

**ALTIMA RESOURCES LTD.**

**Q 3**

**INTERIM FINANCIAL STATEMENTS**

**Nine Months Ended August 31, 2009**

**(Unaudited – Prepared by Management)**

**These financial statements have not been reviewed by the Company's auditor**

**ALTIMA RESOURCES LTD.**  
**Balance Sheets**  
(Unaudited – Prepared by Management)

	August 31, 2009 - \$ - <i>Unaudited</i>	November 30, 2008 - \$ - <i>Audited</i>
<b>ASSETS</b>		
Current assets		
Cash	9,214	1,496,603
Amounts receivable	99,537	49,236
Prepaid expenses	-	10,000
	108,751	1,555,839
Petroleum and Natural Gas Properties and Equipment (Note 3)	12,671,102	12,087,011
	12,779,853	13,642,850
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Loan (Note 4)	2,090,000	3,081,000
Accounts payable	2,465,932	1,784,435
	4,555,932	4,865,435
Asset retirement obligation (Note 5)	107,340	107,340
	4,663,272	4,972,775
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	10,884,748	10,684,432
Contributed surplus (Note 6)	1,122,763	1,116,763
Deficit	(3,890,930)	(3,131,120)
	8,116,581	8,670,075
	12,779,853	13,642,850

**On behalf of the Board:**

"Richard Switzer"

Director

"Joe DeVries"

Director

- See accompanying notes -

**ALTIMA RESOURCES LTD.**  
**Interim Statements of Loss and Deficit**  
(Unaudited – Prepared by Management)

	Nine months ended August 31		Three months ended August 31	
	2009	2008	2009	2008
	- \$ -	- \$ -	- \$ -	- \$ -
<b>EXPENSES</b>				
Amortization	-	3,997	-	1,332
Finance fees	634,635	23,474	24,454	23,474
Investor communications	30,443	19,221	1,977	14,282
Interest expense	189,778	278,603	64,966	78,779
Management and consulting	136,625	310,550	44,250	88,550
Office and miscellaneous	110,733	81,322	27,319	25,866
Professional fees	169,375	82,574	25,333	62,574
Stock-based compensation	6,000	-	1,000	-
Transfer agent and filing fees	19,510	16,732	2,946	6,789
Travel	15,911	35,141	3,586	27,792
Interest income	-	(4,462)	-	(4,430)
	1,313,010	847,153	195,831	325,008
<b>LOSS BEFORE INCOME TAXES</b>	(1,313,010)	(847,143)	(195,831)	(325,008)
<b>FUTURE INCOME TAX RECOVERY</b>	553,200	503,400	-	-
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	(759,810)	(343,753)	(195,831)	(325,008)
<b>Deficit, beginning of period</b>	(3,131,120)	(2,866,839)	(3,695,099)	(2,885,584)
<b>Deficit, end of period</b>	(3,890,930)	(3,210,592)	(3,890,930)	(3,210,592)
<b>Basic and diluted loss per share</b>	(0.01)	(0.01)	(0.00)	(0.01)
<b>Weighted average number of shares outstanding</b>	69,304,797	41,339,100	69,346,933	47,615,044

- See Accompanying Notes -

**ALTIMA RESOURCES LTD.**  
**Interim Statements of Cash Flows**  
(Unaudited – Prepared by Management)

	Nine months ended		Three months ended	
	August 31		August 31	
	2009	2008	2009	2008
	- \$ -	- \$ -	- \$ -	- \$ -
<b>OPERATING ACTIVITIES</b>				
Net loss for period	(759,810)	(343,753)	(195,831)	(325,008)
Items not affecting cash:				
Amortization	-	3,997	-	1,332
Future income tax recovery	(553,200)	(503,400)	-	-
Stock issued for loan financing	536,812	-	-	-
Stock-based compensation	6,000	-	1,000	-
	(770,198)	(843,156)	(194,831)	(323,676)
Changes in non-cash working capital accounts	641,197	(655,768)	193,204	(536,603)
Cash provided by (used for) operating activities	(129,001)	(1,508,924)	(1,627)	(860,279)
<b>INVESTING ACTIVITIES</b>				
Oil and gas properties and equipment (net)	(584,092)	295,340	(76,250)	(9,691)
Cash provided by (used for) investing activities	(584,092)	295,340	(76,250)	(9,691)
<b>FINANCING ACTIVITIES</b>				
Loan repayments	(991,000)	-	-	-
Issuance of shares, net of share issue costs	6,563	3,421,188	-	3,104,816
Share subscriptions received	210,141	-	87,054	(24,000)
Cash provided by (used in) financing activities	(774,296)	3,421,188	87,054	3,080,816
Increase (decrease) in cash	(1,487,389)	2,207,604	9,177	2,210,846
<b>Cash, beginning</b>	1,496,603	3,707	37	465
<b>Cash, ending</b>	9,214	2,211,311	9,214	2,211,311
<b>Supplemental cash flow information:</b>				
Cash paid for:				
- Interest	189,778	278,603	64,966	78,779
- Income taxes	-	-	-	-

- See Accompanying Notes -

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**ALTIMA RESOURCES LTD.**  
**Notes to Interim Financial Statements**  
**Nine months ended August 31, 2009**  
**(Unaudited – Prepared by Management)**

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## 1. NATURE OF OPERATIONS

The Company was incorporated under the Company Act of British Columbia and is primarily engaged in the acquisition, exploration and development of petroleum and natural gas properties in Canada. The Company is a public company listed on the TSX venture Exchange.

