ALTIMA RESOURCES LTD.

Q3

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended August 31, 2010

(Unaudited – Prepared by Management)

To the Shareholders of Altima Resource Ltd.

These interim consolidated financial statements for the nine months ended August 31, 2010, comprised of the balance sheets and the statements of loss and deficit as well as changes in cash flows, have been compiled by management. These financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee. In accordance with Canadian Securities Administrators National Instrument 51-102, the Company discloses that these unaudited financial statements have not been reviewed by the Company's auditors.

Vancouver, BC
October 28, 2010

ALTIMA RESOURCES LTD.
Consolidated Balance Sheets
(Unaudited – prepared by Management)

	August 31, 2010 *Unaudited*	November 30, 2009 *Audited*
ASSETS		
Current assets		
Cash	$ 32,842	$ 99,634
Amounts receivable	66,953	15,173
Prepaid expenses	20,909	-
	120,704	114,807
Restricted cash	171,766	-
Petroleum and natural gas properties (Note 3)	21,048,530	12,753,851
Deferred acquisition costs (Note 11)	-	82,033
	$ 21,341,000	$ 12,950,691
LIABILITIES		
Current liabilities		
Loans payable (Note 5)	$ 3,181,535	$ 2,243,287
Accounts payable and accrued liabilities	1,826,695	2,127,484
Amounts payable to related parties (Note 9)	511,720	316,550
	5,519,950	4,687,321
Asset retirement obligation (Note 6)	204,182	113,741
	$ 5,724,132	$ 4,801,062
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	$ 18,911,981	$ 10,674,607
Share subscriptions	710,777	559,119
Contributed surplus (Note 8)	1,139,813	1,121,763
Deficit	(5,145,703)	(4,205,860)
	15,616,868	8,149,629
	$ 21,341,000	$ 12,950,691

Nature of operations (Note 1)

Subsequent events (Note 15)

Approved on Behalf of the Board:

"Jurgen Wolf" Director

"Joe DeVries" Director

- The accompanying notes are an integral part of these financial statements -

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

	Nine months ended August 31		Three months ended August 31	
	2010	2009	2010	2009
	- $ -	- $ -	- $ -	- $ -
EXPENSES				
Accretion	4,500	-	4,500	-
Finance fees	3,568	634,635	-	24,454
Investor communications	10,992	30,443	2,057	1,977
Interest expense	235,228	189,778	74,875	64,966
Management and consulting	268,446	136,625	44,250	44,250
Office and miscellaneous	207,031	110,733	75,201	27,319
Professional fees	45,615	169,375	12,500	25,333
Stock-based compensation	-	6,000	-	1,000
Transfer agent and filing fees	20,563	19,510	5,532	2,946
Travel	43,098	15,911	19,361	3,586
	839,041	1,313,010	238,276	195,831
Loss on disposal of properties	187,854	-	187,854	-
LOSS BEFORE INCOME TAXES	(1,026,895)	(1,313,010)	(426,130)	(195,831)
Future income tax recovery	87,052	553,200	-	-
NET LOSS AND COMPREHENSIVE LOSS	(939,843)	(759,810)	(426,130)	(195,831)
Deficit, beginning of period	(4,205,860)	(3,131,120)	(4,719,573)	(3,695,099)
Deficit, end of period	(5,145,703)	(3,890,930)	(5,145,703)	(3,890,930)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)
Weighted average number of shares outstanding	129,930,733	69,304,797	150,610,200	69,346,933

