

ALTITUDE RESOURCES INC.
(Formerly Triumph Ventures III Corporation)
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JULY 31, 2013

The following management's discussion and analysis ("MD&A") dated November 28, 2013 is in respect of the year ended July 31, 2013 for Altitude Resources Inc. ("Altitude" or the "Corporation"). It is management's assessment of the results of operations and financial condition of Altitude and should be read in conjunction with audited consolidated financial statements for the year ended July 31, 2013 ("2013"), together with the notes thereto. The Corporation's 2013 audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Altitude's Palisades exploration project as described in the following discussion and analysis is Eugene Wusaty, President & CEO of the Corporation and a Professional Engineer Registered in the Province of Alberta.

1. HIGHLIGHTS

Corporate and operational highlights for the year ended July 31, 2013 include:

- On December 31, 2012 Altitude completed the reverse takeover of Triumph Ventures III Corporation, and contemporaneously completed an equity financing for gross proceeds of \$3,521,830.
- The shares of the Corporation began trading on the TSX Venture Exchange on February 15, 2013 under the trading symbol "NST".
- In October 2012 the Corporation acquired the Altitude North Application, a 5,244 hectare Category 2 coal application from the Alberta Government. This brings Altitude's total land package (leases and applications) to in excess of 22,000 hectares.
- In May 2013 Altitude obtained a drill permit from the Alberta Government to conduct an exploration drill program at its Palisades project of up to 7,000 meters. Site preparation and road building commenced in July and the program was completed in October. As of the date herein the Corporation is awaiting the results from the coal quality analysis.
- Subsequent to year end, on August 12, 2013 the Corporation executed an Option Agreement with Elan Coal Ltd. that allows Altitude the opportunity to earn up to a 51% interest in Elan's coal project in the Crowsnest Pass area of southwestern Alberta.

2. DESCRIPTION OF BUSINESS

Altitude (formerly Triumph Ventures III Corporation ("Triumph")) was incorporated under the Business Corporations Act (Ontario) on January 19, 2011. Triumph commenced trading on the TSX Venture Exchange as a Capital Pool Company on March 15, 2012. On December 31, 2012, Triumph was acquired by Altitude Resources Ltd., a privately-owned Alberta incorporated company, in a reverse takeover ("RTO") transaction. The RTO was effected by means of a triangular amalgamation in which Altitude Resources Ltd. amalgamated with a wholly-owned subsidiary of Triumph. Triumph was renamed Altitude Resources Inc. on December 31, 2012. Shares of Altitude began trading on the TSX Venture Exchange under the symbol ALL on February 15, 2013.

Altitude is a junior coal exploration company with a current exploration focus in northwest Alberta. Altitude has focused on the acquisition of coal exploration leases and applications directly from the Department of Energy of the Province of Alberta. As at July 31, 2013, the Corporation had acquired six (6) contiguous leases totaling approximately 4,600 hectares. Collectively, these six leases are referred to as the Palisades Project. In addition, as at July 31, 2013, Altitude had acquired eight (8) applications totaling approximately 17,655 hectares (Palisades Extension, Moberly Creek and Altitude North).

The primary office of the Corporation is located at #815, 808 – 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8.

Altitude has not conducted any significant revenue generating operations to date. As at July 31, 2013, Altitude had working capital of \$2,130,485 (including cash of \$2,442,840) and exploration and evaluation assets of \$682,852.

3. REVERSE TAKEOVER OF TRIUMPH VENTURES III CORPORATION

Triumph Ventures III Corporation, now Altitude Resources Inc. completed a reverse take-over (RTO) with Altitude Resources Ltd. on December 31, 2012, and the name change from Triumph Ventures III Corporation to Altitude Resources Inc.

Upon completion of the RTO, the former shareholders of Altitude Resources Ltd. became the controlling shareholders of the Corporation. For accounting purposes, Altitude Resources Ltd. is the deemed acquirer and Triumph the deemed acquired company, and accordingly, Altitude Resources Ltd.'s balances are accounted for at cost and the balances of Triumph are accounted for at fair value. Since the operations of Triumph do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the share capital and deficit of Triumph as at December 31, 2012, were eliminated, the fair value of the shares of Triumph on December 31, 2012, was allocated to share capital and the transaction costs were expensed.

