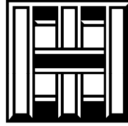
ALTIMA RESOURCES LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

NOVEMBER 30, 2009 AND 2008



M A N N I N G E L L I O T T
C H A R T E R E D A C C O U N T A N T S

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7
Phone: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

AUDITORS' REPORT

To the Shareholders of
Altima Resources Ltd.

We have audited the balance sheets of Altima Resources Ltd. as at November 30, 2009 and 2008, and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

/s/ "Manning Elliott LLP"

Chartered Accountants

Vancouver, British Columbia

March 30, 2010

ALTIMA RESOURCES LTD.
Balance Sheets
As at November 30

	2009	2008
ASSETS		
Current assets		
Cash	$ 99,634	$ 1,496,603
Amounts receivable	15,173	49,236
Prepaid expenses	-	10,000
	114,807	1,555,839
Petroleum and natural gas properties (Note 3)	12,753,851	12,087,011
Deferred acquisition costs (Note 12)	82,033	-
	$ 12,950,691	$ 13,642,850
LIABILITIES		
Current liabilities		
Loans payable (Note 4)	2,243,287	3,081,000
Accounts payable and accrued liabilities (Notes 11)	2,127,484	1,714,210
Amounts payable to related parties (Note 8)	316,550	70,225
	4,687,321	4,865,435
Asset retirement obligation (Note 5)	113,741	107,340
	4,801,062	4,972,775
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	10,674,607	10,684,432
Share subscriptions (Note 6)	559,119	-
Contributed surplus (Note 7)	1,121,763	1,116,763
Deficit	(4,205,860)	(3,131,120)
	8,149,629	8,670,075
	$ 12,950,691	$ 13,642,850

Nature of operations (Note 1)

Contingency (Note 11)

Subsequent events (Note 17)

Approved on Behalf of the Board:

/s/ "Jurgen Wolf" Director *(/s/ "Joe DeVries")* Director

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

ALTIMA RESOURCES LTD.

Statements of Operations, Comprehensive Loss and Deficit
Years Ended November 30

	2009	2008
EXPENSES		
Accretion	$ 6,401	$ -
Amortization	-	5,328
Consulting	77,875	17,000
Finance fees	648,159	13,474
Investor communications	31,275	32,166
Interest expense	256,797	370,770
Management fees (Note 8)	202,800	199,119
Office and miscellaneous	144,020	217,142
Professional fees	189,750	113,449
Stock-based compensation	5,000	5,000
Transfer agent and filing fees	23,387	19,163
Travel	46,592	57,293
Foreign exchange gain	(579)	(116,163)
Interest income	(3,537)	(9,931)
	1,627,940	923,810
LOSS BEFORE INCOME TAXES	(1,627,940)	(923,810)
Future income tax recovery (Note 10)	553,200	659,529
NET LOSS AND COMPREHENSIVE LOSS	(1,074,740)	(264,281)
Deficit, beginning of year	(3,131,120)	(2,866,839)
Deficit, end of year	$ (4,205,860)	$ (3,131,120)
Basic and diluted loss per share	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding	69,304,912	48,183,662

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

ALTIMA RESOURCES LTD.

Statements of Cash Flows

Years Ended November 30

	2009	2008
OPERATING ACTIVITIES		
Net loss	$ (1,074,740)	$ (264,281)
Items not affecting cash:		
Accretion	6,401	-
Amortization	-	5,328
Finance fees	536,812	-
Future income tax recovery	(553,200)	(659,529)
Interest expense	-	40,548
Stock-based compensation	5,000	5,000
Net change in non-cash working capital accounts	457,337	(499,937)
Cash used in operating activities	(622,390)	(1,372,871)
INVESTING ACTIVITIES		
Oil and gas properties (net)	(666,840)	(1,221,497)
Deferred acquisition costs	(82,033)	-
Cash used in investing activities	(748,873)	(1,221,497)
FINANCING ACTIVITIES		
Loans payable	(837,713)	31,000
Share subscriptions received	559,119	-
Proceeds from related parties	246,325	70,225
Recovery of share issuance costs	6,563	-
Issuance of shares, net of share issue costs	-	3,986,039
Cash (used in) provided by financing activities	(25,706)	4,087,264
(Decrease) increase in cash	(1,396,969)	1,492,896
Cash, beginning of year	1,496,603	3,707
Cash, end of year	$ 99,634	$ 1,496,603
Supplemental cash flow information:		
Cash paid for:		
Interest	$ 256,797	$ 370,770
Income taxes	-	-

Non-cash transactions (see Note 9)

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.

