-hour production test with an associated high gas/oil ratio.

These results led to the decision to place the # 3 well on production. Production optimization levels to be determined once additional storage facilities and oil transportation arrangements are in place. After encountering hydrocarbons during drilling operations on the Morgan Highpoint # 4 Test Well, Montello is now evaluating results prior to preparing the completion program. The Company is extremely encouraged by results to date at Highpoint. A multi-well drilling program is now being finalized on mineral leases that have already been acquired by Montello and its JV Partners. In fact, recent events slowing limiting testing of the # 3 and #4 re crews, equipment, transport, surface tanks will soon be rectified to get our current efforts hopefully back on fast-track. The JV Partnership is determining final logging and evaluation logistics and wishes to commence the drilling of the proposed Morgan Highpoint # 5 Test Well at the earliest opportunity.

Various reports and news releases discussing the Company's properties can be viewed on the SEDAR website at www.sedar.com or at www.montello.com.

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Due to its small size of operations, there is lack of segregation of duties within the Company's internal control systems. It is unlikely that segregation of duties can be properly addressed until the Company grows to a significant size. In order to compensate for the weaknesses in its internal control systems, the management has retained a private accounting company experienced with junior oil and gas companies to assist with its financial reporting and disclosures process.

However, the Company's management, including the Chief Executive Officer, believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS

I, William Cawker, Chief Executive Officer, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Montello Resources Ltd., for the interim period ending January 31, 2008;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, 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; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: March 31, 2008

“Signed”

William Cawker,
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS

I, Joseph Dow, Chief Financial Officer, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Montello Resources Ltd., for the interim period ending January 31, 2008;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, 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; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: March 31, 2008

“Signed”

Joseph Dow,
Chief Financial Officer