The RTO involved the amalgamation of Altitude Resources Ltd. with a wholly-owned subsidiary of the Corporation. Pursuant to the RTO, the Corporation acquired all of the issued and outstanding common shares of Altitude Resources Ltd. in exchange for the issuance of an aggregate of 20,336,952 common shares of the Corporation. The RTO was approved by the shareholders of Triumph on November 29, 2012 and the shareholders of Altitude Resources Ltd. on December 24, 2012. The former shareholders of Triumph hold 1,457,845 common shares, which represents the common shares outstanding in Triumph immediately prior to the RTO, taking into effect a 2 for 1 share consolidation.

Details of the RTO were as follows:

The total purchase price of \$714,344 has been allocated as follows:

Cash and cash equivalents	\$ 186,782
Accounts payable and accrued liabilities	<u>(43,519)</u>
Net assets acquired	\$ 143,263
Broker warrants	\$ (22,193)
Listing expense	<u>593,274</u>
Purchase price:	<u>\$ 714,344</u>

Consideration comprised of:

Fair value of common shares	<u>\$ 714,344</u>
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The fair value of the Triumph warrants outstanding at RTO was estimated at the RTO date using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1.14%; (IV) an expected life of 1.2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

The transaction costs relating to the RTO were expensed.

4. COAL EXPLORATION PROPERTIES

Palisades - Exploration and Evaluation Activities

The Palisades Project is approximately 270km west of Edmonton and a further 28km northwest of the town of Hinton. The leases are located approximately 12kms west of the Canadian National Railway (CN) that runs to ports on the west coast. They form a continuous block running parallel to the east of the Rocky Mountain Front Range; extending from Solomon Creek northwest over a strike distance of 12 km to the Wildhay River. The Palisades Coal Property is directly adjacent to the north of Teck Corporation's Brule Property. The Brule Property was developed by the Blue Diamond Coal Company as an underground mine and operated continuously over the period 1914 through 1928 producing a total of 1.8 million tonnes.

The geology was most recently defined by work undertaken by geologists of Denison Mines Limited in 1982 and 1983. Collectively a total of 23 diamond coreholes were completed by Denison on the Palisades Coal Property. Most were geo-physically logged.

Raw and clean coal quality expectations for the Palisades Coal Property are based on historic assay summary data reported by Denison on six coreholes completed in 1982/83. The results indicate a Low Volatile Bituminous Coking coal (Ro 1.47 to 1.54) similar to the coal produced at Grande Cache.

Resources have been estimated for the Palisades coal deposit for those areas that potentially could be mined by open pit or underground methods.

The strike length of the modeled area is approximately 6.5km while the width is approximately 3.0km. Model geometry follows the Grande Cache Member where it is folded into a series of anticlines and synclines paralleling the Collie Creek thrust fault. Block dimensions are 25m along strike, 25m in the dip direction, and 10m in elevation. Trench and outcrop data has been used for modeling with the modeled structure considering bedding to core angles logged in drill core where available.

On the basis of the current interpretation, the property is classified as complex, potentially surface mineable deposit. Sample analyses indicate that the coal is a low volatile bituminous coking coal. Coal seam SG, used to determine the coal tonnage, was from the earlier Denison work. The resources have not been classified by level of assurance because of the sparse data across the property. The deposit is considered complex, so the resources would be classified as inferred.

Due to the uncertainty that may be attached to Inferred Mineral Resources, at this time it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

The Inferred Resources for the Palisades Coal Property of immediate interest were determined to be 10.7 million tonnes with an overall strip ratio of 12.7:1. The coal, as defined, is within a pit with 45° walls and a strip ratio of less than 20:1 BCM/tonne (a pit delineated resource with an incremental strip ratio of 20 bank cubic

metres of waste to one tonne of in place coal). With an incremental strip ratio, each block of coal within the pit must have twenty blocks of waste, or less, above it.

