

**ALTIMA RESOURCES LTD.**

**Q3**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Nine Months Ended August 31, 2011**

**(Unaudited – Prepared by Management)**

**To the Shareholders of Altima Resource Ltd.**

These interim consolidated financial statements for the nine months ended August 31, 2011, 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 20, 2011

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

	August 31 2011 - \$ - <i>Unaudited</i>	November 30 2010 - \$ - <i>Audited</i>
<b>ASSETS</b>		
Current assets		
Cash	\$ 59,828	\$ 125,915
Amounts receivable	135,465	65,732
Deposit	43,282	43,790
	238,575	235,437
Restricted cash (Note 5)	189,097	187,592
Petroleum and natural gas properties (Note 6)	21,984,138	21,591,746
	\$ 22,411,810	\$ 22,014,775
<b>LIABILITIES</b>		
Current liabilities		
Loans payable (Note 7)	\$ 3,506,580	\$ 3,246,779
Accounts payable and accrued liabilities	1,354,063	1,455,107
Income taxes payable	146,690	150,000
Amounts payable to related parties (Note 11)	844,776	598,220
	5,852,109	5,450,106
Asset retirement obligation (Note 8)	103,242	101,742
	5,955,351	5,551,848
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	20,555,559	18,911,981
Share subscriptions	-	1,008,120
Shares issuable (Note 7)	613,500	613,500
Contributed surplus (Note 10)	1,139,813	1,139,813
Deficit	(5,852,413)	(5,210,487)
	16,456,459	16,462,927
	\$ 22,411,810	\$ 22,014,775

Nature of operations (Note 1)

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**  
**Nine Months Ended August 31**  
**(Unaudited – Prepared by Management)**

	Nine months ended August 31		Three months ended August 31	
	2011	2010	2011	2010
<b>EXPENSES</b>				
Accretion	\$ 1,500	\$ 4,500	\$ 500	\$ 4,500
Consulting	20,200	135,696	20,200	-
Foreign exchange (gain) loss	(83,233)	(14,502)	2,085	(13,986)
Investor communications	3,377	10,992	794	2,057
Interest and finance fees	252,624	238,796	88,392	74,875
Management fees (Note 11)	133,500	132,750	44,250	44,250
Office and miscellaneous	180,104	221,533	42,377	89,187
Professional fees	70,751	45,615	12,755	12,500
Transfer agent and filing fees	20,488	20,563	7,547	5,532
Travel	38,905	43,098	27,408	19,361
	(638,216)	(839,041)	(246,308)	(238,276)
<b>Loss on disposal of properties</b>	-	(187,854)	-	(187,854)
<b>LOSS BEFORE INCOME TAXES</b>	(638,216)	(1,026,895)	(246,308)	(426,130)
Current tax expense	(22,262)	-	(22,262)	-
Future income tax recovery	18,550	87,052	-	-
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	(641,928)	(939,843)	(268,570)	(426,130)
<b>Deficit, beginning of period</b>	(5,210,485)	(4,205,860)	(5,583,843)	(4,719,573)
<b>Deficit, end of period</b>	\$ (5,852,413)	\$ (5,145,703)	\$ (5,852,413)	\$ (5,145,703)
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)
<b>Weighted average number of shares outstanding</b>	183,504,596	129,930,733	194,144,186	150,610,200

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

**ALTIMA RESOURCES LTD.**  
**Consolidated Statements of Cash Flows**  
**Nine Months Ended August 31**  
**(Unaudited – Prepared by Management)**