During the period, the Company incurred a net loss of \$759,810 and had a working capital deficiency of \$4,447,181 at August 31, 2009. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These interim financial statements have been prepared on a going concern basis. Its ability to continue its operations and to realize its assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing, and generating revenues sufficient to cover its operating costs. These interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Management is of the opinion sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is risk additional financing will not be available on a timely basis, or on terms acceptable to the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation** – These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. Operating results for the nine months ended August 31, 2009 are not necessarily indicative of the results that may be expected for the year ending November 30, 2009. Unless otherwise noted, these interim financial statements follow the same accounting policies as, and should be read in conjunction with, the audited financial statements of the Company for the year ended November 30, 2008.

To date, the Company's activities have consisted primarily of property evaluation, acquisition and preliminary development and assessment, in addition to its ongoing financing activities and general and administrative activities. The Company has not generated significant revenues from its planned principal operations, being the production of petroleum and natural gas, and its properties are still in the development and evaluation stage. Accordingly, the Company continues to be in the development stage in accordance with the provisions of CICA Accounting Guideline 11, "Enterprises in the Development Stage".

**Petroleum and natural gas properties** – The Company follows CICA Accounting Guideline 16, "Oil and Gas Accounting-Full Cost" in applying full cost accounting for its petroleum and natural gas properties, whereby in the pre-production stage all costs (less revenues) associated with the acquisition of, exploration for and the development of petroleum and natural gas reserves are capitalized and accumulated into geographical cost centres. Capitalized costs include lease acquisition costs, the costs of geological and geophysical activities, the costs of drilling both productive and non-productive wells, carrying charges of non-producing properties and overhead costs directly related to exploration and development activities. Revenues are recognized from petroleum and natural gas properties based on the metered volume of gas and liquid shipped.

Costs of acquisition and evaluation of unproved properties are initially excluded from the depletion calculation. The Company periodically reviews costs associated with unproved properties to determine whether they are likely to be recovered. When such costs are not likely to be recovered, or when proved reserves are found to be attributable to the properties, the values of these properties are moved to the depletion pool.

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**ALTIMA RESOURCES LTD.**  
**Notes to Interim Financial Statements**  
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**(Unaudited – Prepared by Management)**

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When the Company evaluates its' unproven properties it takes the following conditions into consideration; there are no future plans for further drilling for the property, negative results were obtained from studies, negative results were obtained from studies conducted on properties in the same geographical area, and the remaining term of the unproved property does not allow sufficient time for further studies or drilling.

**Asset retirement obligations** – The Company's asset retirement obligations ("ARO") arise in the normal course of petroleum and natural gas exploration activities relating to the closure and reclamation of properties. The estimated ARO is recognized in the financial statements in the period in which they are identified and a reasonable estimate of fair value can be made. The ARO includes the costs of abandonment of petroleum and natural gas wells, dismantling and removing tangible equipment, and returning land to its original condition. The asset retirement cost, equal to the estimated fair value of the ARO, is capitalized as part of the cost of the petroleum and natural gas properties.

**Cash and cash equivalents** - The Company considers all highly liquid instruments or redeemable Guaranteed Investment Certificates that can be cashed before maturity without penalty to be cash equivalents.

**Earnings per share** - The Company utilizes the treasury stock method in computing earnings per share amounts. Under this method, basic loss per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the period. For the periods ended August 31, 2009 and 2008, the existence of warrants and options affects the calculation of loss per share on a fully diluted basis, but as the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

**Use of estimates in the preparation of financial statements** - The preparation of financial statements using Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses for the period. Significant areas requiring the use of estimates are petroleum and natural gas properties, asset retirement obligations, and stock-based compensation. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. However, actual results may differ from the estimates.

**Income taxes** - Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates at the date of enactment or substantive enactment.

**Flow-Through Shares** – The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related exploration expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers. The Company follows the recommendations of EIC-146 with respect to flow-through shares which requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is a reasonable assurance the expenditures will be made.

**Stock-based compensation and stock option plan** - The Company recognizes compensation cost for the fair value of options granted under its stock option plan and for agents' options and warrants issued in connection with financing activities. The Company uses the Black-Scholes option pricing model to estimate fair value. Any consideration received on the exercise of options and warrants is credited to share capital.