The property has an exploration target, requiring further drilling, of approximately 140 million tonnes of low volatile bituminous coking coal. MMTS is of the opinion that the Palisades Coal Property hosts significant coal resources and is a property of merit, worthy of further exploration. It is recommended that a phase of verification drilling, for a total of 90 holes, be undertaken to verify seam location and thickness. Samples for coal quality testing should also be collected.

In August 2012 Altitude engaged Dahrouge Geological Consulting Ltd. ("Dahrouge") to perform a preliminary field assessment program of the Palisades Coal Property. The field work was completed by Dahrouge in September 2012 and the Corporation received the *Palisades and Moberly 2012 Exploration Report* in February 2013. As part of its mandate, Dahrouge prepared a recommended summer 2013 field exploration program for the Palisades and Moberly projects.

On May 6, 2013 the Corporation received a Letter of Authority from Alberta Environment and Sustainable Resource Development permitting the planned exploration program on the Palisades project.

The Palisades drilling program was started on August 15, 2013 and was completed on September 30, 2013. A total of 30 holes were drilled out of - 27 rotary and three core - for a total of 4,583 meters. Dahrouge Geological Consulting Ltd. ("Dahrouge") of Edmonton, Alberta was contracted to oversee the drilling. In addition to the thirty drill holes, channel sampling was conducted from seven near surface trenches. Samples were shipped to Birtley Laboratory in Calgary for washability analysis. Clean coal from this process will be sent to Pearson Coal Petrography for coal rank classification. A total of seven coal seam core samples were submitted for proximate analysis, gravity separation and complete coking tests. Although the trench samples are oxidized, they will be used for rank determination only. Results are expected by the end of 2013.

Non-Material Properties

Palisades Extension

The Palisades Extension Application was acquired directly from Alberta Energy by the Corporation in October 2011. It is comprised of one Alberta Crown Coal lease application totaling 7,034 hectares. The Palisades Extension Application is contiguous to the northeast of the Corporation's Palisades Property. This property falls entirely in Coal Category 2 of Alberta Energy's Coal Development and Exploration category system. For Category 2 properties, a formal Alberta Crown Coal lease will not be issued until such time as the Alberta Department of Energy reaches a decision on its Coal Policy. Application holders are, however, may perform exploration work on Category 2 properties. The following is an excerpt from "A Coal Development Policy for Alberta" Department of Energy and Natural Resources, Government of Alberta June 15, 1976:

Category 2:

In which limited exploration is desirable and may be permitted under strict control but in which commercial development by surface mining will not normally be considered at the present time. This category contains lands in the Rocky Mountains and Foothills for which the preferred land or resource use remains to be determined, or areas where infrastructure facilities are generally absent or considered inadequate to support major mining operations. In addition this category contains local areas of high environmental sensitivity in which neither exploration or development activities will be permitted. Underground mining or in-situ operations may be permitted in areas within this category where the surface effects of the operations are deemed to be environmentally acceptable.

Payment to Alberta Energy in an amount equal to \$3.50 per hectare, together with an application fee of \$625/lease (total \$25,244) was made to Alberta Energy at the time of application. No future payments are required under the application.

The Palisades Extension Application has not been subject to any historical formal exploration work. The Corporation intends to perform limited reconnaissance and mapping work on this project over the course of calendar 2013. The preliminary budget for this work is in the range of \$75,000.

Moberly Creek Application

The Moberly Creek Application was acquired directly from Alberta Energy by the Corporation in January 2012. It is comprised of four Alberta Crown Coal lease applications totaling 5,376 hectares. The Moberly Creek Application is located approximately 12.5 kilometers from the northern tip of the Palisades Extension Application. This property falls entirely in Coal Category 2 of Alberta Energy's Coal Development and Exploration category system (see description under Palisades Extension).

Payment to Alberta Energy in an amount equal to \$3.50 per hectare, together with an application fee of \$625/lease (total \$21,316) was made to Alberta Energy at the time of application. No future payments are required under the application.