- The accompanying notes are an integral part of these financial statements -

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

	Nine months ended August 31		Three months ended August 31	
	2010	2009	2010	2009
	- $ -	- $ -	- $ -	- $ -
OPERATING ACTIVITIES				
Net loss for period	(939,843)	(759,810)	(426,130)	(195,831)
Items not affecting cash:				
Accretion	4,500	-	4,500	-
Future income tax recovery	(87,052)	(553,200)	-	-
Loss on disposal of property	187,854	-	187,854	-
Stock issued for loan financing	-	536,812	-	-
Stock-based compensation	-	6,000	-	1,000
	(834,541)	(770,198)	(233,776)	(194,831)
Change in accounts receivable	237	(50,300)	(8,273)	(7,415)
Change in prepaid expenses	(13,129)	10,000	22,849	-
Change in accounts payable	51,818	474,325	(108,160)	75,718
Cash provided by (used for) operating activities	(795,615)	(336,173)	(327,360)	(126,528)
INVESTING ACTIVITIES				
Oil and gas properties net disposals (additions)	2,146,957	(584,092)	1,596,423	(76,250)
Cash acquired on acquisition, net of costs	(66,337)	-	-	-
Cash provided by (used for) investing activities	2,080,620	(584,092)	1,596,423	(76,250)
FINANCING ACTIVITIES				
Restricted cash	(171,766)	-	(171,766)	-
Loan repayments	(2,857,923)	(991,000)	(1,584,700)	-
Related party advances (repayments)	195,170	207,172	63,148	124,901
Issuance of shares, net of share issue costs	1,331,064	6,563	-	-
Share subscriptions	151,658	210,141	457,097	87,054
Cash provided by (used for) financing activities	(1,351,797)	(567,124)	(1,236,221)	211,955
Increase (decrease) in cash	(66,792)	(1,487,389)	32,842	9,177
Cash, beginning	99,634	1,496,603	-	37
Cash, ending	32,842	9,214	32,842	9,214
Supplemental cash flow information:				
Cash paid for:				
- Interest	235,228	189,778	74,875	64,966
- Income taxes	-	-	-	-

Non-cash transactions (see Note 10)

- The accompanying notes are an integral part of these financial statements -

1. NATURE OF OPERATIONS

Altima Resources Ltd. (the "Company") is engaged in the exploration for and the development of petroleum and natural gas in Canada. The Company was incorporated under the laws of British Columbia on November 14, 2003. The Company commenced trading on the TSX Exchange on May 9, 2006. These consolidated statements include five newly acquired subsidiary companies from the Unbridled Energy Corp. ("Unbridled") acquisition (Note 4).

At August 31, 2010 the Company had a working capital deficiency of $5,399,246 and had incurred a loss of $939,843 for the period. The Company's 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. Specifically, the recovery of the Company's investment in petroleum and natural gas properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. These consolidated 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 financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The Company's consolidated financial statements are presented in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles for interim consolidated financial statements applicable to a going concern. They may not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Effective, February 11, 2010, these consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Unbridled Energy Corporation, Unbridled Energy USA Inc., Unbridled Energy New York LLC, Unbridled Energy PA LLC, and Unbridled Energy Ohio LLC, collectively referred to as "Unbridled". All inter-company balances and transactions have been eliminated on consolidation. To date, the Company's activities have consisted primarily of property evaluation, acquisition and assessment, in addition to its ongoing financing activities. In addition, 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 exploration and evaluation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's unproven properties are evaluated, taking into account the following conditions:

- 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 due to government controls and regulations relating to the closure and reclamation of petroleum and natural gas properties. The fair value of estimated ARO is recognized in the financial statements in the period in which they are identified and fair value is determined through a review of engineering studies, industry guidelines and management's estimate on a site-by-site basis. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the statements of operations. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. 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, 2010 and 2009, the existence of warrants and options affects the calculation of loss per share on a fully diluted basis; however, 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 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 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 that 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company follows the recommendations of EIC-146 with respect to flow-through shares. The application of EIC-146 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 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. Due to the recent acquisition of certain properties, the Company has also classified specific Oil and Gas properties as available-for-sale. 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, 2010 is $Nil (November 30, 2009 - $Nil) and for the periods ended August 31, 2010 and 2009, 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.

Recent Accounting Pronouncements

In January 2009, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 1582, *Business Combinations*, which replaces Section 1581, *Business Combinations*. The AcSB also issued Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, which replace Section 1600, *Consolidated Financial Statements*. These new sections are based on the International Accounting Standards Board's ("IASB") International Financial Reporting Standard 3, *Business Combinations*. These new standards replace the existing guidance on business combinations and consolidated financial statements. These new standards require that most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed. These new standards also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the international and U.S. accounting standards.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The new standards are to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of the new standards will not be adjusted upon application of these new standards.

The *Non-Controlling Interests* standard should be applied retrospectively except for certain items. The Company does not expect that the adoption of these standards will have a material impact on its financial statements.

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its affect on the Company's financial statements.