**Financial instruments - recognition and measurement** (CICA Handbook Section 3855) - In accordance with this standard the Company classifies all financial assets as either held-to-maturity, available-for-sale, held for trading or loans and receivables, and classifies all financial liabilities as held for trading or other financial liabilities. Financial assets held to maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other

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**ALTIMA RESOURCES LTD.**  
**Notes to Interim Financial Statements**  
**Nine months ended August 31, 2009**  
**(Unaudited – Prepared by Management)**

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comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the statement of loss and deficit.

The Company has classified its cash as held for trading, its amounts receivable as loans and receivables, and its accounts payable and loans payable as other financial liabilities. Transaction costs in respect of loans are immediately charged to operations.

**Comprehensive income** (CICA Handbook Section 1530) – Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. This standard includes guidance for reporting a statement of comprehensive loss and accumulated other comprehensive income in the shareholders' equity section of the balance sheet. The components of this category will include unrealized gains and losses on financial assets classified as available-for-sale, foreign exchange gains and losses on self-sustaining foreign operations and the effective portion of cash flow hedges, if any. The Company's accumulated comprehensive income balance at August 31, 2009 is \$Nil (November 30, 2008 - \$Nil) and for the periods ended August 31, 2009 and 2008, the Company's comprehensive loss is equal to its net loss.

**Hedges** (CICA Handbook Section 3865) – The standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not yet designated any hedging relationships.

**Changes in Accounting Policy**

Effective December 1, 2008, the Company adopted the following accounting standards updates issued by the CICA:

(i) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064 which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, Revenue and Expenditures in the Pre-Operating Period" will be withdrawn.

(ii) International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(iii) Financial statement concepts, Section 1000

This Section has been amended to clarify the criteria for recognition of an asset. The new requirements are applicable to all entities and are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

(iv) General Standards of Financial Statement Presentation, Section 1400

The CICA accounting standards board amended section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company does not expect the adoption of this amendment to have an impact on its financial statements.

**ALTIMA RESOURCES LTD.**  
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**3. PETROLEUM AND NATURAL GAS PROPERTIES**

The Company's petroleum and natural gas properties and equipment are as follows:

	August 31, 2009 - \$ -	November 30, 2008 - \$ -
Balance – beginning	12,087,011	10,824,573
Acquisition of Chambers Area Gas Prospect	-	1,050,000
Capitalized exploration and development expenditures	648,825	826,052
Pre-production revenue net of operating costs	(64,734)	(613,614)
	12,671,102	12,087,011
Equipment	7,614	7,614
Less: Accumulated amortization	(7,614)	(7,614)
	-	-
Balance – ending	12,671,102	12,087,011

**Chambers Area Gas Prospect, Alberta:** During the year ended November 30, 2007 the Company concluded the purchase of assets in the Chambers Area Gas Prospect, Alberta for cash consideration of \$3,000,000 subject to a 50% Net Overriding Royalty ("NORR") on 33.334% of the 100% interest purchased by the Company after deduction of Crown royalties and any other overriding royalties or like payments. On October 1, 2008 the Company entered into a purchase agreement whereby it terminated the above NORR for cash consideration totalling \$1,050,000.

In December 2008, the Company purchased further Alberta Crown Petroleum and Natural Gas Rights in the Chambers Project Area. The Company purchased a 100% interest in three sections thus increasing the Company's gross landholdings in the Chambers area to 24 sections (15,360 acres, 6144 hectares) with Altima holding an approximate average 64% in 21 of the 24 sections.

**4. LOAN**

In August 2007, the Company negotiated a bridge loan of \$3,050,000 used to acquire the Chambers Area assets described in Note 3. The loan, which bears interest at 12% per annum, compounded and payable monthly, was originally repayable on or before July 30, 2008. Security for the loan includes a promissory note, a fixed and floating first charge debenture over the Company's present and after-acquired real property, a first priority general security agreement over all its present and after-acquired personal property, and an environmental indemnity agreement in respect of its properties. The loan is subject to a repayment requirement such that if the Company sells or disposes of any assets outside of the ordinary course of business, or closes one or more equity or debt financings, the Company will pay the lender all proceeds from such sale, disposition or financing, net of selling or financing costs, up to the full amount of the outstanding balance of the loan. On December 4, 2008, the Company completed an amendment of its credit facility extending the maturity date to July 31, 2009 and increasing the credit facility to \$4,090,000. In consideration for the amendments, the Company paid a restructuring fee of \$40,000 and issued 3,834,375 common shares at a price of \$0.14 per share.

On July 31, 2009, the maturity date was extended to September 14, 2009 in consideration of a fee of \$21,501, and subsequent to the period end was further extended to October 31, 2009 for a fee of \$11,046.



**ALTIMA RESOURCES LTD.**  
**Notes to Interim Financial Statements**  
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**(Unaudited – Prepared by Management)**

**5. ASSET RETIREMENT OBLIGATION**

In prior years, the Company recorded an asset retirement obligation in connection with estimated abandonment costs on the Chambers Area Gas Prospect. The Company will evaluate these estimates on an ongoing basis and record related revisions accordingly. At August 31, 2009, accumulated abandonment costs at fair value totaled \$107,340. Fair value is estimated based on prices for similar liabilities.