The Moberly Creek Application has not been subject to any historical formal exploration work. The Corporation intends to perform limited reconnaissance and mapping work on this project over the course of calendar 2013. The preliminary budget for this work is in the range of \$75,000.

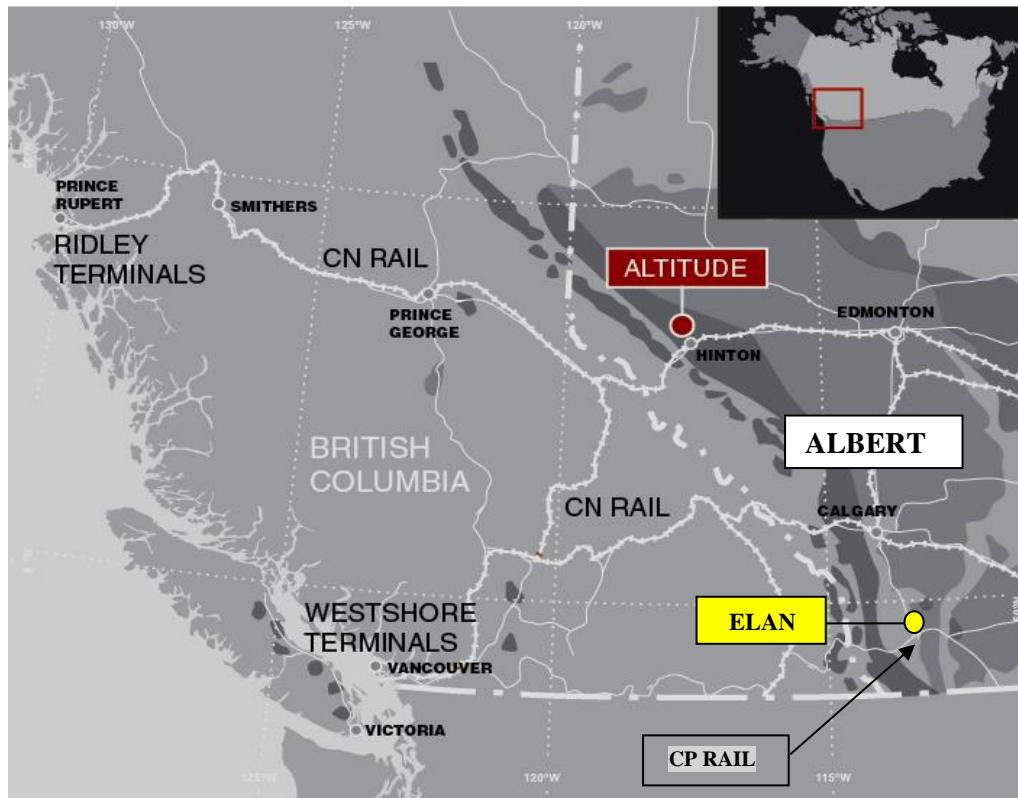
Altitude North Application

The Altitude North Application was acquired by the Corporation in October 2012. It is comprised of three Alberta Crown Coal lease applications totaling 5,244 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta.

The Altitude North Application is located approximately 30 kilometres from the northern tip of the Corporation's Moberly Creek Application.

Option Agreement – Elan Coal Ltd. Properties (Subsequent to Year End)

Subsequent to year end, on August 12, 2013, the Corporation announced that it had entered into an Exploration and Option Agreement (the "**Agreement**") with Elan Coal Ltd., a private Non-Arm's Length Party ("**Elan**"). Altitude acquired an option to earn up to a 51% undivided working interest (the "**Option**") in 27 Alberta Crown coal lease applications (23,000 ha) located near the historic coal mining area of Crowsnest Pass, Alberta (the "**Leases**"). The Agreement allows Altitude the right to enter upon and conduct exploration activities in and on all parts of the Leases (the "**Right to Explore**"). The Leases are adjacent to the Grassy Mt. coal property purchased by Riversdale Resources in January 2013 and are in close proximity to the Teck Resources five operating metallurgical coal mines.