At November 30, 2009, the Company had a working capital deficiency of $4,572,514 and incurred a loss of $1,074,740 for the year then ended. 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 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 financial statements are presented in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. 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 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.

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 years ended November 30, 2009 and 2008, the existence of warrants and options affects the calculation of loss per share on a fully diluted basis. 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.

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. 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.

As of November 30, 2009, the Company's accumulated comprehensive income balance is $Nil (2008 - $Nil) and for the years ended November 30, 2009 and 2008, the Company's comprehensive loss is equal to its net loss.

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

New Accounting Standards
Effective December 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

CICA Section 1400 *General Standards of Financial Statement Presentation* provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. The adoption of this standard had no impact on the Company's financial statements for fiscal 2009.

CICA Section 3064 *Goodwill and Intangible Assets* replaces Section 3062 *Goodwill and Intangible Assets*, and Section 3450 *Research and Development Costs,* which also resulted in amendments to related guidance contained in AcG-11 *Enterprises in the Development Stage* and Section 1000 *Financial Statement Concepts.* These pronouncements and amendments affect the recognition and measurement of intangible assets that include deferred costs related to mineral property exploration. The adoption of these standards had no impact on the Company's financial statements for fiscal 2009.

CICA Section 3862 *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation* replaces Section 3861 *Financial Instruments - Disclosure and Presentation*. These new sections revise and enhance current disclosure requirements for financial instruments, and place an increased emphasis on disclosure of risk exposure and risk assessments. The disclosures required by these new standards are included in Note 14.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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:

	2009 **- $ -**	**2008** **- $ -**
Balance, beginning	12,087,011	10,824,573
Acquisition of Chambers Area assets	131,498	1,050,000
Capitalized exploration expenditures	600,077	785,112
Pre-production revenue net of operating costs	(64,735)	(613,614)
Estimated asset retirement costs	-	40,940
	12,753,851	12,087,011
Equipment	7,614	7,614
Less: Accumulated amortization	(7,614)	(7,614)
	-	-
Balance, ending	12,753,851	12,087,011

3. PETROLEUM AND NATURAL GAS PROPERTIES (continued)

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

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

As of November 30, 2009, 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. LOANS PAYABLE

(i) The Company has a non-revolving credit facility of up to $4,090,000 ($3,050,000 – 2008) which bears interest at 12%, compounded and payable monthly and was repayable on October 31, 2009 or on demand. As at November 30, 2008 the Company was not in compliance with certain covenants and the repayment terms of the credit facility agreement. During the 2009 year the Company issued 3,834,375 common shares to increase its credit facility to $4,090,000 and incurred a $40,000 restructuring fee. During 2009, the Company also incurred loan maturity extension fees totalling $32,547. The costs of the shares issued and fees incurred to restructure and extend the credit facility are recorded in expenses as finance fees.

    Security for the loan includes a promissory note, a fixed and floating first charge debenture over the Company's present and after-acquired real property, a first priority general security agreement over all its present and after-acquired personal property, and an environmental indemnity agreement in respect of its properties. The loan is subject to a repayment requirement such that if the Company sells or disposes of any assets outside of the ordinary course of business, or closes one or more equity or debt financings, the Company will pay the lender all proceeds from such sale, disposition or financing, net of selling or financing costs, up to the full amount of the outstanding balance of the loan.

(ii) In December 2006, the Company received $400,000 as a loan from a company related to a director pursuant to a letter agreement whereby the Company proposed to acquire the outstanding shares of the company in exchange for shares and warrants of the Company. The loan was repayable on or before December 31, 2007 and bears interest at commercial rates. In 2008 the loan was settled pursuant to a shares-for-debt issuance of 2,250,000 shares (Note 6).

5. ASSET RETIREMENT OBLIGATION

The Company 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 total undiscounted future obligation is $203,693. The Company estimates its obligations to be settled in approximately ten years.

