ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED AUGUST 31, 2019

Date prepared: October 30, 2019

GENERAL

This management discussion and analysis ("MDA") covers the operations of Altima Resources Ltd. ("Company") for the period ended August 31, 2019 and should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2018 and the condensed consolidated interim unaudited financial statements for the nine months ended August 31, 2019. The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

Except as described in Note 3 to the financial statements, the accounting policies in these condensed interim financial statements are the same as those applied in the Company's financial statements for the year ended November 30, 2018.

Additional information related to the Company is available for view on the company's website at www.altimaresources.com, on SEDAR at www.sedar.com, or by requesting further information from the Company's head office in Vancouver.

FORWARD LOOKING STATEMENTS

Information contained in this MDA that is not historical fact may be considered "forward looking statements". These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding recoverable reserves, changes in demand for and commodity prices of crude oil and natural gas, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward looking information.

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 Western Canada and has not yet determined whether all 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.

Corporate development

The years 2016 and 2015 will be remembered as one of the most challenging periods the Global oil and gas industry has faced. The Canadian sector was not immune, and all oil and gas explorers and producers were increasingly challenged on many fronts. Provincial and Federal governments were slow to react and the uncertainty of a clear future resulted in great unpredictability for the path forward. Oversupply and negative pricing of oil and natural gas resulted in funds from operations declining materially and balance sheet strength and liquidity became of utmost importance. The Company was not immune to these challenges, and the confluence of negative events significantly stressed our business strategy.

Commodity prices declined close to 50 percent through 2015 substantially reducing revenues from oil, natural gas, and natural gas liquids which profoundly impacted cash flow. The Company's focus shifted through 2015 and continuing into 2016 and beyond from capital investment in exploration and production growth to cost reductions, operating efficiencies, and financial reorganization. Despite progress on cost reductions, the collapse in commodity prices eroded cash flow to negative operating levels as well as affecting the market value of Altima shares.

Further low commodity prices continued throughout 2018. The Company prioritizes the preservation and strengthening of its balance sheet through a diligent focus on reductions in all areas of spending, including operating, financing and administrative costs. Developing oil and natural gas resources requires a long-term commitment. The Company will continue to focus on collaboration with a broad range of engaged stakeholders to achieve enduring success in reserve and cash flow development.

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 Western Canada.

In the year ended November 30, 2018, the Company completed the sale of certain assets, held as P&NG properties allocated for sale and related liabilities allocated for sale for cash proceeds of $2,325,000 (received during the year ended November 30, 2017). These assets include rights, title, estates and interests in and to the properties. The Company completed the requirements of the sale including: obtaining 100% of all working interests and joint venture interests from its multiple parties as described below, settlement of the convertible debentures in full allowing for the removal of the debenture holders' first security interest over the Company's assets and clearing liens or security interests that were held on its properties to provide clear titles.

On conclusion of the sale, the Company retained two operating wells in Alberta.

On December 15, 2017 the Company received shareholder approval and Exchange acceptance to close the following transactions:

a) settled $261,091 of outstanding debt to unsecured creditors, settled at 50% of face value ($130,525) through the issuance of 522,181 common shares of the Company;

b) settled loans payable and accounts payable of $1,803,129 and re-acquisition of property interests through the issuance of 10,655,000 common shares of the Company;

c) re-acquired certain property interests through the issuance of 2,250,000 common shares of the Company; and

d) disposed of P&NG properties allocated for sale and related liabilities for properties allocated for cash proceeds of $2,325,000, received in the prior year.

In February 2018, the Company advanced $50,000 to Crimson Oil and Gas Ltd.("Crimson"), a company with a common director at that time, unsecured and with interest of 10% per annum, payable monthly commencing May 1, 2018. During the period ended August 31, 2019, the Company advanced an additional $90,000 to Crimson and earned interest income of $nil (November 30, 2018 - $2,178).

The Company is party to an agreement to acquire from Crimson Energy Ltd. ("CEL") all of the issued and outstanding shares in the capital stock of Crimson, which is owned by CEL.

Crimson has two major properties and a number of smaller assets in Alberta and British Columbia. The Red Earth oil property has production capabilities of approximately 100 barrels of oil per day along with an inventory of four well reactivations and recompletions. The Whiskey Creek liquids rich natural gas property has two good recompletion opportunities tied in to its pipeline.