3. PETROLEUM AND NATURAL GAS PROPERTIES

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

	Aug. 31, 2010 - $ -	Nov. 30, 2009 - $ -
Balance, beginning	12,753,851	12,087,011
Acquisition of Chambers/Ferrier Area assets	-	131,498
Acquisition of Unbridled assets	7,332,840	-
Capitalized exploration expenditures	961,838	600,077
Pre-production revenue net of operating costs	-	(64,735)
	21,048,530	12,753,851
Equipment	7,614	7,614
Less: Accumulated amortization	(7,614)	(7,614)
Balance, ending	21,048,530	12,753,851

Chambers Area Gas Prospect, Alberta: During the year ended November 30, 2007 the Company purchased assets in the Chambers area, Alberta subject to a Net Overriding Royalty ("NORR"). On October 1, 2008 the Company entered into a purchase agreement whereby it terminated the NORR for a cash payment.

In December 2008, the Company purchased a further 100% interest in three sections thus increasing the Company's gross landholdings in the Chambers area to 24 sections (15,360 acres, 6,144 hectares) with Altima holding an approximate average 64% in 21 of the 24 sections.

On December 16, 2009, the Company and Unbridled Energy Corporation ("Unbridled") entered into a participation arrangement with Crimson Energy Ltd. in the West Ferrier area in Alberta. Upon the Company and Unbridled fulfilling their respective obligations under the participation agreement, the companies will be assigned working interests ranging from 7.5% to 12.375% and 4.23% to 6.9795% respectively in two sections of joint lands and two wells.

As of August 31, 2010, principal operations have not yet commenced and the Chambers property is considered to be in the pre-production stage and all costs incurred, net of incidental revenues have been capitalized.

4. ACQUISITION OF UNBRIDLED ENERGY CORP.

On February 11, 2010, the Company acquired 100% of Unbridled Energy Corp.'s issued and outstanding common shares in exchange for 69,933,618 of the Company's common shares. After completion of the acquisition, the shares of Unbridled were delisted from the TSX Venture Exchange. The acquisition resulted in the combination of the Company's and Unbridled's interests in the Chambers and Ferrier West areas of west central Alberta. The combined properties include twenty-six sections with an approximate 93% average working interest in twenty-one of the sections and a minor interest in five sections. The Company will hold interests in seven wells with an average weighted revenue interest of approximately 86% in three of the seven wells.

This business combination has been accounted for using the purchase method with the Company being the acquirer. The purchase price allocation for this acquisition is preliminary and may be adjusted further as a result of obtaining additional information regarding preliminary estimates of fair values and costs made as at the date of purchase.

The fair value of the assets acquired and liabilities assumed effective February 11, 2010 are as follows:

	Feb. 11, 2010 - $ -
Cash	48,368
Accounts receivable	1,944,552
Prepaid insurance	7,780
Oil and gas properties held for use	7,506,083
Oil and gas properties held for sale	3,087,427
Bank loan	(3,796,172)
Accounts payable and accrued liabilities	(1,539,927)
Asset retirement obligation	(85,941)
	7,172,170
Consideration paid	
Issuance of 69,933,618 common shares at $0.10 per share	6,993,362
Transaction costs	160,758
Fair value of previously issued Unbridled stock options	18,050
	7,172,170

5. LOANS PAYABLE

(i) The Company had a secured, non-revolving credit facility of up to $4,090,000 bearing interest at 12%, compounded and payable monthly and was repayable on October 31, 2009 or on demand.

(ii) In April 2010, the Company signed a term sheet with a new lender to borrow up to $4,090,000. The loan bears interest at 12% per annum, compounded and payable monthly. The Company agreed to pay a bonus for entering into the agreement, in an amount equal to 15% of the principal amount of the loan drawn down, payable in common shares of the Company at a price of $0.08 per share. The loan will be used to retire the above secured loan, for development of the Company's properties, to pay $70,000 as a commitment fee, and for general working capital. The Loan is subject to due diligence by the lender and acceptance for filing by the TSX Venture Exchange.

(iii) As a result of the acquisition of Unbridled, the Company acquired a secured loan for CAD$3,796,172. Subsequent to the period end, in October 2010 the lender entered into a forbearance agreement to extend the due date of the loan to February 16, 2011. During the period, the Company made has made principal payments totalling US$2,962,982 towards the outstanding balance, leaving a balance owing of US$654,973.