In consideration, the Corporation was obligated to make an initial refundable cash payment of \$200,000 (“**the Initial Payment**”) to Elan to fund reconnaissance field work during calendar Q3 of 2013. This payment was advanced by the Corporation to Elan in two tranches in August and September, 2013. Upon receipt of the Initial Payment, Elan shall provide the Corporation with a 120 day exclusivity period to complete due diligence and complete a financing of a minimum of \$2,000,000 (“**Financing**”). The Initial Payment shall be reimbursed by Elan to the Company in the event that the Financing is not completed and final approval of the TSX Venture Exchange has not been obtained. In the event that the Financing is completed and the Company is not satisfied with the results of the due diligence, 50% of the Initial Payment (\$100,000) will be returned upon the Company providing Elan of its intention not to proceed with the Option.

The Elan Leases extend for 55 kms northward from Crowsnest Pass along strike in the Kootenay Group coal formation. Five different areas of interest with surface mineable potential have been identified from historic exploration work carried out by companies including CONSOL, Devon Canada, Granby Mining, CanPac Minerals, and Canadian Hunter dating back to the 1940’s. More than ten coal seams have been identified on the properties with thicknesses ranging from 3 to 10m. Coal quality is low to medium volatile with variable but generally moderate ash content, with good washability and coking coal properties.

Pursuant to the Agreement, in order to maintain the Right to Explore and the Option, the Company shall be required to meet the following payment deadlines:

- i) Upon closing of the Financing, the Company shall commit \$1,500,000 in exploration expenditures (the “First Expenditure”) by December 31, 2013; upon completion of the First Expenditure the Company shall be granted an initial 11.25% interest in the Lease Applications.
- ii) No later than December 31, 2014, the Company shall incur \$3,300,000 in exploration expenditures (the “Second Expenditure”); upon completion of the Second Expenditure the Company shall be granted an additional 11.25% interest in the Lease Applications.

- iii) Following completion of the First Expenditure and the Second Expenditure, and in recognition of its contribution as Operator, the Company shall be granted an additional 2.5% interest in the Lease Applications, for an aggregate interest of 25%.
- iv) On or before December 31, 2015, the Company shall be provided with an option to incur an additional \$5,000,000 in exploration expenditures (the "Third Expenditure"); upon completion of the Third Expenditure the Company shall be granted an additional 13% interest in the Lease Applications.
- v) Finally, on or before December 31, 2016, the Company shall be provided with an option to incur an additional \$5,000,000 in exploration expenditures (the "Fourth Expenditure"); upon completion of the Fourth Expenditure the Company shall be granted an additional 13% interest in the Lease Applications and therefore shall hold cumulative 51% in the Lease Applications.

EXPLORATION AND EVALUATION EXPENDITURES

Property	Balance July 31, 2012	Acquisition & Lease Costs	Exploration Costs	Balance July 31, 2013
Palisades	\$ 193,679	\$ 16,270	\$ 406,324	\$ 616,273
Palisades Extension	25,024	-	-	25,024
Moberly Creek	21,536	-	-	21,536
Altitude North	-	20,019	-	20,019
Total	<u>\$ 240,239</u>	<u>\$ 36,289</u>	<u>\$ 406,324</u>	<u>\$ 682,852</u>

Altitude's capitalized expenditures on its Palisades Project as at July 31, 2013 were \$616,273. During the year ended July 31, 2013, the Corporation incurred \$406,324 (\$21,109 during the year ended July 31, 2012) in exploration costs on its Palisades property. The work consisted of ground reconnaissance work, mapping, drill and access location planning, coal quality assessment and general planning for a Phase I drill program that commenced in July of 2013. In addition, the Corporation paid its annual coal lease payments to Alberta Energy of \$16,270.

During the year ended July 31, 2013 Altitude made an application to Alberta Energy for 5,244 hectares of Category 2 coal leases known as the Altitude North application. As is stipulated by Alberta Energy under *A Coal Development Policy for Alberta*, Category 2 coal lease applications require the payment of one annual rental fee per hectare (\$3.50), plus the application fee. After the payment of the initial fee there is no further ongoing annual rental payments associated with Category 2 lease applications.

5. SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

A summary of selected financial information for the three most recently completed fiscal years is as follows:

	Year ended 31-Jul-13	Year ended 31-Jul-12	Year ended 31-Jul-11
Total revenue - Interest income	\$ 18,118	\$ 295	-
Listing fee	(593,274)	-	-
Salaries	100,283	17,696	-
General expenses	358,990	280,821	97,980
Net loss and comprehensive loss	(977,768)	(298,222)	(819,694)
Earnings/(loss) per share - basic and diluted	(0.05)	(0.08)	(979.80)
Total assets	3,486,011	565,879	183,641
Long-term financial liabilities	Nil	Nil	Nil

The increases in salaries, general expenses, net and comprehensive loss and total assets in fiscal 2013 versus 2012 are all attributable to the fact that the Corporation was in start-up mode through to the completion of the RTO and contemporaneous financing in December 2012. The increases in expenses and assets reflect the transition of the Corporation from start-up to early stage coal exploration.

For the years ended July 31, 2013 and 2012, the Corporation reported no discontinued operations, and did not declare any cash dividends.

6. RESULTS OF OPERATIONS

Altitude's results of operations for the year ended July 31, 2013 resulted in a net and comprehensive loss of \$977,768 versus a net and comprehensive loss of \$298,222 for fiscal 2012.

The significant variance between the two years is primarily the result of the completion of the RTO and contemporaneous financings in December 2012. Additionally, the Corporation had undertaken a field exploration program on the Palisades property in September 2012 and had and had continued to expand its work in preparation for the summer 2013 drill program, which began in July 2013. See also Section 1, "Description of Business".

Specific variances between the two periods were:

- Interest income earned during the year ended July 31, 2013 was \$18,118 and (2012 – \$295). This variance resulted from the investment of the Corporation's cash balances in short-term guaranteed investment certificates beginning in June 2012. The majority of the interest income was earned subsequent to the RTO and contemporaneous financing in December 2012. Altitude did not have sufficient cash resources prior to June 2012 to make short term investments.
- Salary expense during the year ended July 31, 2013 was \$100,283 (2012 – \$17,696). The Corporation hired its first dedicated employee in June 2012. Salary expense recorded in 2012 related to the accrual of salaries of the founding group. Those accrued salaries were never paid in cash, but were exchanged for shares in the Corporation on April 30, 2012.
- General expenses increased by 28% during the year ended July 31, 2013 versus 2012 (\$358,990 compared to \$280,821).
- During the year ended July 31, 2013 the Corporation incurred a Listing Fee expense of \$593,274 in conjunction with the completion of the RTO. This item represented 61% of the net and comprehensive loss for the year ended July 31, 2013.
- The loss per share decreased during 2013 in comparison to 2012 (\$0.05 versus \$0.08). This change was the result of the issuance of 14,672,000 common shares during the year ended July 31, 2012 and an additional 7,122,697 common shares in connection with the closing of the RTO and the contemporaneous financings. The weighted average number of shares outstanding during the respective years therefore increased to 18,828,633 (2013) versus 3,640,710 (2012).

7. LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2013 the Corporation had cash on hand of \$2,442,840 (2012 - \$276,546) and working capital of \$2,130,485 (2012 –\$205,960). Management believes that the Corporation has sufficient cash and cash equivalents for the Corporation to meet its ongoing obligations.

Subsequent to year end, Altitude announced that it had retained IBK Capital Inc. of Toronto, Ontario to complete, on a best efforts basis, an equity financing of up to \$5 million. The use of the proceeds from the financing would include a second phase of exploration at Altitude's Palisades project, a drill program on the Elan project and general working capital purposes.

Altitude is wholly dependent on equity financing to complete the exploration, evaluation and development of its coal properties, fund its general and administrative expenses and to assess other potential coal projects in Northwestern Alberta. See also "Risk Factors". Altitude has not generated any revenue from operations and does not expect to generate any such revenue in its current or next fiscal year.

Altitude had no off balance sheet arrangements as at July 31, 2013.