In consideration for the acquisition, the Company agreed to pay CEL the sum of $750,000, pursuant to the acquisition agreement.

The purchase agreement is currently being reviewed to clarify the status of certain assets, liabilities and effective dates in the agreement.

On September 18, 2019, the Company entered into a purchase and sale agreement with an arm's length third party (the "Vendor") to acquire oil gas and processing assets (the "Assets") in the province of Alberta. The Assets are comprised of a number of non-operated working interests and non-operated facility interests with third party processing revenues. The working interest and processing facility interests are in or servicing very long-life wells and units, most of which have been producing for many decades and have historically produced very large volumes of oil and gas. The Assets have bookable reserves for well over a decade of continued production.

In consideration for the acquisition, the Company has agreed to pay a sum of $785,000 in cash to the Vendor. The closing is scheduled for October 2019. In early October 2019, the Company has paid a non-refundable deposit of $142,500 to the Vendor.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the prior three fiscal years.

	Years ended November 30,		
	2018	**2017**	**2016**
	- $ -	**- $ -**	**- $ -**
Revenue	321,761	326,221	347,569
Net income (loss) and comprehensive income (loss)	989,240	4,194,184	(16,111,686)
Income (loss) per share	0.03	0.20	(0.05)
Total assets	502,132	2,849,726	2,948,701
Total long-term liabilities	217,483	90,224	519,325
Total equity (deficiency)	(2,396,506)	(4,306,518)	(8,500,702)

Year ended November 30, 2018:

In the year, the Company had a net income of $989,240 compared to a net income of $4,194,184 in 2017. This decrease is a result of several main components of variance including gain on settlement of convertible debenture $nil (2017 - $4,804,102), impairment on petroleum and natural gas properties of $161,333 – reversal (2017 - $60,861 loss), gain on sale of petroleum and natural gas properties of $1,403,920 (2017 - $nil), offset by a decrease in operating loss of $578,192 (2017 - $584,155).

Year ended November 30, 2017:
In the year, the Company had a net income of $4,194,184 compared to a net loss of $16,111,686 in 2016. Net income in the current year is largely a result of the gain on settlement of the convertible debenture; whereas, the loss in the prior year was largely attributable to fully impairing its exploration and evaluation assets due to the general decline in oil and gas prices as well as the lack of intent to further develop these assets, impairment on petroleum and natural gas properties, and the write down of joint venture receivables.

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

The following is a summary of selected financial information compiled from the quarterly unaudited financial statements for eight quarters ending August 31, 2019.

	Aug. 31, 2019	**May 31, 2019**	**Feb.28, 2019**	**Nov. 30, 2018**
	-$-	**-$-**	**-$-**	**-$-**
Revenue	57,871	10,196	6,199	21,073
Total assets	578,251	598,159	489,084	502,132
Working capital deficiency	2,947,167	2,842,434	2,706,881	2,584,023
Long-term liabilities	218,152	217,929	217,706	217,483
Shareholders' equity (deficiency)	(2,801,319)	(2,665,363)	(2,524,587)	(2,396,506)
Net income (loss)	(135,956)	(140,776)	(128,081)	315,968
Net income (loss) per share	(0.00)	(0.00)	(0.00)	0.01
	Aug. 31, 2018	**May 31, 2018**	**Feb.28, 2018**	**Nov. 30, 2017**
	-$-	**-$-**	**-$-**	**-$-**
Revenue	94,219	85,696	120,773	127,463
Total assets	343,420	356,737	386,043	2,849,726
Working capital deficiency	2,397,415	2,317,677	2,190,518	6,988,854
Long-term liabilities	90,359	90,314	90,269	90,224
Shareholders' equity	(2,307,474)	(2,211,791)	(2,054,587)	(4,306,518)
Net income (loss)	(95,683)	(157,204)	926,159	348,129
Net income (loss) per share	(0.00)	(0.00)	0.03	0.02

In August 31, 2017, the significant variance attributing to the increase in net income of $4,688,320 includes a gain on settlement of convertible debentures of $4,804,102.

In November 30, 2017, the significant variances attributing to the increase in net income of $348,129 include decreases in depletion expense to $89,000 (2016 - $214,900), and interest expense of $148,923 (2016 - $668,426).