**6. SHARE CAPITAL**

	Share capital		Contributed surplus
	# shares	- \$ -	- \$ -
Balance, November 30, 2008	65,512,558	10,684,432	1,116,763
Shares issued for loan financing	3,834,375	536,812	-
Share subscriptions received for future share issuances	-	210,141	-
Stock-based compensation	-	-	6,000
Flow-through shares renunciation	-	(553,200)	-
Share issue costs refunded	-	6,563	-
Balance, August 31, 2009	69,346,933	10,884,748	1,122,763

In connection with an amendment to a credit facility (Note 4), the Company issued 3,834,375 common shares at \$0.14 per share as a non-refundable bonus to the lender.

In accordance with EIC-146 relating to accounting for flow-through shares, the Company recorded a reduction in flow-through share proceeds of \$553,200 and recognized an equivalent future tax liability approximating the future tax effect resulting from renouncing exploration expenditures using currently enacted tax rates.

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

During the nine months ended August 31, 2009, the Company had the following transactions with related parties:

	<b>2009</b>	<b>2008</b>
<i>Nine months ended August 31</i>	<b>- \$ -</b>	<b>- \$ -</b>
Management and consulting fees paid or accrued to directors or companies controlled by directors and charged to operations	136,625	310,550
Management fees capitalized	135,375	-
Administrative services paid or accrued to officers and a company controlled by a director	105,539	155,919

The Company has entered into an agreement with a company controlled by a director to provide administrative services to fulfill corporate, secretarial, administrative, occupancy and all such other day-to-day duties and responsibilities as may be imposed on the Company. The Company agreed to pay an administrative handling fee of 10% on all transactions relating to the duties and responsibilities undertaken.

Included in accounts payable at August 31, 2009 there were balances due to related parties as follows:

	<b>August 31,</b>	<b>November 30,</b>
	<b>2009</b>	<b>2008</b>
	<b>- \$ -</b>	<b>- \$ -</b>
Accrued management and consulting fees, administrative services and advances from directors and companies controlled by directors	277,397	70,225

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**ALTIMA RESOURCES LTD.**  
**Notes to Interim Financial Statements**  
**Nine months ended August 31, 2009**  
**(Unaudited – Prepared by Management)**

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## **8. CONTINGENCY**

Included in accounts payable is an accrual for expenditures incurred by the Operator of the Company's petroleum and natural gas properties, the amount of which is disputed by the Company. In accordance with industry practice, the Company abides by the CAPL – 1990 Operating Procedures which assigns certain rights to the Operator including the provision for a lien against the properties to secure payment of the costs and expenses incurred by the Operator during the term of the agreement. The Operator is claiming such a lien in respect of costs and expenses incurred, and on April 21, 2009 the Alberta Court of Queen's Bench ruled the Operator has a valid lien against certain of the Company's properties which can be exercised by the Operator pursuant to the CAPL Joint Operating Procedure.

The Company filed a statement of claim against the Operator alleging breach of its duties and failure to provide joint interest accounting in accordance with the CAPL Operating Procedure and Industry custom and practice.

The Company initiated a third party audit of the Operator's books and records under the CAPL Operating Procedures. Preliminary results from the audit have been reviewed by the Company and were submitted to the Operator for explanation, documentation or correction.

Discussions were held with the operator to resolve these claims and were a factor included in the determination of the consideration to be paid for the proposed acquisition of the Operator by the Company (Note 9).

## **9. PROPOSED ACQUISITION**

On August 31, 2009, the Company entered into an agreement with its Operator, Unbridled Energy Corporation ("UNE"), whereby the Company and UNE will combine their respective interests in the Chambers and west Ferrier areas of west central Alberta. The consolidated property interests will include a total of twenty four sections with an approximate 93% average working interest in twenty one of the sections and a minor interest in three sections. In addition, the company will hold interests in five wells with an average weighted revenue interest of approximately 86% in three of the five wells.

The Company plans to acquire all of the common shares of UNE under a plan of arrangement pursuant to the Business Corporations Act (BC). Under the terms of the proposed Transaction, UNE's shareholders will receive one common share of the Company for each common share of UNE.

The Transaction is subject to a number of conditions, including the finalization of formal documentation, receipt by each of the companies of an independent fairness opinion regarding the transaction, receipt of Court approval, regulatory approval including the acceptance of the TSX Venture Exchange, and the approval of UNE's shareholders.

## **10. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current presentation. Such re-classification is for presentation purposes only and has no effect on previously reported results.

## **11. SUBSEQUENT EVENT**

On October 15, 2009, the Company announced a private placement for gross proceeds of up to \$2,400,000, subject to acceptance by the TSX Venture Exchange.