	Nine months ended August 31		Three months ended August 31	
	2011	2010	2011	2010
<b>OPERATING ACTIVITIES</b>				
Net loss	\$ (641,928)	\$ (939,843)	\$ (268,570)	\$ (426,130)
Items not affecting cash:				
Accretion	1,500	4,500	500	4,500
Current tax expense	22,262	-	22,262	-
Future income tax recovery	(18,550)	(87,052)	-	-
Loss on disposal of property	-	187,854	-	187,854
	(636,716)	(834,541)	(245,808)	(233,776)
Change in accounts receivable	(69,224)	237	(12,133)	(8,273)
Change in prepaid expenses	-	(13,129)	-	22,849
Repayment of bank loan	(9,794)	-	-	-
Changes in accounts payable	(94,558)	51,818	83,853	(108,160)
Cash used in operating activities	(810,292)	(795,615)	(174,088)	(327,360)
<b>INVESTING ACTIVITIES</b>				
Oil and gas properties (net)	(392,392)	2,146,957	(151,508)	1,596,423
Change in restricted cash	(1,505)	(171,766)	(1,152)	(171,766)
Cash acquired on acquisition, net of costs	-	(66,337)	-	-
Cash provided by (used in) investing activities	(393,897)	1,908,854	(152,660)	1,424,657
<b>FINANCING ACTIVITIES</b>				
Loans payable	259,801	(2,857,923)	69,771	(1,584,700)
Issuance of shares, net of share issue costs	1,639,866	1,331,064	434,635	-
Share subscriptions received	(1,008,120)	151,658	(225,000)	457,097
Related parties advances	246,555	195,170	106,230	63,148
Cash provided by (used in) financing activities	1,138,102	(1,180,031)	385,636	(1,064,455)
Increase (decrease) in cash	(66,087)	(66,792)	58,888	32,842
<b>Cash, beginning of period</b>	125,915	99,634	940	-
<b>Cash, end of period</b>	<b>\$ 59,828</b>	<b>\$ 32,842</b>	<b>\$ 59,828</b>	<b>\$ 32,842</b>
<b>Supplemental cash flow information:</b>				
Cash paid for:				
Interest	\$ 252,624	\$ 235,228	\$ 88,392	\$ 74,875
Income taxes	22,262	-	22,262	-

Non-cash transactions (see Note 12)

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

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**ALTIMA RESOURCES LTD.**  
**Notes to Consolidated Financial Statements**  
**Nine Months Ended August 31, 2011**  
**(Unaudited – Prepared by Management)**

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## 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 subsidiary companies from the Unbridled Energy Corp. (“Unbridled”) acquisition in February 2010.

At August 31, 2011 the Company had a working capital deficiency of \$5,613,534 and had incurred a loss of \$641,928 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 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.

The Company's unproved 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.

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**ALTIMA RESOURCES LTD.**  
**Notes to Consolidated Financial Statements**  
**Nine Months Ended August 31, 2011**  
**(Unaudited – Prepared by Management)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2011 and 2010, 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.

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.

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**ALTIMA RESOURCES LTD.**  
**Notes to Consolidated Financial Statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2011 is \$Nil (November 30, 2010 - \$Nil) and for the periods ended August 31, 2011 and 2010, 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. 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 any quantitative affect on the Company's financial statements.



**ALTIMA RESOURCES LTD.**  
**Notes to Consolidated Financial Statements**  
**Nine Months Ended August 31, 2011**  
**(Unaudited – Prepared by Management)**

**3. ACQUISITION OF UNBRIDLED ENERGY CORP.**

On February 11, 2010, the Company acquired 100% of Unbridled Energy Corp.'s ("Unbridled") issued and outstanding shares in exchange for 69,933,618 common shares of the Company. Unbridled is a British Columbia corporation engaged in petroleum and natural gas exploration, evaluation and production. Unbridled holds interests in the Chambers and Ferrier West areas of west central Alberta and in the US. The US assets were sold subsequent to the acquisition (see Note 4) with the proceeds used to pay down Unbridled's US bank debt. The results of Unbridled's operations have been included in the consolidated financial statements beginning upon the February 11, 2010 acquisition date.

Total consideration includes shares of the Company, transaction costs and options, being options to acquire common shares of Unbridled that will be exercisable to acquire common shares of Altima on the same terms and conditions as the original option plan with Unbridled. The consideration for the acquisition was allocated based on fair values of the consideration given as outlined below. The estimated fair value of the common shares issued is based on the market trading prices for the Company's shares at the time of the acquisition.

Fair value of consideration paid:	
Common shares issued – 69,933,618	\$ 6,993,362
Transaction costs	207,656
Stock options issued	18,050
<b>Total consideration</b>	<b>\$ 7,219,068</b>

Net assets acquired, at fair value:	
Cash	\$ 48,737
Accounts receivable	1,324,395
Deposit	43,790
Oil and gas properties held for use	7,840,399
Oil and gas properties held for sale	3,117,946
Bank loan	(3,796,172)
Accounts payable and accrued liabilities	(988,249)
Income taxes payable	(28,000)
Asset retirement obligation	(343,778)
<b>Net assets acquired</b>	<b>\$ 7,219,068</b>