6. ASSET RETIREMENT OBLIGATION

The Company has previously recorded asset retirement obligations in connection with estimated reclamation costs on the Chambers Area Gas Prospect site. The obligation is recognized based on the estimated future reclamation costs using a discount rate of 6%. The Company estimates its obligations to be settled in approximately ten years.

As a result of the acquisition of Unbridled, the Company assumed further asset retirement obligations of $85,941 relating to various properties in the United States and Canada.

The following table summarizes the asset retirement obligations in connection with the Company's activities:

	Aug. 31, 2010 - $ -	Nov. 30, 2009 - $ -
Balance, beginning	113,741	107,340
Acquisition of Unbridled (net of disposals of certain properties)	85,941	-
Accretion	4,500	6,401
Balance, ending	204,182	113,741

7. SHARE CAPITAL

	# shares	- $ -
Balance, November 30, 2008	65,512,558	10,684,432
Shares issued for loan financing	3,834,375	536,812
Share issue costs refunded	-	6,563
Future income tax benefits on expenditures renounced to shareholders	-	(553,200)
Balance, November 30, 2009	69,346,933	10,674,607
Flow through shares issued at $0.12 per share	2,593,000	311,160
Non-flow-through shares issued at $0.12 per share	8,736,649	1,048,398
Shares issued for the acquisition of Unbridled Energy Corp.	69,933,618	6,993,362
Future income tax benefits on expenditures renounced to shareholders	-	(87,052)
Share issue costs	-	(28,494)
Balance, August 31, 2010	150,610,200	18,911,981

Nine months ended August 31, 2010:

On December 30, 2009, the Company closed a private placement financing for gross proceeds of $1,359,558. The Company issued 2,593,000 flow-through units at $0.12 per unit, with each unit consisting of one flow-through common share and one-half share purchase warrant, each whole warrant entitling the holder to purchase one additional common share at $0.275 per share on or before December 29, 2010, and thereafter at $0.40 per share on or before December 29, 2011; and 8,736,649 non flow-through units at $0.12 per NFT Unit, each NFT Unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at $0.20 per share on or before December 29, 2010, and thereafter at $0.40 per share on or before December 29, 2011. The Company also paid a total of $17,676 cash as finders' fees in connection with the private placements.

On February 11, 2010, the Company issued 69,933,618 common shares at $0.10 per share relating to the acquisition of Unbridled Energy Corp. (Note 4).

On March 31, 2010, the Company renounced expenditures of $311,160 to Flow Through shareholders, with a resulting Future Income Tax gain of $87,052.

During the period, the Company received share subscriptions for future issuances of common shares totalling $710,777.

7. SHARE CAPITAL (continued)

Year ended November 30, 2009:

On December 4, 2008, in connection with an amendment to a credit facility (Note 5), the Company issued 3,834,375 common shares at $0.14 per share to the lender to extend the maturity date to July 31, 2009 and to increase the credit facility of up to $4,090,000.

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.

On October 15, 2009, the Company announced a private placement subject to acceptance by the TSX Venture Exchange. As of November 30, 2009 the Company had received $559,119 of share subscriptions in advance of shares being issued. In the current period, the private placement closed as detailed above.

Escrow Shares

As at August 31, 2010 there were no escrow shares outstanding.

Stock Options

The Company has established a stock-option plan for directors, officers, consultants and administrative personnel. Under the plan, the number of options granted is limited to 10% of the Company's issued shares at the time the options are granted. Options expire two years (2006 – five years) after the date of the grant. The number of options granted to any individual director or officer is limited to 5% of the issued shares of the Company and the options granted to all consultants and administrative personnel is limited to 2% of the issued shares. Options granted in respect of investor relations activities vest over one year at a rate of 25% every three months.

Period ended August 31, 2010: In 2010 the Company has not granted any new stock options, but due to the acquisition of Unbridled, 2,080,000 stock options previously issued to Unbridled personnel were converted to Altima stock options with the same terms as previously existed with Unbridled's plan. The Company has recorded the estimated fair value of $18,050 for these options.

Year ended November 30, 2009: In 2009 the Company did not grant stock options, but recognized $5,000 in stock-based compensation due to vesting of previously issued options.