Up to \$1.2M will be raised by the Company issuing up to 10,000,000 Flow-Through Units (the "FT Units") at a price of \$0.12 per FT Unit. Each FT Unit will consist of one flow-through share and one-half share purchase warrant, each whole warrant entitling the holder to acquire one non flow-through share for 24 months from the date of issuance at a

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**ALTIMA RESOURCES LTD.**  
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price of \$0.275 in the first year and \$0.40 in the second year. Proceeds raised from the Flow-Through private placement will be used for exploration and development of the Company's oil and gas properties located in Alberta.

Up to \$1.2M will be raised by the Company issuing up to 10,000,000 Non Flow-Through Units (the "NFT Units") at a price of \$0.12 per NFT Unit, each NFT Unit consisting of one common share and one share purchase warrant, each warrant entitling the holder to acquire one common share for 24 months from the date of issuance at a price of \$0.20 for the first year and \$0.40 for the second year. Proceeds from the Non Flow-Through private placement will be used for development of the Company's properties and for general working capital.

The Company may pay finders fees in connection with the private placement in accordance with TSX Venture Exchange policies.

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**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2009**

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Date prepared: October 23, 2009

## **GENERAL**

The following management discussion and analysis (“MDA”) of the financial position of Altima Resources Ltd. (“Company”) should be read in conjunction with the unaudited interim financial statements and accompanying notes for the nine months ended August 31, 2009. The interim financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com), or by requesting further information from the Company’s head office in Vancouver.

## **FORWARD LOOKING STATEMENTS**

This MDA may contain certain forward looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company’s actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward looking statements.

## **NATURE OF BUSINESS**

The Company was incorporated under the Company Act of British Columbia and is primarily engaged in the acquisition, exploration and development of petroleum and natural gas properties in Canada and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for petroleum and natural gas properties is dependent upon the discovery of economically recoverable reserves of the Company’s interest in the petroleum and natural gas properties, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

The Company is a public company listed on the TSX Venture Exchange.

## **OVERVIEW**

### **Corporate development**

During the previous and current period, the Company continued with the exploration and development of its Chambers Area Gas Prospect. To this end, management has put much effort into raising additional funds for exploration and development costs, and working capital.

### **Petroleum and natural gas properties**

Pursuant to various agreements entered into between March 2006 and August 2007 the Company’s overall interest in the Chambers Area Gas Prospect totaled approximately 58% in 18 sections and 1.4% in 3 sections. The Company’s gross land base at period end totaled 21 sections (13,440 acres).

The Company’s exploration program is focused on deeper multi-zone gas and gas–condensate targets. The Chambers Area lies immediately west of the multiple zone producing pools in the Ferrier Field which continues to see significant industry drilling activity. Within the last three years (2006-2008), there have been 33 wells drilled within a nine Township block surrounding and within Company lands. Of these 18 are flowing gas wells, ten wells are adjacent to or approximately within two miles of Company held lands, with only one well abandoned.

The Company’s initial earning Well GEEL ET AL CHAMB 3-17-41-11 W5M (“3-17”) was spud on March 14, 2006, and reached a depth of 3,349 meters and production casing was set. By the fiscal year end

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**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2009**

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2006, the Test Well was completed (multi-zone completion) testing commercial rates of natural gas from multiple zones. Upon completion of the 3-17 well, the Company elected to purchase an interest in the 7-18-41-11 W5M well which tested water free gas and associated condensate.

In 2007 the Company's activities were directed to building the Company's exploration program through acquisition of additional working interests, including interests in five wells, increasing the land base, constructing permanent access roads, production pipelining, and the drilling of a new earning exploratory well.

On August 30, 2007 the Company signed a Letter Agreement with Golden Eagle Energy Inc ("GEEI") whereby it acquired the GEEI assets in the Chambers Area, Alberta for cash consideration of \$3,000,000 (paid) subject to a 50% Net Overriding Royalty ("NORR") on 33.334% of the 100% interest purchased by the Company after deduction of Crown royalties and any other overriding royalties or like payments. In addition, the Company had the right and option up to and including December 31, 2008 to purchase and terminate the said NORR from GEEI for \$1,500,000. On October 1, 2008 the Company entered into a purchase agreement whereby it terminated the above NORR for cash consideration totaling \$1,050,000.

Exploration expenditures in fiscal 2007 included construction of all weather access roads completed to the 3-17-41-11 W5M and 16-21-41-11 W5M wells. These access routes will serve future drilling locations and pipeline rights of way for the Company. Pipelining was completed in late October 2007 from the 3-17 well into the Conoco gas gathering system at 5-8-41-11 W5M. In November 2007 Altima reached a milestone in its Chambers operations by initiating natural gas and gas condensate sales from the 3-17 well. The well was brought on-line at a restricted rate of approximately 1.0 million cubic feet per day of gas and 50 barrels per day of condensate.

During the third and fourth quarter of fiscal 2007, the Company drilled and completed an option well on Conoco Phillips lands located at 16-21-41-11 W5M. The 16-21 well spud on August 26, 2007, drilled to its total depth of 3289 meters, and the rig was released on September 27, 2007. Well costs were 19 % under budget which is attributed to a well designed and executed drilling program. Open-hole logging was performed, and production liner run and cemented to total depth. The 16-21 encountered numerous gas shows and formations to test. In fiscal 2008, the Company completed and tested the well at commercial rates.