**4. GAIN ON SALE OF OIL AND GAS INTERESTS**

<b>Disposition</b>	<b>Date of Sale</b>	<b>Sale Price</b>	<b>Gain (Loss)</b>
Oil and gas interest in Chautauqua County	March 10, 2010	\$1,471,400 (US \$1,400,000)	\$ 266,840
Oil and gas interest in Lycoming County	July 15, 2010	\$3,281,057 (US \$3,283,682)	(82,995)
<b>Total</b>		<b>\$4,752,457 (US \$4,683,682)</b>	<b>\$ 183,845</b>

(i) Oil and gas interest in Chautauqua County, New York

On March 10, 2010, the Company sold its oil and gas interests located in Chautauqua County, New York for proceeds of US \$1,400,000. The Chautauqua County assets were acquired on the business acquisition of Unbridled (see Note 3). The proceeds from this sale were applied against Unbridled's secured loan (see Note 7).

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

**4. GAIN ON SALE OF OIL AND GAS INTERESTS (continued)**

(ii) Oil and gas interest in Lycoming County, Pennsylvania

On July 15, 2010, the Company sold its oil and gas interests located in Lycoming County, Pennsylvania for proceeds of US \$3,283,682 and incurred sale costs totalling US \$1,720,700 for property lease extensions, commissions and financing fees. The Lycoming County assets were acquired on the business acquisition of Unbridled (see Note 3). The net US \$1,562,982 proceeds from this sale were applied against Unbridled's secured loan (see Note 7).

Current estimated US state taxes of US\$122,000 are recorded for the sale of oil and gas interests in the Chautauqua and Lycoming Counties.

**5. RESTRICTED CASH**

The Company has cash on deposit with the Energy Resources Conservation Board ("ERCB") under the ERCB's Liability Management programs to cover potential liabilities relating to its wells. The required security deposit with the ERCB is determined based on a monthly licensee management rating assessment. The security deposit represents the difference between deemed liabilities and deemed assets of the Company's interest in petroleum and natural gas properties in Alberta.

**6. PETROLEUM AND NATURAL GAS PROPERTIES**

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

	Alberta	Pennsylvania/ New York	Total
Balance at November 30, 2009	\$ 12,753,851	\$ -	\$ 12,753,851
Properties held for use acquired from acquisition (Note 3)	7,840,399		7,840,399
Properties held for sale acquired from acquisition	-	3,117,946	3,117,946
Acquired interests in the Ferrier west area	750,000	-	750,000
Capitalized exploration expenditures	345,045	-	345,045
Change in asset retirement costs (net)	(97,549)	-	(97,549)
Sale of properties (Note 4)	-	(3,117,946)	(3,117,946)
Balance at November 30, 2010	\$ 21,591,746	\$ -	\$ 21,591,746
Capitalized exploration expenditures Chambers area	200,774	-	200,774
Capitalized exploration expenditures Ferrier west area	191,618	-	191,618
Balance at August 31, 2011	\$ 21,984,138	\$ -	\$ 21,984,138

**Chambers Area Gas Prospect, Alberta:** During the year ended November 30, 2007 the Company purchased assets in the Chambers area. In December 2008, the Company purchased a further 100% interest in three sections.

On December 16, 2009, the Company entered into a participation arrangement with Crimson Energy Ltd. in the West Ferrier area in Alberta. Upon fulfilling their obligation under the participation agreement, the Company has been assigned working interests ranging from 11.736% to 19.3545% in two sections of joint lands and two wells. Such interest will bear their proportionate share of the 1.00% ORR payable to Penn West.

The acquisition of Unbridled on February 11, 2010 resulted in the combination of the Company's and Unbridled's interests in the Chambers and Ferrier West areas of west central Alberta.

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**ALTIMA RESOURCES LTD.**  
**Notes to Consolidated Financial Statements**  
**Nine Months Ended August 31, 2011**  
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**6. PETROLEUM AND NATURAL GAS PROPERTIES (continued)**

In the current period, the company entered into a Farm-in and Participation Agreement in Rainbow Lake Alberta, whereby Altima has agreed to participate in the drilling of a 1665 meter (5460 ft.) well on the operators' lands in Northern Alberta. Altima will pay 33.75% of the costs of drilling through completion to earn a 24.80625% interest in the well and farm-in lands covering an area of 576 hectares, subject to its proportionate share of a 4.7% Gross Overriding Royalty. The farm-in well will test for oil generally present in the area.