5. ASSET RETIREMENT OBLIGATION (continued)

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

	2009 - $ -	2008 - $ -
Balance, beginning	107,340	66,400
Estimated costs recorded during the year	-	40,940
Accretion	6,401	-
Balance, ending	113,741	107,340

6. SHARE CAPITAL

	# shares	- $ -
Balance, November 30, 2007	37,748,285	6,958,463
Issued for cash		
Flow through private placements at $0.20 per share	1,925,000	385,000
Flow through private placements at $0.18 per share	10,582,889	1,904,920
Non-flow-through private placements at $0.16 per share	13,006,384	2,081,021
Shares issued for a loan settlement	2,250,000	440,548
Agents warrants	-	(76,089)
Future income tax benefits on expenditures renounced to shareholders	-	(659,529)
Share issue costs	-	(349,902)
Balance, November 30, 2008	65,512,558	10,684,432
Shares issued for loan financing (Note 4(i))	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

Year ended November 30, 2009:

On December 4, 2008, in connection with an amendment to a credit facility (Note 4), 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 received $559,119 of share subscriptions in advance of shares being issued. Subsequent to November 30, 2009 the private placement closed as disclosed in Note 17(i).

Year ended November 30, 2008:

In December 2007, pursuant to a private placement, the Company issued 1,925,000 flow-through shares at a price of $0.20 per share. In connection with this private placement, the Company granted as a finder's fee, a finder's warrant entitling the holder to purchase 175,000 common shares of the Company at a price of $0.25 per share on or before January 2, 2009.

In January 2008, the Company settled a $400,000 loan (Note 4 (ii)) plus accrued interest of $40,548 by the issuance of 2,250,000 common shares.

6. SHARE CAPITAL (continued)

Between July and October 2008, the Company recorded the following share capital transactions:

(i) Pursuant to a private placement, the Company issued 10,582,889 flow-through shares at a price of $0.18 per share for gross proceeds of $1,904,920. Each flow-through unit consists of one flow-through common share and one share purchase warrant entitling the holder to purchase one-half additional common share, at a price of $0.275 per share for the first year and $0.40 per share for the second year exercisable for periods ending between July 30, 2010 and September 29, 2010.

(ii) Pursuant to a private placement, the Company issued 13,006,384 non-flow-through shares at a price of $0.16 per share for gross proceeds of $2,081,021. Each non-flow-through unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share, at a price of $0.275 per share for the first year and $0.40 per share for the second year exercisable for periods ending between July 30, 2010 and September 29, 2010.

Pursuant to the above private placements, as finders' fees, the Company paid $200,613 and issued 1,346,787 agents' warrants entitling the holder to purchase one additional common share, at a price of $0.275 per share for the first year and $0.40 per share for the second year exercisable for periods ending between July 30, 2010 and September 29, 2010.

As described in Note 2, the Company recognizes the fair value of agents' warrants issued in connection with financing activities as stock-based compensation. The fair value of agents' warrants issued in 2008 estimated using the Black-Scholes model was $76,089 and was recorded as a share issue cost. Determining the fair value of stock options and warrants issued requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair value. For purposes of the Black-Scholes calculation, the following weighted-average assumptions were used: Risk free interest rate – 3.09%. Expected dividend yield – nil, expected stock price volatility – 81%, expected life of options and warrants – 1.89 years.

In accordance with EIC-146 relating to accounting for flow-through shares, the Company has recorded a reduction in flow-through share proceeds of $659,529 and recognized an equivalent future tax liability approximating the future tax effect resulting from renouncing exploration expenditures using currently enacted tax rates.

Escrow Shares

As at November 30, 2009 there were no escrow shares outstanding (2008 – 410,324).

Warrants

The Company has share purchase warrants outstanding as follows:

	Number of warrants	Weighted average exercise price - $ -	Weighted average remaining life
Balance, November 30, 2007	4,963,333	0.46	0.44 years
Issued	19,819,615	0.40	
Expired	(4,963,333)	0.46	
Balance, November 30, 2008	19,819,615	0.40	1.70 years
Expired	(175,000)	0.25	
Balance, November 30, 2009	19,644,615	0.40	0.72 years

6. SHARE CAPITAL (continued)

Warrants (continued)

The following share purchase warrants convertible to an equivalent number of common shares were outstanding at November 30, 2009:

Number Of Warrants	Exercise Price	Expiry Date
	$	
12,917,003	0.40	July 30, 2010
6,727,612	0.40	September 29, 2010

All of the warrants were exercisable into common shares at $0.275 per share in first year, and $0.40 per share in the second year.