During the first quarter of fiscal 2009, the Operator of the 16-21 well conducted a large volume frac in the Elkton formation. As the costs to build a sour gas pipeline to the well significantly exceeded the expected benefit from the frac, neither the Company nor the other working interest parties participated. The Company will remain as a non-participant in the 16-21 well until the Operator has recovered from production five times the cost of the frac job. A subsequent news release by the Operator indicates that the frac operation did improve the initial productivity of the well, however, extended production testing will be required to evaluate the long term benefits of this operation.

In December 2008, the Company purchased further Alberta Crown Petroleum and Natural Gas Rights in the Chambers Project Area in west central Alberta. The Company purchased a 100% interest in three sections thus increasing the Company's gross landholdings in the Chambers area to 24 sections (15,360 acres, 6144 hectares) with Altima holding an approximate average 64% in 21 of the 24 sections. Overall the Chambers play continues to grow toward an opportunity to drill a significant number of wells over a large acreage position. The Chambers project contains significant potential to rapidly grow cash flow and reserves.

During the nine months ended August 31, 2009 the Company earned pre-production revenues of \$64,734 in natural gas and liquid petroleum sales from the Chambers Prospect which has been recorded as a reduction of capitalized costs.

The Company received an Independent Operations Notice from the Operator of the 3-17-41-11W5M well to perform a Recompletion/Rework of an upper zone in the well bore. Altima and all other working interest partners declined to participate in this operation as proposed by the Operator. If the Operator

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proceeds with the proposed operation, there is a 300% production penalty to the non participating partners relative to costs and production from the recompleted zone only. If the operation is not conducted, or if it is unsuccessful, the 3-17 well will be returned to the current interest holders.

On August 31, 2009, the Company entered into an agreement with its Operator, Unbridled Energy Corporation ("UNE"), whereby the Company and UNE will combine their respective interests in the Chambers and west Ferrier areas of west central Alberta. The consolidated property interests will include a total of twenty four sections with an approximate 93% average working interest in twenty one of the sections and a minor interest in three sections. In addition, the company will hold interests in five wells with an average weighted revenue interest of approximately 86% in three of the five wells.

The Company plans to acquire all of the common shares of UNE under a plan of arrangement pursuant to the Business Corporations Act (BC). Under the terms of the proposed Transaction, UNE's shareholders will receive one common share of the Company for each common share of UNE.

The Transaction is subject to a number of conditions, including the finalization of formal documentation, receipt by each of the companies of an independent fairness opinion regarding the transaction, receipt of Court approval, regulatory approval including the acceptance of the TSX Venture Exchange, and the approval of UNE's shareholders.

**SELECTED ANNUAL INFORMATION**

	Years ended November 30		
	2008	2007	2006
	-	-	-
	-	-	-
Revenue	-	-	-
Net loss	(264,281)	(1,487,807)	(1,257,687)
Loss per share	(0.005)	(0.05)	(0.09)
Total assets	13,642,850	11,179,018	5,185,456

**Year ended November 30, 2008:** The Company's petroleum and natural gas properties activity during the year consisted of the cancellation of a 50% Net Overriding Royalty for cash consideration of \$1,050,000, and exploration and development and equipment increases totaling \$820,722. These costs were somewhat offset by pre-production receipts totaling \$613,614. Share capital transactions included the issuance of 2,250,000 common shares in settlement of a loan plus interest totaling \$440,548, and the issuance of 25,514,273 common shares for gross proceeds of \$4,370,941.

**Year ended November 30, 2007:** The Company acquired the Golden Eagle Energy Inc ("GEEI") assets in the Chambers Area, Alberta for cash consideration of \$3,000,000 subject to a 50% Net Overriding Royalty ("NORR") on 33.334% of the 100% interest purchased by the Company after deduction of Crown royalties and any other overriding royalties or like payments. In addition, the Company has the right and option up to and including December 31, 2008 to purchase and terminate the said NORR from GEEI for \$1,500,000. As a result, the Company's overall interest in the Chambers area is approximately 58% in 18 sections and 1.4% in 3 sections. The Company earned \$82,547 in pre-production gas and liquid sales from the Chambers Prospect and deducted this amount from capitalized costs.

To finance this purchase, the Company negotiated a bridge loan of \$3,050,000 with interest at 12% per annum, compounded and payable monthly, and issued 2,074,000 shares valued at \$456,280. A finder's fee of \$117,000 was also paid.

Significant variations in operational costs included finance fees of \$605,306 (2006 - \$Nil), interest expense of \$148,000 (2006 - \$Nil), management fees of \$221,500 (2006 - \$83,500), and office services of \$174,476 (2006 - \$88,952). These increases were offset by a decrease in stock-based compensation of \$87,606 (2006 - \$870,250) and a future income tax recovery of \$34,100 (2006 - \$Nil).