As at August 31, 2011, principal operations have not yet commenced and the properties are considered to be in the pre-production stage with all costs capitalized, net of incidental revenues.

**7. LOANS PAYABLE**

Details of the Company's loans outstanding for the period ended August 31, 2011 and year ended November 30, 2010:

	<b>August 31, 2011</b>	<b>Nov. 30, 2010</b>
(a) Secured credit facility	\$ 2,890,521	\$ 2,578,706
(b) Secured loan	616,059	668,073
Total	<u>\$ 3,506,580</u>	<u>\$ 3,246,779</u>

- (a) In April 2010, the Company arranged for a secured credit facility of up to \$4,090,000 which bears interest at 12% per annum, compounded and payable monthly and was due on March 31, 2011. The Company agreed to pay a fee for entering into the agreement equal to 15% of the principal amount, payable in common shares of the Company and \$70,000 in cash. As at August 31, 2011, these common shares have not been issued. The Company is currently undergoing negotiations to extend the loan facility.

The security for the loan includes a promissory note in the principal amount of the loan, first charge debenture over the Company's domestic assets, first security interest in favour of the Company's present and after-acquired personal property and the signing of a share pledge agreement, in which the Company will pledge and grant a security interest in favour of the lender over all the common shares of the Company.

- (b) As a result of the acquisition of Unbridled, the Company acquired a secured loan of \$3,796,172 which bears interest at LIBOR plus 2.5% and is secured by cross guarantees of the Unbridled companies, oil and gas leases, and other assets located in the County of Chautauqua, New York. In February 2011, the lender agreed to extend the due date of the loan to August 16, 2011, with monthly principal payments of US\$5,000 to be made until August 2011. The Company recently concluded negotiations to extend the due date of the loan to June 30, 2012. (Note 16)

**8. 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.

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

**9. SHARE CAPITAL**

	# shares	- \$ -
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, November 30, 2010	150,610,200	18,911,981
Flow through shares issued at \$0.05 per share	3,700,000	185,000
Non-flow-through shares issued at \$0.05 per share	30,786,394	1,539,320
Shares issued to agents	598,592	29,930
Future income tax benefits on expenditures renounced to shareholders	-	(18,550)
Share issue costs	-	(92,122)
Balance August 31, 2011	185,695,186	20,555,559

**Period ended August 31, 2011:**

On December 30, 2010, the Company closed a private placement financing for gross proceeds of \$1,243,120. The Company issued 1,400,000 flow-through units at \$0.05 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 \$0.10 per share on or before December 29, 2011; 23,462,394 non flow-through units (“NFT”) at \$0.05 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 \$0.10 per share on or before December 29, 2011.

The Company also issued a total of 598,592 common shares at a deemed price of \$0.05 per share for finders’ fees in connection with the NFT unit private placement.

On July 15, 2011, the Company closed a private placement financing for gross proceeds of \$481,200. The Company issued 2,300,000 flow-through units at \$0.05 per unit, with each unit consisting of one flow-through common share and one share purchase warrant, each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share on or before July 14, 2013; 7,324,000 non flow-through units (“NFT”) at \$0.05 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 \$0.10 per share on or before July 14, 2013.

The Company also issued a total of 452,000 Finder’s Warrants, each Finder’s Warrant entitling the holder to purchase one additional common share at \$0.10 per share on or before July 14, 2012, as finders’ fee in connection with this financing.

**Year ended November 30, 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 (“NFT”) 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.

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**9. SHARE CAPITAL (continued)**

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 3).

On March 31, 2010, the Company renounced expenditures of \$310,901 to flow through shareholders, with a resulting future income tax recovery of \$87,052.

During fiscal 2010, the Company received share subscriptions for future issuances of common shares totalling \$1,008,120. These shares were issued subsequent to the year end.

**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 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, 2011:** There was no stock option activity during the current period.

**Year ended November 30, 2010:** In 2010 the Company did not grant 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 an estimated fair value of \$18,050 for the options as purchase consideration in the acquisition of Unbridled.