8. CONTRIBUTED SURPLUS

The Company recorded the following transactions in its contributed surplus:

	- $ -
Balance, November 30, 2008	1,116,763
Stock-based compensation	5,000
Balance, November 30, 2009	1,121,763
Fair value of previously issued Unbridled stock options	18,050
Balance, August 31, 2010	1,139,813

9. RELATED PARTY TRANSACTIONS AND BALANCES

During the nine month period, the Company had the following transactions with related parties:

	Aug. 31, 2010 - $ -	Aug. 31, 2009 - $ -
Management fees paid or accrued to directors or companies controlled by directors	132,750	136,625
Fees paid or accrued to directors or companies controlled by directors for development costs of its oil and gas properties	141,750	135,375
Capitalized acquisition expenses paid or accrued to companies controlled by directors or officers	39,000	-
Administrative services and occupancy charges paid or accrued to officers of the Company and a company controlled by a director	100,391	105,539

These transactions 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. The amounts due to related parties bear no interest and are due on demand.

Amounts payable to related parties consists of:

	Aug. 31, 2010 - $ -	Nov. 30, 2009 - $ -
Management, consulting, occupancy and administrative fees payable	511,720	316,550

10. NON-CASH TRANSACTIONS

The following table summarizes the Companies non-cash activities for the period ended August 31, 2010 not disclosed elsewhere in the financial statements:

	Aug. 31, 2010 - $ -	Nov. 30, 2009 - $ -
Shares issued for acquisition or financing fees	6,993,362	536,812
Change in working capital accounts related to Unbridled acquisition	3,383,767	-
Asset retirement obligation related to Unbridled acquisition	85,941	6,401
Change in petroleum and natural gas properties related to Unbridled acquisition	10,441,636	-

11. DEFERRED ACQUISITION COSTS

At November 30, 2009, the Company had incurred costs of $82,033 in preparation for the acquisition of Unbridled Energy Corporation. On February 11, 2010, this acquisition was completed as disclosed in Note 4, with total deferred costs of $160,758 applied to the acquisition entry.

12. 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.

13. FINANCIAL INSTRUMENTS AND RISKS

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following categories: held for trading, held-to-maturity investments, available-for-sale, loans and receivables and other financial liabilities.

Fair Value

The estimate fair values of cash, amounts receivable, other receivables, accounts payable, amounts due to related parties and loans payable approximate their respective carrying values due to the immediate or short period to maturity.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at August 31, 2010, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and loans payable. The Company handles its liquidity risk through the management of its capital structure as described in Note 14. The Company's accounts payable have contractual maturities of 30 days or are due on demand, do not generally bear interest and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company's loan payable bears a fixed rate of interest. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in petroleum and natural gas prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. The Company's financial instruments are denominated in both United States and Canadian dollars but all planned exploration, and any resulting revenues, will occur within Canada.

14. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its petroleum and natural gas properties. The Company considers as its capital its shareholders' equity.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of certain of its assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. Annual and materially updated budgets are approved by the Board of Directors.

The Company has external restrictions on its capital pursuant to its loan agreement described in Note 4(i). In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments. When utilized, these instruments are selected with regard to the expected timing of expenditures from continuing operations. The Company requires additional capital resources to meet its planned operations and administrative overhead expenses. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control.

15. SUBSEQUENT EVENTS

On October 21, 2010, the Company announced that Huntington National Bank has agreed to an Amendment to its Forbearance Agreement with the Company's wholly owned subsidiary, Unbridled Energy Corp. The Bank agreed to extend the maturity date of the outstanding bank loan to February 16, 2011 and to forbear from taking any further action until at least February 16, 2011.

The original loan of US$3,607,500 was acquired as part of the acquisition of Unbridled Energy Corp. in February 2010. The Company has paid approximately US$3,000,000 towards the loan, leaving the principal balance at US$654,973.

ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2010

Date prepared: October 28, 2010

GENERAL

The following management discussion and analysis ("MDA") of the financial position of Altima Resources Ltd. ("Company") should be read in conjunction with the interim consolidated financial statements and accompanying notes for the nine months ended August 31, 2010. The 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, 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 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 under the symbol ARH.