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In order to manage the Company's working capital deficiency, continue operations, fund its expenditure commitments, and provide adequate working capital for ongoing activities, the Company will continue to depend on equity financing through existing and new shareholders, third party financing, continued support from its trade creditors, and cost sharing arrangements to fund its work programs and operations.

**SUMMARY OF QUARTERLY RESULTS**

	Aug 31/09	May 31/09	Feb 28/09	Nov 30/08
Revenue	-	-	-	-
Net income (loss)	(195,831)	(225,951)	(338,028)	79,472
Net income (loss) per share	(0.00)	(0.00)	(0.01)	0.00
	Aug 31/08	May 31/08	Feb 29/08	Nov 30/07
Revenue	-	-	-	-
Net income (loss)	(325,008)	(272,428)	253,683	(195,571)
Net income (loss) per share	(0.01)	(0.01)	0.01	(0.01)

**Comparison of operating results**

In the nine months ended August 31, 2009, the Company had a net loss of \$759,810 compared to \$343,753 in 2008. The most significant variances in the results for the two periods are outlined in the following table:

	<i>Nine months ended</i>	August 31, 2009 - \$ -	August 31, 2008 - \$ -
Finance fees		634,635	23,474
<p>In 2009, the Company amended its credit facility to extend the maturity date to July 31, 2009 and to increase the facility to \$4,090,000. The Company issued 3,834,375 shares at \$0.14 for a value of \$536,812 in consideration for the amendment. It further extended the maturity date to October 31, 2009.</p>			
Interest		189,778	278,603
<p>The decrease is due to the significantly lower balance for the loan in the current period; \$2,090,000 compared to \$3,050,000 in the previous year.</p>			
Management and consulting fees		136,625	310,550
<p>Typically, the nature and business purpose of management and consulting fees relates to directors and/or managers who have the power and responsibility to make decisions to manage an enterprise such as formulating corporate policy and organizing, planning, controlling, and directing the firm's resources to achieve the corporate objectives. The reduction in management and consulting fees in 2009 is attributable to the reduced use of consultants and capitalizing certain fees paid to management for exploration and development activities of the Company's petroleum and natural gas properties.</p>			
Office and administrative		110,733	81,322
<p>Office and miscellaneous expenses includes billings for rent, telephone, printing and stationery, utilities, office supplies, bank charges and interest, janitorial, shareholder communications, and administrative services provided by third parties which are not classifiable more appropriately elsewhere. The increase in 2009 relates to increased efforts directed at raising financing.</p>			
Professional fees		169,375	82,574

The nature and business purpose of professional fees consist of billings or accruals for legal and accounting/auditing fees. Except for annual audits, professional accounting and legal fees are incurred as and when required and are not subject to regular patterns of activity. The significant increase in costs relate to legal disputes with the well Operator, in addition to a third party audit of the Operator's books and records, and accruals for the Company's annual audit.

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Future income tax recovery	(553,200)	(503,400)
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This reflects the future income tax benefits of non-capital losses and other future tax assets which may be applied to reduce income taxes in future years

Net income (loss)	(759,810)	(343,753)
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**Comparison of operating results for the three months ending August 31, 2009 and 2008:** the net loss decreased to \$195,831 (2008 - \$325,008). Significant variations included a decrease in interest expense to \$64,966 (2008 - \$78,779), a decrease in management and consulting fees to \$44,250 (2008 - \$88,550), and a decrease in professional fees to \$25,333 (2008 - \$62,574). These amounts changed for the same reasons as explained above for the nine month period ending August 31, 2009.

**LIQUIDITY AND CAPITAL RESOURCES**

At August 31, 2009 the Company had \$108,751 in cash and receivables, a working capital deficiency of \$4,447,181 and had recorded a cumulative deficit of \$3,890,930.

To date, the Company's ongoing operations have been financed predominantly by private placements, the exercise of warrants and stock options, and loans. Additional financing will be required to conduct further development work on the Company's projects and to place any project, if feasible, into production. While the Company has been successful in raising the necessary funds in the past, there can be no assurance it can continue to do so.

In August 2007, the Company negotiated a bridge loan of \$3,050,000 to acquire the assets of Golden Eagle Energy Inc. The loan bears interest at 12% per annum, compounded and payable monthly, and was repayable on or before July 30, 2008. In connection with the loan, the Company issued 2,074,000 common shares at a price of \$0.22 per share for a total of \$456,280 as a non-refundable bonus to the lender. Security for the loan includes a promissory note, a fixed and floating first charge debenture over the Company's present and after-acquired real property and a first priority general security agreement over all its present and after-acquired personal property, and an environmental indemnity agreement in respect of its properties.

During the current period, the Company issued 3,834,375 shares in connection with an amendment to its loan agreement, which extended the due date to July 31, 2009 and increased the credit facility to \$4,090,000. On July 31, 2009, the maturity date was extended to September 14, 2009 in consideration of a fee of \$21,501, and subsequent to the period end was further extended to October 31, 2009 for a fee of \$11,046. At August 31, 2009, the balance owing on this credit facility is \$2,090,000.