The fair value of the Unbridled options are based on the following weighted average assumptions to derive the weighted average fair value of \$0.01:

	2010
Risk free interest rate	1.90%
Expected dividend yield	0.00%
Expected stock price volatility	88.66%
Expected life in years	1.76

Details of the Company's stock options outstanding and exercisable are as follows:

	Options Outstanding			Options exercisable	
	Options outstanding	Weighted average exercise price - \$ -	Weighted average remaining life	Options outstanding	Weighted average exercise price - \$ -
Balance, November 30, 2009	2,000,000	0.28	1.31 years	2,000,000	0.28
Options issued in the acquisition of Unbridled	2,080,000	0.53		2,080,000	0.53
Expired	(2,260,000)	(0.52)		(2,260,000)	(0.52)
Balance, November 30, 2010	1,820,000	0.37	0.97 years	1,820,000	0.37
Expired	(1,075,000)	(0.30)		(1,075,000)	(0.30)
Balance, August 31, 2011	745,000	0.54	1.41 years	745,000	0.54

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**9. SHARE CAPITAL (continued)**

**Warrants**

The Company had the following share purchase transactions and had warrants outstanding as follows:

	Number of warrants	Weighted average exercise price - \$ -	Weighted average remaining life
Balance, November 30, 2009	19,644,615	0.40	0.72 years
Granted	10,033,149	0.30	
Expired	(19,644,615)	0.40	
Balance, November 30, 2010	10,033,149	0.40	1.08 years
Granted	34,238,394	0.10	
Balance, August 31, 2011	44,271,543	0.17	0.62 years

**10. CONTRIBUTED SURPLUS**

The Company recorded the following transactions in its contributed surplus:

	- \$ -
Balance, November 30, 2009	1,121,763
Stock-based compensation on issuance of stock options in Unbridled	18,050
Balance, November 30, 2010 and August 31, 2011	1,139,813

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	Aug 31, 2011 - \$ -	Aug 31, 2010 - \$ -
Management fees paid or accrued to directors or companies controlled by directors	133,500	132,750
Fees paid or accrued to directors or companies controlled by directors for development costs of its oil and gas properties	141,750	141,750
Capitalized exploration expenses paid or accrued to a company related to a director	211,661	-
Capitalized acquisition expenses paid or accrued to companies controlled by a director and an officer	-	39,000
Administrative services and occupancy charges paid or accrued to officers of the Company and company controlled by a director	104,028	100,391

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.

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**11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

Amounts payable to related parties consists of:

	Aug 31, 2011	Nov. 30, 2010
	- \$ -	- \$ -
Management, consulting, exploration and administrative fees payable	842,466	600,549

**12. NON-CASH TRANSACTIONS**

Non-cash activities for the period ended August 31, 2011 and the year ended November 30, 2010 were as follows:

	Aug 31, 2011	Nov. 30, 2010
	- \$ -	- \$ -
Shares issued for finder's fees (Note 9 )	29,930	-
Shares issuable as financing fees (Note 7)	-	613,500
Shares issued for the acquisition of Unbridled Energy Corp. (Note 3)	-	6,993,362

**13. 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.

**14. 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. The following table summarizes information regarding the carrying values of the Company's financial instruments for the period ended August 31, 2011 and the year ended November 30, 2010:

	Aug 31, 2011	Nov. 30, 2010
	- \$ -	- \$ -
Held for trading	59,828	125,915
Loans and receivables	135,465	65,732
Other financial liabilities	5,705,419	5,300,106

*Fair Value*

The estimated 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:

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#### **14. FINANCIAL INSTRUMENTS AND RISKS (continued)**

##### *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, 2011, 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 15. 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. The Company has a working capital deficit as described in Note 1.

##### *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. As at August 31, 2011, the Company held significant balances in US dollars in accounts payable and loans payable and a fluctuation of 1% in the US\$ exchange rate would result in a loss/gain of approximately \$10,000 on these balances. 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.

#### **15. 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.



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**ALTIMA RESOURCES LTD.**  
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**15. MANAGEMENT OF CAPITAL (continued)**

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.

**16. COMMITMENTS AND SUBSEQUENT EVENTS**

- (a) The Company's loan described in Note 7 (a) matured on March 31, 2011. The total balance at August 31, 2011, was \$2,890,521. The Company is currently undergoing negotiations to extend the loan facility.
- (b) Subsequent to the period end, the Company negotiated an extension to the loan facility described in Note 7 (b) between its subsidiary, Unbridled Energy Corp. ("Unbridled"), and the Huntington National Bank, to extend the maturity date of the loan to June 30, 2012.
- (c) The Company is committed to making the following payments on office leases assumed with the acquisition of Unbridled as follows:

Year	Payment
2011	\$185,780
2012	\$158,112
2013	\$158,112
2014	\$ 13,176

The Company is currently negotiating to settle these commitments.