Stock Options

On January 12, 2004 the Company 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.

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.

Year ended November 30, 2008: The Company granted 400,000 stock options exercisable on or before May 31, 2010 at a price of $0.20 per share. As described in Note 2, the Company recognizes the fair value of options granted as stock-based compensation. Determining the fair value of the options granted requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the Black-Scholes calculation, the following weighted average assumptions were used: Risk free interest rate – 2.90% expected dividend yield – nil, expected stock price volatility – 69%, expected life of options – 2 years. The weighted average fair value of options granted during the year was $0.07.

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, 2007	2,595,000	0.30	2.67 years	2,595,000	0.30
Granted	400,000	0.20		200,000	0.20
Balance, November 30, 2008	2,995,000	0.29	1.64 years	2,795,000	0.29
Granted	-	-		200,000	0.20
Expired	(995,000)	(0.30)		(995,000)	(0.30)
Balance, November 30, 2009	2,000,000	0.28	1.31 years	2,000,000	0.28

7. CONTRIBUTED SURPLUS

The Company recorded the following transactions in its contributed surplus:

	- $ -
Balance, November 30, 2007	1,035,674
Fair value of agents' warrants	76,089
Stock-based compensation	5,000
Balance, November 30, 2008	1,116,763
Stock-based compensation	5,000
Balance, November 30, 2009	1,121,763

8. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company recorded the following transactions with related parties:

	2009 - $ -	2008 - $ -
Management fees paid or accrued to directors or companies controlled by directors	202,800	199,119
Fees paid or accrued to directors or companies controlled by directors for development costs of its oil and gas properties	180,500	195,357
Consulting fees paid or accrued to directors or companies controlled by directors	-	17,000
Deferred acquisition costs paid or accrued to a company controlled by a director	33,500	-
Share issue costs paid to a company controlled by a director	-	74,000
Administrative services, finance fees, share issuance and negotiation fees, and occupancy charges paid to officers of the Company and a company controlled by a director	135,061	200,469

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:

	2009 - $ -	2008 - $ -
Management and consulting fees payable	316,550	70,225

9. NON-CASH TRANSACTIONS

Non-cash activities for the years ended November 30, 2009 and 2008 were as follows:

	2009 - $ -	2008 - $ -
Shares issued as financing fees (Note 4(i))	536,812	-
Shares issued for loan settlement (Note 6)	-	440,548
Asset retirement obligation (Note 5)	6,401	40,940
Finder's fees (Note 6)	-	76,089

10. INCOME TAXES

During 2008 and 2009, the Company recognized future income tax recoveries from the utilization of available tax assets of the current and prior periods to reduce the future tax liability associated with qualifying Canadian exploration expenses renounced to investors through the issuance of flow-through shares. (See Note 6).

The actual income tax recoveries differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income.

	2009 - $ -	2008 - $ -
Loss before income taxes	(1,627,940)	(923,810)
Corporate tax rate	29.04%	29.72%
Expected tax recovery	(472,794)	(274,574)
(Increase) decrease resulting from:		
Permanent differences and other	189,213	(171,497)
Rate change from prior year to current year	-	200,630
Difference between current and future rate	(37,529)	(45,603)
Valuation allowance	(232,090)	(368,485)
Future income tax recovery	(553,200)	(659,529)

The Company's tax-effected future income tax assets and liabilities are estimated as follows:

	2009 - $ -	2008 - $ -
Future income tax assets		
Non-capital losses	787,463	493,188
Share issue costs and other	178,140	246,059
Asset retirement obligation	28,435	26,835
Total future income tax assets	994,038	766,082
Future income tax liabilities:		
Petroleum and natural gas properties and equipment	(917,596)	(457,550)
	76,442	308,532
Valuation allowance	(76,442)	(308,532)
	-	-

At November 30, 2009, the Company has losses of approximately $3,150,000 for income tax purposes which are available to reduce future taxable income. If not utilized, the losses expire through 2029 as follows:

	- $ -
2010	4,100
2014	52,200
2015	38,700
2026	406,700
2027	926,000
2028	545,200
2029	1,177,100
	3,150,000

11. CONTINGENCY

Included in accounts payable is an accrual for expenditures incurred by the operator of the Company's petroleum and natural gas properties, the amount of which is disputed by the Company. In accordance with industry practice, the Company abides by the CAPL – 1990 Operating Procedures which assigns certain rights to the operator including the provision for a lien against the properties to secure payment of the costs and expenses incurred by the operator during the term of the agreement. The operator is claiming such a lien in respect of costs and expenses incurred. This claim is disputed by the Company and is in litigation.