If the Company sells or disposes of any assets outside of the ordinary course of business, the Company will pay or cause to be paid to the lender all proceeds from such sale or disposition, net of selling costs, up to the full amount of the outstanding balance of the loan.

**TRANSACTIONS WITH RELATED PARTIES**

During the nine months ended August 31, 2009, the Company had the following transactions with related parties:

	2009	2008
Nine months ended August 31	- \$ -	- \$ -
Management and consulting fees paid or accrued to directors or companies controlled by directors and charged to operations	136,625	310,550
Management fees capitalized	135,375	-
Administrative services paid or accrued to officers and a company controlled by a director	105,539	155,919



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The Company has entered into an agreement with a company controlled by a director to provide administrative services to fulfill corporate, secretarial, administrative, occupancy and all such other day-to-day duties and responsibilities as may be imposed on the Company. The Company agreed to pay an administrative handling fee of 10% on all transactions relating to the duties and responsibilities undertaken.

Included in accounts payable at August 31, 2009 there were balances due to related parties as follows:

	August 31, 2009	November 30, 2008
	- \$ -	- \$ -
Accrued management and consulting fees, administrative services and advances from directors and companies controlled by directors	277,397	70,225

The transactions and balances were recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties on terms and conditions similar to non-related entities.

**PROPOSED ACQUISITION**

On August 31, 2009, the Company entered into an agreement with its Operator, Unbridled Energy Corporation ("UNE"), whereby the Company and UNE will combine their respective interests in the Chambers and west Ferrier areas of west central Alberta. The consolidated property interests will include a total of twenty four sections with an approximate 93% average working interest in twenty one of the sections and a minor interest in three sections. In addition, the company will hold interests in five wells with an average weighted revenue interest of approximately 86% in three of the five wells.

The Company plans to acquire all of the common shares of UNE under a plan of arrangement pursuant to the Business Corporations Act (BC). Under the terms of the proposed Transaction, UNE's shareholders will receive one common share of the Company for each common share of UNE.

The Transaction is subject to a number of conditions, including the finalization of formal documentation, receipt by each of the companies of an independent fairness opinion regarding the transaction, receipt of Court approval, regulatory approval including the acceptance of the TSX Venture Exchange, and the approval of UNE's shareholders.

**ADDITIONAL INFORMATION**

At October 23, 2009:

**Legal proceedings:** Included in accounts payable is an accrual for expenditures incurred by the Operator of the Company's petroleum and natural gas properties, the amount of which is disputed by the Company. In accordance with industry practice, the Company abides by the CAPL – 1990 Operating Procedures which assigns certain rights to the Operator including the provision for a lien against the properties to secure payment of the costs and expenses incurred by the Operator during the term of the agreement. The Operator is claiming such a lien in respect of costs and expenses incurred, and on April 21, 2009 the Alberta Court of Queen's Bench ruled the Operator has a valid lien against certain of the Company's properties which can be exercised by the Operator pursuant to the CAPL Joint Operating Procedure.

The Company filed a statement of claim against the Operator alleging breach of its duties and failure to provide joint interest accounting in accordance with the CAPL Operating Procedure and Industry custom and practice.

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The Company initiated a third party audit of the Operator's books and records under the CAPL Operating Procedures. Preliminary results from the audit have been reviewed by the Company and were submitted to the Operator for explanation, documentation or correction.

Discussions were held with the operator to resolve these claims and were a factor included in the determination of the consideration to be paid for the proposed acquisition of the Operator by the Company.

**Contingent liabilities:** Management was not aware of any outstanding contingent liabilities relating to the Company's activities.

**Outstanding Share Data:** The Company had 69,346,933 common shares outstanding.

### **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of August 31, 2009, that our disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company, is made known to them by others within those entities. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. We have designed controls for this process and have conducted an evaluation which has identified potential weaknesses in such controls. Due to the limited number of staff, it is not feasible to attain complete segregation of incompatible duties. Weaknesses in the Company's internal controls over financial reporting allow for a greater likelihood that a material misstatement would not be prevented or detected.

Management and the Board of Directors mitigate the risk of material misstatement in financial reporting by performing a detailed review of operational and financial reports. It is not possible to provide absolute assurance that this risk can be eliminated.

### **RISKS**

The Company is engaged in the exploration for and development of petroleum and natural gas properties. These activities involve significant risks which careful evaluation, experience and knowledge may not eliminate in some cases. The commercial viability of any petroleum and natural gas properties depends on many factors not all of which are within the control of management. Operationally the Company faces risks that are associated with and affect the financial viability of a given petroleum and natural gas property. These include risks associated with finding, developing and producing these petroleum and natural gas reserves. In addition, Government regulations, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a petroleum and natural gas property.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

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statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying audited financial statements.

Any forward-looking information in the MDA is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company and other factors.

#### **DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring oil and gas properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.