- (d) On September 6, 2011 the Company closed a private placement financing for gross proceeds of \$258,000. The financing included a total of 4,960,000 flow-through ("FT") units at \$0.05 per FT unit providing gross proceeds of \$248,000. Each FT unit consists of one flow-through common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional non flow-through share at \$0.10 per share on or before September 5, 2012. A total of 200,000 non-flow-through ("NFT") units at \$0.05 per NFT unit provided gross proceeds of \$10,000. Each NFT unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at \$0.10 per share on or before September 5, 2013.

The Company also issued a total of 496,000 Agent's warrants. Each warrant entitles the holder to purchase one common share at \$0.10 per share on or before September 5, 2012, and paid \$19,840 cash as finders' fees in connection with the FT Unit private placement.

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**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2011**

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Date prepared: October 20, 2011

**GENERAL**

The following management discussion and analysis (“MDA”) of the financial position of Altima Resources Ltd. (“Company”) should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended November 30, 2010 and the interim unaudited consolidated financial statements for the nine months ended August 31, 2011. 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](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 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, 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.

**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-Ferrier Area of the west central Alberta Deep Basin. The Chambers-Ferrier Area lies immediately west of the multiple producing pools in the Ferrier Field which continues to see significant industry drilling activity. From 2006 through 2010, there were thirty nine wells drilled within a nine Township block surrounding Altima Company lands. Of these, only two wells were abandoned, showing a 95% success rate. Thirteen wells are adjacent to or within approximately 4 kilometers of Company held lands. These drillings include EnCana’s six well, 26 Billion Cubic Feet multi-pool discovery adjacent to Altima’s holdings on the northwest portion of the Chambers Area.

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.

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**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2011**

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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 the entire 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.

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 is to test the multiple, liquids-rich, natural gas zones generally present in the area. The Company retains 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 was completed, but due to unseasonably wet weather the well was not "spud" within the time frame contemplated. Extensions have now been granted which will allow the drilling of the well to commence by December 30, 2011.

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**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2011**

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In March 2011 the 14-6-41-10 W5M well production and metering systems have been commissioned into the newly constructed regional gathering system. Construction was completed on the new 4.35 mile 4.5 inch diameter line in late February. The new gathering line runs through Altima lands in both sections 5 and 6 of Twp 41 Range 10 W5M. Start-up for the 14-6 was waiting on the facility operator to provide line and compression capacity to the operator.

By May 31, 2011, the pipeline and facilities operator tied in two of their own nearby recently completed wells which have been producing approximately 4.8 million cubic feet per day plus associated liquids. This resulted in no available capacity in their pipeline or facility to add in Altima's production, causing Altima to tie into the ConocoPhillips pipeline facility, which was completed in October 2011.

On October 12, 2011, the 14-6-41-10W5M Ferrier well commenced production through the ConocoPhillips Chambers gas gathering system to the Keyera deep cut plant for liquids removal and sales. Production rates are expected to stabilize over the next few weeks. It is anticipated that up to 35bbbls of condensate and/or light oil liquids will be recovered per million cubic feet of natural gas produced. Altima holds a 19.3545% interest in the subject well in addition to sections 5 and 6 Twp. 41 Range 10 W5M and the 6-5-41-10W5M well approximately one mile to the east.

Additional drilling at Chambers is scheduled for late fourth quarter 2011.

In the current period, the company entered into a Farm-in and Participation Agreement in Rainbow Lake Alberta, whereby Altima has agreed to participate in the drilling of a 1665 meter (5460 ft.) well on the operators' lands in Northern Alberta. Altima will pay 33.75% of the costs of drilling through completion to earn a 24.80625% interest in the well and farm-in lands covering an area of 576 hectares, subject to its proportionate share of a 4.7% Gross Overriding Royalty. The farm-in well will test for oil generally present in the area.

This week, the operator advised that construction activities for the well site and access road have now started.