8. OUTLOOK

Altitude is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to: challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and coal price fluctuations. There is no assurance that Altitude's funding initiatives will continue to be successful to fund its planned exploration activities, which are focused on its Palisades Project.

Working capital from Altitude's treasury, as available from time to time, may also be used to acquire and explore other properties either alone or in concert with others as opportunities and finances permit.

An investment in Altitude's securities is speculative, see "Risk Factors".

9. QUARTERLY FINANCIAL INFORMATION

The following selected financial data for the past three quarters has been prepared in accordance with IFRS and should be read in conjunction with the Corporation's audited annual financial statements:

	Quarter ended <u>31-Jul-13</u>	Quarter ended <u>30-Apr-13</u>	Quarter ended <u>31-Jan-13</u>
Operations			
Operating expenses	\$ 139,257	\$ 175,099	\$ 175,678
Interest income	(6,154)	(7,336)	(4,628)
Listing fee/(adjustment)	(65,152)	-	658,426
Flow through premium	(87,422)		
Net income/(loss) and comprehensive income/(loss)	9,689	(167,763)	(819,694)
Per share	\$ -	\$ (0.01)	\$ (0.05)
Balance Sheet			
Cash and equivalents	\$ 2,442,840	\$ 2,844,601	\$ 3,032,851
Exploration and evaluation assets	682,852	423,186	392,417

10. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

Altitude's audited consolidated financial statements for the year ended July 31, 2013 have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Altitude is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that Altitude's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The preparation of Altitude's audited consolidated financial statements for the year ended July 31, 2013 required management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These audited financial statements include estimates, which by their nature are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the

carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Altitude assesses the carrying value of exploration and evaluation assets at each reporting period to determine whether any indication of impairment exists. When an impairment exists, the calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance.

11. SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated financial statements have been prepared on the basis of IFRS standards that were in effect at July 31, 2013 and these accounting policies have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Altitude's financial statements.

Exploration and Evaluation Assets

Exploration and evaluation costs, which are intangible costs, including the costs of acquiring claims, are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a project is abandoned, the related costs are recognized in profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of coal resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Ownership in coal properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. Altitude has investigated the ownership of its coal properties and, to the best of its knowledge, ownership of its interests are in good standing.

12. ACCOUNTING ISSUES

Management of Capital Risk

The objective when managing capital is to safeguard Altitude's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

Altitude considers its shareholders equity, cash and equivalents as capital. Altitude manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, Altitude may issue new shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. Altitude's working capital at July 31, 2013 was \$2,130,485. Altitude intends to complete additional exploration on its Palisades Project during fiscal 2014. Actual funding requirements may vary from those planned due to a

number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, there is no guarantee that when Altitude needs to raise capital, there will be access to funds at that time.

Management of Financial Risk

Altitude is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include fair value of financial instruments and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 15 to Altitude's audited annual financial statements for Fiscal 2013.

13. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to Altitude and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on Altitude.

- a) IFRS 9 'Financial Instruments' was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for Altitude beginning on August 1, 2015;
- b) IFRS 10 'Consolidated Financial Statements' is effective for Altitude beginning on August 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of financial statements when an entity controls one or more other entities;
- c) IFRS 11 'Joint Arrangements' was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for Altitude beginning on August 1, 2013;
- d) IFRS 12 'Disclosure of Interests in Other Entities' is effective for Altitude beginning on August 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows;
- e) IFRS 13 'Fair Value Measurement' is effective for Altitude beginning on August 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy;
- f) IAS 27 'Consolidated and Separate Financial Statements' is effective for Altitude beginning on August 1, 2015, with early adoption permitted, has been revised and is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements;
- g) IAS 28 – Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

14. OUTSTANDING SHARE DATA

	Number of Shares
Common shares outstanding – July 31, 2012	14,672,100
Common shares outstanding – July 31, 2013	21,794,797

Authorized, unlimited Voting Common Shares

- a) The Corporation completed a private placement of 4,267,666 Altitude Units (the "Financing") at a price \$0.60 per unit for gross proceeds of \$2,560,600. Each Unit consisted of one share and one half of one Warrant. Each full Warrant entitles the holder to purchase one share at an exercise price of \$0.80 per share within two years of the Completion of the Qualifying Transaction.