In February 28, 2018, the significant variances attributing to the increase in net income of $926,159 include a gain on settlement of accounts payable and loans of $1,034,109, and an overall decrease in expenses to $108,040 (2017 – $351,850).

In November 30, 2018, the significant variances attributing to the increase in net income of $315,968 includes impairment reversal of petroleum and natural gas properties of $161,333, and an adjustment to the booked value of the re-acquisition of certain property interests of $405,000, offset by costs commensurate with regular ongoing operations.

Comparison of operating results

During the nine months ended August 31, 2019, the Company had a net loss of $404,813 compared to a net income of $673,272 in 2018. Significant variances in the results for the two periods are outlined in the following table:

	Aug. 31, 2019 - $ -	**Aug. 31, 2018 - $ -**
Gross (profit) loss	33,761	77
The decrease in the current period is mainly due to decrease in production in the current period and lower product prices realized as the Company is currently producing to a plant that does not split out the liquids that realize higher unit prices.		
Gain on settlement of accounts payable	-	(1,034,109)
During the period ended August 31, 2018, the Company issued 13,427,182 shares to settle $261,091 of outstanding debt of unsecured creditors, settled loans payable and accounts payable of $1,803,129, and recorded a gain on settlement of $1,034,109, where there were no comparable transactions in the current period.		
Interest	21,142	1,295
The increase in interest in the current period due to the interest bearing loans from shareholders and related parties during the current period.		

During the three months ended August 31, 2019, the Company had a net loss of $135,956 compared to a net loss of $95,683 in 2018. Significant variances in the results for the two periods are outlined in the following table:

	Aug. 31, 2019 - $ -	**Aug. 31, 2018 - $ -**
Gross (profit) loss	11,775	(8,973)
The decrease in the current period is mainly due to decrease in production in the current period and lower product prices realized as the Company is currently producing to a plant that does not split out the liquids that realize higher unit prices.		
Interest	10,940	(6,315)
During the current period interest expenses included interest on the loans from shareholders and related parties, whereas in the prior period changes in connection to the Company's bank loan offset by a recovery of previously recorded interest on the convertible debentures were included.		
Professional fees	23,615	13,177
Professional fees in the current period included charges for accounting fees connected to tax filing, where there were no such costs incurred in the prior period.		

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2019, the Company had $74,251 (November 30, 2018 - $47,132) in cash and receivables, a working capital deficiency of $2,947,167 (November 30, 2018 - $2,584,023), and had a cumulative deficit of $33,768,724 (November 30, 2018 – $33,363,911).

For the period ended August 31, 2019 significant cash flows were as follows:

Funds provided by operating activities for the period were $6,061. Net loss for the period of $404,813 included non-cash transactions totaling $45,834. Changes in non-cash working capital included a total decrease in receivables of $3,942, an increase in loans receivable of $90,000 from a company related to a former director in common, and increases in accounts payable and accruals of $37,436, and in amounts due to related parties of $413,662.

Funds provided by financing activities for the period were $25,000 from shareholders loan.

In October 4, 2019, the Company announced that it has launched a private placement to raise up to $6,000,000 through the issuance of convertible debentures (the "Debentures"). The Company also confirmed that existing debt of approximately $2,500,000 in the Company will be converted into Debentures as part of the private placement, and therefore the private placement of Debentures is expected to result in up to $3,500,000 of additional proceeds to the Company.

The Debentures will be transferable and will bear interest at 6% per annum, maturing September 30, 2022. Up to the maturity date, only interest on the Debentures will be repaid, with the first semi-annual interest payment being due on March 31, 2020. The Debentures may be pre-paid at any time by the Company after March 31, 2020. Any outstanding principal amount and accrued interest will be due and payable on the maturity date.

The Debentures will be convertible at the option of the holder into Units (the "Unit"), each Unit to be comprised of one common share and one-half share purchase warrant at a price of $0.05 per Unit in the first year, and thereafter at $0.10 per Unit until the maturity date (3 years from the issuance date). Each full warrant entitles the holder to purchase one share for a period of two years from the closing date at a price of $0.15 per share.