**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2011**

**SELECTED ANNUAL INFORMATION**

	Years ended November 30		
	2010	2009	2008
	-\$ -	-\$ -	-\$ -
Revenue	-	-	-
Net loss	(1,004,627)	(1,074,740)	(264,281)
Loss per share	(0.01)	(0.02)	(0.01)
Total assets	22,014,775	12,950,691	13,642,850

**Year ended November 30, 2010:**

The Company's investing activities during the year consisted of \$1,095,045 for exploration and development in the Chambers area and sales of acquired Unbridled properties for \$3,033,132.

Financing activities consisted of loan payments of \$3,128,100 on the Unbridled loan, \$1,008,120 in share subscriptions for private placements, loans from related parties of \$281,670 and share issuances of \$771,945. The Company had a net loss of \$1,004,627 compared to a net loss of \$1,074,740 in 2009.

Significant variances between the two years included:

1. consulting fees of \$226,873 (2009 - \$77,875) due to increased usage of consultants for financing, exploration, and development activities,
2. office and administrative of \$233,805 (2009 - \$144,020) due to the office rental and administrative obligations assumed with the acquisition of Unbridled,
3. professional fees of \$92,143 (2009 - \$189,750) due to prior year legal disputes and audit of the Operator's books, which were not repeated in the current year,
4. gains of sales of properties of \$183,845 (2009 - \$Nil) due to the disposal of certain non-core assets of Unbridled,
5. gains of debt settlements of \$581,933 (2009 - \$Nil) due to considerable reductions to billing amounts allowed as a result of a third party audit of Unbridled,
6. current income tax of \$122,000 (2009 - \$Nil) due to the gain on sale of properties, and
7. future income tax recovery of \$87,052 (2009 - \$553,200) due to the result of selling flow-through shares.

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.

**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.

**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2011**

**SUMMARY OF QUARTERLY RESULTS**

	Aug 31/11	May 31/11	Feb 28/11	Nov 30/10
Revenue	-	-	-	-
Net income (loss)	(268,570)	(232,502)	(140,856)	(64,783)
Net income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)
	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)

**Comparison of operating results**

In the nine month period ended August 31, 2011, the Company had a net loss of \$641,928 compared to \$939,843 in the comparative period in 2010. The most significant variances in the results for the two periods are outlined in the following table:

	<i>Nine months ended</i>	Aug 31, 2011 - \$ -	Aug 31, 2010 - \$ -
Consulting		20,200	135,696
The decrease in consulting fees from 2010 is attributable to the significant use of consultants in 2010 to assist in financing, exploration, and development activities. There were no corresponding costs in 2011.			
Office and administrative		180,104	221,533
Office and miscellaneous expenses includes billings for rent, telephone and administrative services provided by third parties which are not classifiable more appropriately elsewhere. The decrease in 2011 relates to the expiry of certain office lease obligations assumed with the acquisition of Unbridled.			
Loss on disposal of properties		-	187,854
The loss in 2010 was a result of the disposal of certain non-core assets of Unbridled.			
Foreign exchange gain		(83,233)	(14,502)
Foreign exchange gains and losses arise from exchange differences in the value of US dollars against Canadian dollars as the Company is obliged to re-value US dollar debt obligations at the end of each reporting period. The Canadian dollar strengthened significantly against the US dollar in this period.			
Future income tax recovery		(18,550)	(87,052)
Future income tax recovery results from the issuance of flow-through shares and the renunciation of Company expenses to the shareholders and is a direct percentage of the flow-through shares issued. In the previous period, a larger amount of flow-through shares were issued and renounced, resulting in a larger tax recovery.			
Net loss		(641,928)	(939,843)

**ALTIMA RESOURCES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
NINE MONTHS ENDED AUGUST 31, 2011**

In the three month period ended August 31, 2011, the Company had a net loss of \$268,570 compared to \$426,130 in the comparative period in 2010. The most significant variances in the results for the two periods are outlined in the following table:

<i>Three months ended</i>	Aug 31, 2011	Aug 31, 2010
	- \$ -	- \$ -
Consulting	20,200	-
The increase in consulting fees from 2010 is commensurate to the increase in business development and joint venture activities during the period.		
Office and administrative	42,377	89,187
Office and miscellaneous expenses includes billings for rent, telephone and administrative services provided by third parties which are not classifiable more appropriately elsewhere. The decrease in 2011 relates to the expiry of certain office lease obligations assumed with the acquisition of Unbridled.		
Loss on disposal of properties	-	187,854
The loss in 2010 was a result of the disposal of certain non-core assets of Unbridled.		
Current tax expense	22,262	-
Relates to tax payable during the period whereas there were none in 2010.		
<b>Net loss</b>	<b>(268,570)</b>	<b>(426,130)</b>

**LIQUIDITY AND CAPITAL RESOURCES**

At August 31, 2011 the Company had \$238,575 (November 30, 2010 - \$235,437) in cash, receivables, and deposits, a working capital deficiency of \$5,613,534 (November 30, 2010 - \$5,214,669) and had recorded a cumulative deficit of \$5,852,413.