The Company contends that the Operator failed to abide by certain agreements and failed to provide Joint Interest Billing statements in conformity to CAPL requirements. The Company maintains its rights under the entirety of the CAPL agreement. Management is not able to assess at this time the outcome of the legal proceedings in process or further quantify what, if any, additional financial impact may result from final resolution of the dispute. The resulting adjustment, if any, will be recorded in the period in which the dispute is resolved. Subsequent to November 30, 2009, the Company acquired the Operator as disclosed in Note 17 (iii).

12. DEFERRED ACQUISITION COSTS

The Company incurred costs of $82,033 during the 2009 year in preparation for the acquisition of Unbridled Energy Corporation. Subsequent to November 30, 2009 this acquisition was completed as disclosed in Note 17(iii).

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:

	2009 - $ -	2008 - $ -
Held for trading (1)	99,634	1,496,603
Loans and receivables (2)	15,173	49,236
Other financial liabilities (3)	4,687,321	4,865,435

(1) Cash
(2) Amounts receivable
(3) Accounts payables, amounts due to related parties and loans payable

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.

14. FINANCIAL INSTRUMENTS AND RISKS (continued)

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 November 30, 2009, 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 16. 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. As of November 30, 2009 the Company is in breach of the repayment terms of the loan payable (see Note 4(i)).

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. All of the Company's financial instruments are denominated in Canadian dollars and all current exploration occurs within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

15. COMMITMENTS

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian (flow-though) qualifying exploration expenditures. During the 2008 calendar year, the Company raised proceeds of $1,904,920 from the sale of flow-through common shares. The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing $1,904,920 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income. The Company is required to fulfill its renunciation commitment at December 31, 2008 and may have until December 2009 to complete its qualifying exploration expenditures under the look back rule. As of November 30, 2009 the Company is committed to spending a remaining $605,445 on qualifying exploration expenditures.

16. 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 nature 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.

17. SUBSEQUENT EVENTS

i) 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 three sections of joint lands and two wells.

ii) 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.

iii) Effective February 11, 2010 the Company completed its acquisition of Unbridled Energy Corporation ("Unbridled") by a share exchange. Under the acquisition arrangement each one common share of Unbridled is exchanged for one common share of the Company. 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-four sections with an approximate 93% average working interest in twenty-one of the sections and a minor interest in three sections. In addition the Company will hold interests in five wells with an average weighted revenue interest of approximately 86% in three of the five wells.

ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED NOVEMBER 30, 2009

Date prepared: March 30, 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 audited financial statements and accompanying notes for the year ended November 30, 2009. The audited 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 year, the Company continued with the expansion, exploration and development of its Chambers Area Gas Prospect 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 in 15,360 acres to approximately 93% by acquiring the assets of its Operator, Unbridled Energy Corp.

Petroleum and natural gas properties

Pursuant to various agreements entered into between March 2006 and August 2007 the Company's overall interest in the Chambers Area Gas Prospect totaled approximately 58% in 18 sections and 1.4% in 3 sections.

The Company's 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, drilled to its total depth of 3289 meters, and the rig was released on September 27, 2007. 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 of the 16-21 well. Subsequent reports indicate that the frac operation did improve the initial productivity of the well.

On August 30, 2007 the Company acquired the Golden Eagle Energy Inc ("GEEI") assets in the Chambers Area for cash consideration of $3,000,000 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 cash consideration totaling $1,050,000.

In December 2008, the Company purchased further Alberta Crown Petroleum and Natural Gas Rights in the Chambers Project Area. The Company purchased a 100% interest in three sections thus increasing the Company's gross landholdings in the Chambers area to 24 sections (15,360 acres, 6,144 hectares) with Altima holding an approximate average 64% in 21 of the 24 sections, and 56% overall. 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.

During the year ended November 30, 2009 the Company earned pre-production revenues of $64,735 in natural gas and liquid petroleum sales from the Chambers Prospect which has been recorded as a reduction of capitalized costs.