OVERVIEW

Corporate development

During the current period and the previous year, the Company continued with the expansion, exploration and development of its Chambers Area Project in west central Alberta, Canada. To this end, management put effort into raising additional funds for expansion efforts, exploration costs, development costs and working capital. It has also made extensive efforts to expand the properties held in the Chambers area. In February 2010, the Company expanded its working interest holdings at Chambers to approximately 16,640 gross acres by acquiring the assets of its Operator, Unbridled Energy Corp. These assets also included several properties in the United States, which the Company has sold or will be divesting in the near future.

In March 2010, the Company completed the sale of the New York assets of Unbridled for proceeds of US$1,400,000 that were then applied to the secured bank debt.

In July 2010, the Company completed the sale of a portion of the Pennsylvania assets of Unbridled for net proceeds of US$1,563,000 that were applied to the secured bank debt.

Petroleum and natural gas properties

The Company's exploration program is focused on both conventional and resource based deeper multi-zone gas and gas condensate targets in the Chambers Area of the west central Alberta Deep Basin. The Chambers Area lies immediately west of the multiple producing pools in the Ferrier Field which continues to see significant industry drilling activity. Within the last four years (2006-2009), there have been thirty-seven (37) wells drilled within a nine Township block surrounding Altima Company lands. Of these, only two (2) wells were abandoned, sixteen (16) are flowing gas, and twelve (12) wells are adjacent to or within approximately four (4) kilometers of Company held lands.

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. 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.

During 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 and drilled to its total depth of 3289 meters. In fiscal 2008, the Company completed and tested the well at commercial rates. During the first quarter of fiscal 2009, the Operator conducted a large volume frac in the Elkton formation. The frac operation was successful with a final gas rate of 2.3MMSCF/D at a flowing tubing pressure of 1,335psia and a final shut in pressure of 4,014psia. The well is currently suspended waiting on a lateral gas gathering line.

On August 30, 2007 the Company acquired the Golden Eagle Energy Inc assets in the Chambers Area for subject to a 50% Net Overriding Royalty ("NORR") on 33.334% of the 100% interest. On October 1, 2008, the Company terminated the above NORR for a cash payment.

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, 6,144 hectares) with Altima holding an approximate average 64% in 21 of the 24 sections, and 56% overall.

On August 31, 2009, in an effort to maximize the potential of the project and to move the development forward on the Chambers properties, the Company entered into an agreement with Unbridled Energy Corp. whereby the Company would acquire Unbridled's interests in the Chambers and west Ferrier areas subject to a number of conditions. The consolidated property interests 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 would hold interests in five wells with an average weighted revenue interest of approximately 86% in three of the five wells.

In December 2009, the Company and Unbridled entered into a participation agreement with Crimson Energy Ltd. ("Crimson") in the West Ferrier area of west central Alberta. The arrangement provides for the fracture stimulation, completion and testing of multiple zones in Crimson's well in 41-10 W5M that are indicated to be gas bearing based upon log and initial test information. The fracture stimulations were completed and tested and the well is waiting on a pipeline tie-in. Altima and Unbridled will be assigned a working interest to the base of the Mannville formation of 12.375% and 6.9795% respectively, and also assigned a working interest of 7.5% and 4.23% respectively below the base of the Mannville in three sections of joint lands and two wells.

On February 11, 2010, the Company acquired all of the common shares of Unbridled under a plan of arrangement under the Business Corporations Act (BC) by issuing 69,933,618 shares of the Company for all of the outstanding share of Unbridled. In March 2010, the Company concluded the sale of Unbridled's assets in New York for US$1,400,000, with all proceeds paid toward Unbridled's secured creditor, Huntington Bank. On July 15, 2010, the Company sold certain oil and gas producing properties located in Lycoming County, Pennsylvania, for net proceeds of US$1,563,000. These proceeds were also applied against the Huntington Bank debt.

Including the assignment of the Crimson working interests and the acquisition of Unbridled, the Company's predominantly contiguous land base totals twenty six (26) sections (16,640 acres) with an approximate average working interest of 93% in 21 of the 26 sections and an interest in seven (7) wells.

Effective April 1, 2010 the Alberta Energy Resources Conservation Board announced through Bulletin 2010-07, that land in the Chambers area are included in Development Entity No.2 which provides for a drilling density of up to four wells per section (640 acres) per pool (zone) and the comingling of certain formations. This directive provides for potentially many years of drilling at Chambers with focus on fully developing the economic potential of the area.