In the period, the Company issued 35,084,986 shares providing net cash proceeds of \$1,662,128.

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.

On December 30, 2010, the Company closed a private placement financing for gross proceeds of \$1,243,120 by issuing 1,400,000 flow-through units at \$0.05 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 \$0.10 per share on or before December 29, 2011; and 23,462,394 non flow-through units ("NFT") at \$0.05 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 \$0.10 per share on or before December 29, 2011. The Company also issued a total of 598,592 common shares at a deemed price of \$0.05 per share for finders' fees in connection with the NFT unit private placement.

On July 15, 2011 the Company closed the first tranche of a private placement financing for gross proceeds of \$481,200. The financing included a total of 2,300,000 flow-through units at \$0.05 per unit, each unit consisting of one flow-through common share and one share purchase warrant, each whole warrant entitling the holder to purchase one additional non flow-through common share at \$0.10 per share on or before July 14, 2012. The Company also issued a total of 7,324,000 non-flow-through units at \$0.05 per unit, with each unit consisting of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share at \$0.10 per share on or before July 14, 2013.

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The Company also issued a total of 452,000 warrants entitling the holder of each warrant to purchase one common share at \$0.10 per share on or before July 14, 2012.

On September 6, 2011 the Company closed a private placement financing for gross proceeds of \$258,000. The financing included a total of 4,960,000 flow-through ("FT") units at \$0.05 per FT unit providing gross proceeds of \$248,000. Each FT unit consists of one flow-through common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional non flow-through share at \$0.10 per share on or before September 5, 2012. A total of 200,000 non-flow-through ("NFT") units at \$0.05 per NFT unit provided gross proceeds of \$10,000. Each NFT unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at \$0.10 per share on or before September 5, 2013.

The Company also issued a total of 496,000 Agent's warrants. Each warrant entitles the holder to purchase one common share at \$0.10 per share on or before September 5, 2012, and paid \$19,840 cash as finders' fees in connection with the FT Unit private placement.

**TRANSACTIONS WITH RELATED PARTIES**

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

	August 31, 2011 - \$ -	August 31, 2010 - \$ -
Management fees paid or accrued to directors or companies controlled by directors <sup>1,2,3,4</sup>	133,500	132,750
Fees paid or accrued to directors or a company controlled by a director for development costs of oil and gas properties <sup>1,2</sup>	141,750	141,750
Capitalized exploration expenses paid or accrued to a company related to a director <sup>2</sup>	211,661	-
Capitalized acquisition expenses paid or accrued to a company controlled by a director <sup>4</sup>	-	39,000
Administrative services and occupancy charges paid or accrued to a company controlled by the CFO and a company controlled by a director <sup>4,5</sup>	104,028	100,391

<sup>1</sup> Richard Switzer, President, Director and CEO

<sup>2</sup> Jim O'Byrne, Director and Chairman of the Board

<sup>3</sup> Jurgen Wolf, Director

<sup>4</sup> Joe DeVries, Director

<sup>5</sup> Richard Barnett, CFO and Secretary

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, 2011 - \$ -	Nov. 30, 2010 - \$ -
Management, consulting, exploration and administrative fees payable	842,466	600,549



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**ADDITIONAL INFORMATION**

**Legal proceedings:** Management is not aware of any legal proceedings involving 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 20, 2011, the Company had 190,855,186 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, 2011, 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.

**FINANCIAL INSTRUMENTS**

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. The estimated 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, 2011, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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*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 in the financial statements. 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. The Company has a working capital deficit.

*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. As at August 31, 2011, the Company held significant balances in US dollars in accounts payable and loans payable and a fluctuation of 1% in the US\$ exchange rate would result in a pretax loss/gain of approximately \$10,000 on these balances. 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.

**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.

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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.