To resolve outstanding lawsuits with its Operator ("UNE"), and to move the development forward on the Chambers properties, on August 31, 2009 the Company entered into an agreement with UNE whereby the Company would acquire UNE's interests in the Chambers and west Ferrier areas of west central Alberta, 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.

On February 11, 2010, the Company acquired all of the common shares of UNE under a plan of arrangement under the Business Corporations Act (BC) by issuing 69,933,618 shares of the Company for each outstanding share of UNE. In March 2010, the Company concluded the sale of UNE assets in New York for US$1,400,000, with all proceeds paid toward the UNE secured creditor, Huntington Bank. The Company continues efforts to sell the remaining United States assets of UNE to allow a focus on the Chambers assets in Alberta.

In December 2009, the Company and Unbridled Energy Corp. 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 which is anticipated to be completed in the summer of 2010. The two companies 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.

Including the assignment of the Crimson Energy working interests and the acquisition of Unbridled, the Company's predominantly contiguous land base totals twenty seven (27) sections (17,280 acres) with an approximate average working interest of 93% in 21 of the 27 sections and an interest in seven (7) wells.

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

	Nov 30/09	Aug 31/09	May 31/09	Feb 28/09
Revenue	-	-	-	-
Net income (loss)	(314,930)	(195,831)	(225,951)	(338,028)
Net income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)
	Nov 30/08	Aug 31/08	May 31/08	Feb 29/08
Revenue	-	-	-	-
Net income (loss)	79,472	(325,008)	(272,428)	253,683
Net income (loss) per share	0.00	(0.01)	(0.01)	0.01

Comparison of operating results

In the year ended November 30, 2009, the Company had a net loss of $1,074,740 compared to $264,281 in 2008. The most significant variances in the results for the two periods are outlined in the following table:

Twelve months ended	November 30, 2009 - $ -	November 30, 2008 - $ -
Finance fees	648,159	13,474
In December 2008, the Company amended its credit facility to extend the maturity date to July 31, 2009 and to increase the facility to $4,090,000. The Company issued 3,834,375 shares at $0.14 for a value of $536,812 in consideration for the amendment. Subsequent to July 2009, the Company negotiated extensions to extend the maturity date to October 31, 2009 by making cash payments, and is currently in negotiations with the debt holder.		
Interest	256,797	370,770
The decrease is due to the significantly lower principle balance for the loan in the current period; $2,090,000 compared to $3,050,000 in the previous year.		
Consulting fees	77,875	17,000
The increase in consulting fees is due in large part to the use of consultants to investigate various fund raising possibilities.		
Office and administrative	144,020	217,142
Office and miscellaneous expenses includes billings for rent, telephone, printing and stationery, utilities, office supplies, bank charges and interest, janitorial, shareholder communications, and administrative services provided by third parties which are not classifiable more appropriately elsewhere. The decrease in 2009 relates to efforts to minimize costs.		
Professional fees	189,750	113,449
Except for annual audits, professional accounting and legal fees are incurred as and when required and are not subject to regular patterns of activity. The significant increase in costs relate to legal disputes with the well Operator, in addition to a third party audit of the Operator's books and records, and accruals for the Company's annual audit.		
Future income tax recovery	(553,200)	(659,529)
This reflects the renounced expenditures for flow through shares issued.		
Net loss	(1,074,740)	(264,281)

Comparison of operating results for the three months ending November 30, 2009 and 2008: the net loss was $314,930 compared to a net income in 2008 of $79,472. Significant variations in this quarter compared to the prior year's quarter included management fees of $66,175 (2008 - $(104,430)) due to certain management fees in the prior year being charged to the oil and gas properties in the fourth quarter. Other variations include a decrease in foreign exchange gain to $579 (2008 – $116,163), a decrease in interest expense to $67,019 (2008 - $92,166), an increase in consulting fees to $77,875 (2008 - $Nil), a decrease in office and miscellaneous to $33,286 (2008 - $135,820) and a decrease in professional fees to $20,375 (2008 - $30,875). These amounts changed for the same reasons as explained above for the year ending November 30, 2009.