In August 2010, the company entered into a Farm-out and Participation Agreement whereby the farmee has agreed to drill a 3,100 meter Rock Creek test well on Altima lands by paying 100% of the costs through completion to earn 60% in the well and farm-out lands. The farm-out well will test the multiple, liquids-rich, natural gas zones generally present in the area. The Company has retained the right to participate in a portion of the test well costs, which would result in Altima holding a 50% working interest in the farm-out lands. Permitting and licensing of the well is completed. Due to unseasonably wet weather, road and lease construction has not yet commenced. The operator plans to construct the location and drill the well in Q4 2010 subject to government approval.

The Chambers play continues to grow toward an opportunity to drill a significant number of wells over a large acreage position and contains significant potential to rapidly grow cash flow and reserves.

SELECTED ANNUAL INFORMATION

	Years ended November 30		
	2009	2008	2007
	- $ -	- $ -	- $ -
Revenue	-	-	-
Net loss	(1,074,740)	(264,281)	(1,487,807)
Loss per share	(0.02)	(0.01)	(0.05)
Total assets	12,950,691	13,642,850	11,179,018

Year ended November 30, 2009:

The Company's investing activities during the year consisted of $666,840 for exploration and development in the Chambers area and deferred acquisition costs of $82,033 relating to the subsequent acquisition of Unbridled Energy Corp. in February 2010.

At November 30, 2009, the Company had received $559,119 in share subscriptions for private placements that closed on December 30, 2009. During the year, the Company repaid loans totaling $837,713. The Company had a net loss of $1,074,740 compared to a net loss of $264,281 in 2008. The primary reason for the increased loss was finance fees of $648,159 compared to only $13,474 in the prior year. Another major factor was a decrease in future income tax recovery to $553,200 compared to $659,529 in 2008. These two factors alone accounted for about $750,000 of the difference in net loss between the two years.

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.

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 31/10	May 31/10	Feb 28/10	Nov 30/09
Revenue	-	-	-	-
Net income (loss)	(426,130)	(194,987)	(318,727)	(314,930)
Net income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

	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

Comparison of operating results

In the nine months ended August 31, 2010, the Company had a net loss of $939,843 compared to $759,810 in 2009. The most significant variances in the results for the two periods are outlined in the following table:

Nine months ended	Aug 31, 2010 - $ -	Aug 31, 2009 - $ -
Finance fees	3,568	634,635
In 2009, the Company amended its credit facility to extend the maturity date and to increase the facility. The Company issued 3,834,375 shares at $0.14 for a value of $536,812 in consideration for the amendment. There was no such completed transaction in the current period.		
Interest	235,228	189,778
The increase is due primarily to the interest payments on the debt assumed on the acquisition of Unbridled in the current period.		
Management and consulting fees	268,446	136,625
The increase in management and consulting fees in 2010 is attributable to the increased use of consultants in the current year for financing, exploration, and development activities.		
Office and administrative	207,031	110,733
Office and miscellaneous expenses includes billings for rent, telephone, utilities, and administrative services provided by third parties which are not classifiable more appropriately elsewhere. The increase in 2010 relates to the office rental and administrative obligations assumed with the acquisition of Unbridled.		
Professional fees	45,615	169,375
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 decrease in costs relate to non-recurring prior year legal disputes and the third party audit of the Operator's books in 2009.		
Loss on disposition of properties	187,854	-
The loss in the current period is a result of the disposal of certain acquired non-core assets of Unbridled in the current period.		
Future income tax recovery	(87,052)	(553,200)
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, and is a result of selling flow-through shares in the respective periods.		
Net income (loss)	(939,843)	(759,810)

Comparison of operating results for the three months ending August 31, 2010 and 2009: the net loss increased to $426,130 (2009 - $195,831). Variations included an increase in interest expense to $74,875 (2009 - $64,966), an increase in office and miscellaneous to $75,201 (2009 - $27,319), a decrease in professional fees to $12,500 (2009 - $25,333), and a loss on disposal of assets of $187,854 (2009 - $Nil). These amounts changed for the same reasons as explained above for the nine month period ending August 31, 2010.