TRANSACTIONS WITH RELATED PARTIES

The Company had the following transactions with related parties in the periods indicated:

	Aug. 31, 2019 - $ -	Aug. 31, 2018 - $ -
Management fees paid or accrued to directors, or companies controlled by directors [4]	85,500	85,500
Office facilities and miscellaneous charges accrued to companies controlled by a director or an officer [4,5,7]	153,000	153,000
Accrued interest payable on loan with related party[1,7]	15,303	-

[1] Stephen Watts, Director
[2] Jim O'Byrne, Director
[3] Jurgen Wolf, Director
[4] Joe DeVries, Director, and Interim CEO
[5] Richard Barnett, CFO and Secretary
[6] Whistler Oil & Gas Pty.
[7] Simco Services Inc.

The Company has identified all of the directors and officers as its key management personnel. The remuneration for these key management personnel, which include the amounts disclosed above, was as follows:

	Aug. 31, 2019 - $ -	Aug. 31, 2018 - $ -
Short-term employee benefits – management, administrative, and consulting fees[4,5]	103,500	103,500

These transactions were recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties. Except where previously indicated, the amounts due to related parties bear no interest and are due on demand.

Liabilities to related parties consist of:

	Aug. 31, 2019 - $ -	Nov.30,2018 - $ -
Management, consulting, exploration and administrative fees payable presented as amounts payable to related parties or companies controlled by directors or officers [4, 5, 7]	745,563	488,037
Loans receivable from a company related to a former director in common [2*]	(140,000)	(50,000)
Loan payable [1, 7]	316,864	160,728
Interest payable on loan [1, 7]	15,303	-

[1] Stephen Watts, Director
[2*] Jim O'Byrne, Former Director
[3] Jurgen Wolf, Director
[4] Joe DeVries, Director, and Interim CEO
[5] Richard Barnett, CFO and Secretary
[6] Whistler Oil & Gas Pty
[7] Simco Services Inc.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements during the period ended August 31, 2019 and as at the current date.

Outstanding Share Data: As at August 31, 2019, and at the current date, the Company has 34,474,949 common shares issued and outstanding.

Outstanding Option Data: As at August 31, 2019, and at the current date, there are no stock options 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, 2019 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 ("ICFR") 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.

The company is not required to certify the design and evaluation of its ICFR and has not completed such an evaluation, and inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, ICFR for the company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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 RISKS AND CAPITAL MANAGEMENT

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposures to credit risks are on its cash held in bank accounts, receivables and loan receivable. The majority of cash is deposited in bank accounts held with major banks in Canada.

As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies. The Company's exposure to credit risk on receivables is influenced mainly by the individual characteristics of each customer or joint venture partner. As the Company sells its petroleum products through a large marketer, it is also exposed to a concentration risk. Trade receivables from petroleum products marketers are normally received within 30 days of the month following production. At August 31, 2019, the Company has $nil trade receivables. The Company has not experienced collection issues on trade receivables during the period ended August 31, 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. As at August 31, 2019, the Company has a working capital deficiency of $2,947,167. The Company's ability to continue as a going concern is dependent on management's ability to renegotiate the terms of the secured debenture and raise the required funding through future debt or equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollars, but also world economic events that dictate the levels of supply and demand. Fluctuations may be significant.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars while it holds a significant portion of its debt denominated in US dollars. The assets, liabilities and expenses that are denominated in US Dollars will be affected by changes in the exchange rate between the Canadian dollar and the US Dollar.

If the Canadian dollar changes by one percent against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a nominal change in profit or loss.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is nominally exposed to interest rate risk

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements other than on its secured convertible debt, settled in the current period. There have been no changes to the Company's capital management during the period ended August 31, 2019.

Classification of financial instruments

The following table summarizes information regarding the carrying values of the Company's financial instruments for the periods then ended:

	Aug. 31, 2019 - $ -	Nov.30, 2018 - $ -
Fair value through profit or loss	32,451	1,390
Assets	181,800	95,742
Liabilities	3,161,418	2,681,155

(a) Fair value through profit or loss includes cash
(b) Assets include receivables and loan receivable at amortized cost
(c) Liabilities include loans payable, accounts payable and accrued liabilities at amortized cost

RECENT PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards are not yet effective as of August 31, 2019. See Note 3 of the August 31, 2019 financial statements for details.

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.