LIQUIDITY AND CAPITAL RESOURCES

At November 30, 2009 the Company had $114,807 (2008- $ 1,555,839) in cash and receivables, a working capital deficiency of $4,572,514 (2008 - $3,309,596) and had recorded a cumulative deficit of $4,205,860.

To date, the Company's ongoing operations have been financed predominantly by private placements, the exercise of warrants and stock options, and loans. Additional financing will be required to conduct further development work on the Company's projects and to place any project, if feasible, into production.

While the Company has been successful in raising the necessary funds in the past, there can be no assurance it can continue to do so.

In August 2007, the Company negotiated a bridge loan of $3,050,000 to acquire the assets of Golden Eagle Energy Inc. The loan bears interest at 12% per annum, compounded and payable monthly, and was repayable on or before July 30, 2008. Security for the loan includes a promissory note, a fixed and floating first charge debenture over the Company's present and after-acquired real property and a first priority general security agreement over all its present and after-acquired personal property, and an environmental indemnity agreement in respect of its properties.

In December 2008, the Company issued 3,834,375 shares in connection with an amendment to its loan agreement, which extended the due date to July 31, 2009 and increased the credit facility to $4,090,000. On July 31, 2009, the maturity date was extended to September 14, 2009 in consideration of a fee of $21,501, and subsequently was further extended to October 31, 2009 for a fee of $11,046. At November 30, 2009, the balance owing on this credit facility is $2,243,287 and the Company is currently in negotiations with the lender to extend the loan.

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

TRANSACTIONS WITH RELATED PARTIES

During the year ended November 30, 2009, the Company had the following transactions with related parties:

	2009 **- $ -**	**2008** **- $ -**
Management fees paid or accrued to directors or companies controlled by directors	202,800	199,119
Fees paid or accrued to directors or companies controlled by directors for development costs of its oil and gas properties	180,500	195,357
Consulting fees paid or accrued to directors or companies controlled by directors	-	17,000
Deferred acquisition costs paid or accrued to a company controlled by a director	33,500	-
Share issue costs paid to a company controlled by a director	-	74,000
Administrative services, finance fees, share issuance and negotiation fees, and occupancy charges paid to officers of the Company and a company controlled by a director	135,061	200,469

Amounts payable to related parties consists of:

	2009 **- $ -**	**2008** **- $ -**
Management and consulting fees payable	316,550	70,225

These transactions were recorded at their exchange amounts that 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.

ACQUISITION OF UNBRIDLED ENERGY CORPORATION

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

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

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 UNE's shareholders. On February 11, 2010, the acquisition was completed.

ADDITIONAL INFORMATION

At March 30, 2010:

Legal proceedings: Included in accounts payable is an accrual for expenditures incurred by the Operator of the Company's petroleum and natural gas properties, the amount of which was disputed by the Company. The Operator has claimed a lien in respect of costs and expenses incurred, and on April 21, 2009 the Alberta Court of Queen's Bench ruled the Operator had a valid lien against certain of the Company's properties.

In April 2009, the Company filed a statement of claim against the Operator alleging breach of its duties and failure to provide joint interest accounting in accordance with the CAPL Operating Procedure and Industry custom and practice. The Company also initiated a third party audit of the Operator's books and records under the CAPL Operating Procedures.

With the completion of the acquisition of the Operator by Altima in February 2010, these claims are expected to be withdrawn by both companies.

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

Outstanding Share Data: As of March 30, 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 November 30, 2009, that our disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company, is made known to them by others within those entities. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

RISKS

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

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

NEW ACCOUNTING STANDARDS

Effective December 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

CICA Section 1400 General Standards of Financial Statement Presentation provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. The adoption of this standard had no impact on the Company's financial statements for fiscal 2009.

CICA Section 3064 Goodwill and Intangible Assets replaces Section 3062 Goodwill and Intangible Assets, and Section 3450 Research and Development Costs, which also resulted in amendments to

related guidance contained in AcG-11 Enterprises in the Development Stage and Section 1000 Financial Statement Concepts. These pronouncements and amendments affect the recognition and measurement of intangible assets that include deferred costs related to mineral property exploration. The adoption of these standards had no impact on the Company's financial statements for fiscal 2009.

CICA Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation replaces Section 3861 Financial Instruments - Disclosure and Presentation. These new sections revise and enhance current disclosure requirements for financial instruments, and place an increased emphasis on disclosure of risk exposure and risk assessments.

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.