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2010 the Company had $120,704 (November 30, 2009 - $114,807) in cash, receivables, and prepaid expenses, a working capital deficiency of $5,399,246 (November 30, 2009 - $4,572,514) and had recorded a cumulative deficit of $5,145,703.

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 December 2008, the Company issued 3,834,375 shares in connection with an amendment to its existing secured 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 subsequently was further extended to October 31, 2009 for a fee of $11,046.

In April 2010, the Company signed a term sheet with a new lender, pursuant to which the Company has arranged to borrow up to $4,090,000. The loan is repayable at the rate of 12% per annum, compounded and payable monthly. In connection with the loan, the Company has agreed to pay a bonus in an amount equal to 15% of the principal amount of the loan drawn down, payable in common shares of the Company at a price of $0.08 per share. The loan will be used to retire the above secured loan, for development of the Company's properties, to pay a $70,000 commitment fee, and for general working capital. The Loan is subject to acceptance for filing by the TSX Venture Exchange.

On March 10, 2010, the Company's recently acquired subsidiary, sold a non-core portion of its interests in certain oil and gas producing properties located in Chautauqua County, New York, for proceeds of US$1,400,000. The proceeds were applied against the subsidiary's secured debt with the Huntington Bank.

On July 15, 2010, the Company sold a non-core portion of its recently acquired subsidiary's interests in certain oil and gas producing properties located in Lycoming County, Pennsylvania, for net proceeds of US$1,563,000. The proceeds were applied against the subsidiary's secured debt with the Huntington Bank.

These sales are part of the Company's strategic plan to divest of all non-core oil and gas assets, allowing the Company to focus on its core properties located in the Chambers area of West-Central Alberta.

TRANSACTIONS WITH RELATED PARTIES

During the nine month period, the Company had the following transactions with related parties:

	Aug. 31, 2010 - $ -	**Aug. 31, 2009 - $ -**
Management fees paid or accrued to directors or companies controlled by directors	132,750	136,625
Fees paid or accrued to directors or companies controlled by directors for development costs of its oil and gas properties	141,750	135,375
Capitalized acquisition expenses paid or accrued to companies controlled by directors or officers	39,000	-
Administrative services and occupancy charges paid or accrued to officers of the Company and a company controlled by a director	100,391	105,539

These transactions 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. The amounts due to related parties bear no interest and are due on demand.

Amounts payable to related parties consists of:

	Aug. 31, 2010 - $ -	Nov. 30, 2009 - $ -
Management, consulting, occupancy and administrative fees payable	511,720	316,550

ACQUISITION OF UNBRIDLED ENERGY CORPORATION

On August 31, 2009, the Company entered into an agreement with its Operator, Unbridled Energy Corporation ("Unbridled"), whereby the Company and Unbridled will combine their respective interests in the Chambers and west Ferrier areas of west central Alberta.

The Company acquired all of the common shares of Unbridled under a plan of arrangement pursuant to the Business Corporations Act (BC) wherein Unbridled's shareholders received one common share of the Company for each of the 69,933,618 outstanding common shares of Unbridled.

The Transaction was 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 Unbridled's shareholders. On February 11, 2010, the acquisition was completed.

ADDITIONAL INFORMATION

At October 28, 2010:

Legal proceedings: Previous claims and counterclaims between the Company and the Operator have been suspended due to the 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: As of October 28, 2010, the Company had 150,610,200 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, 2010, 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 disclosure controls and procedures cannot 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. 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 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.

RECENT ACCOUNTING PRONOUNCEMENTS

The recent accounting pronouncements that have been issued as new sources of GAAP but are not yet effective are described below:

In January 2009, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 1582, Business Combinations, which replaces Section 1581, Business Combinations. The AcSB also issued Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, which replace Section 1600, Consolidated Financial Statements. These new sections are based on the International Accounting Standards Board's ("IASB") International Financial Reporting Standard 3, Business Combinations. These new standards replace the existing guidance on business combinations and consolidated financial statements. These new standards require that most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed. These new standards also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the international and U.S. accounting standards. The new standards are to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of the new standards will not be adjusted upon application of these new standards.

The Non-Controlling Interests standard should be applied retrospectively except for certain items. The Company does not expect that the adoption of these standards will have a material impact on its financial statements.

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its affect on the Company’s financial statements.

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.