The fair value of the warrants issued were estimated at the date of grant using the Black- Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

The Corporation paid to the Agent, commissions in the amount of 7% of gross proceeds, and issued 298,737 Broker Warrants (7% of the brokered units sold in the financing) at an exercise price of \$0.60 and expiring two years following completion of the Qualifying Transaction. The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

- b) The Corporation completed a private placement of 1,373,186 flow through subscription receipts at a price of \$0.70 per subscription receipt for gross proceeds of \$961,230. Each flow through subscription receipt will automatically convert, upon Closing, into one common share of Triumph.

The flow through share premium associated with the issuance of the Triumph subscription receipts was equal to \$0.21 per subscription receipt, based on a share price of \$0.49. This resulted in a flow through share premium liability of \$288,369.

The Corporation paid to the Agent, commissions in the amount of 7% of gross proceeds, and issued 96,123 Broker Warrants (7% of the brokered flow through subscription receipts sold in the financing) at an exercise price of \$0.60 and expiring two years following completion of the Qualifying Transaction. The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of \$0.49. Expected volatility was based on comparable companies.

- c) In connection with the closing of the transaction, the TSXV required an additional equity investment of \$55,611 by certain members of Altitude's founding shareholder group. This amount has been added to Altitude's share capital.

Stock options

- a) The Corporation has a stock option plan to provide officers, directors, employees and consultants of the Corporation with options to acquire up to 10% of the issued and outstanding common shares of the Corporation. Under the plan, the minimum exercise price of the options is the market price of the Corporation's stock on the date of grant. The maximum term of the options is five years and the options generally vest over a three year period, or as determined by the Corporation's board of directors.

- b) On March 2, 2012, the Corporation granted an aggregate of 137,262 stock options (274,526 prior to share consolidation) to purchase common shares to its directors and officers, exercisable at a price of \$0.40 per common share (\$0.20 prior to share consolidation) for a period of five years from the date of grant and vesting over a three year period.

Warrants

- a) On initial public offering of Triumph, the agent received 88,285 agent warrants (176,569 prior to share consolidation) at an exercise price of \$0.40 per common share (\$0.20 prior to share consolidation), expiring 24 months from the date of listing of the common shares on the TSX Venture Exchange.
- b) As described in Note 7 a) of the unaudited condensed interim consolidated financial statements, 2,133.833 warrants and 298,737 broker warrants were issued as part of the financing in conjunction with the Qualifying Transaction.
- c) As described in Note 7 b) of the unaudited condensed interim consolidated financial statements, 96,123 broker warrants were issued as part of the financing in conjunction with the Qualifying Transaction.

15. OTHER INFORMATION

Contractual Commitments

At July 31, 2013 Altitude did not have any commitments for material exploration expenditures, although Altitude anticipates that it may acquire other properties and enter into other joint venture agreements in accordance with its business plan.

Effective April 30, 2013 the Corporation entered into a sub-lease for office space. Pursuant to this sub-lease agreement, the Corporation is committed to pay base lease costs plus additional rent, which includes its proportionate share of costs incurred in the operation, maintenance, management and supervision of the property as defined by the sub landlord's current lease for the premises. Total annual rent (base rent and additional rent) is estimated to be \$63,480. The sub-lease expires on August 31, 2015. Annual commitments under the sub-lease are:

	<u>Total</u>
2014	\$ 63,480
2015	\$ 63,480
2016	\$ 5,290
Total	<u>\$ 132,250</u>

Disclosure Controls and Procedures

Altitude's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of Altitude's disclosure controls and procedures as of July 31, 2013. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Altitude's disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by Altitude under Canadian securities legislation is reported within the time periods specified in those rules.

Internal Control over Financial Reporting

Altitude's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, Altitude's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in Altitude's internal control over financial reporting during Fiscal 2013 that has materially affected, or is reasonably likely to materially affect, Altitude's internal control over financial reporting.

Limitations of Controls and Procedures

Altitude's Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Altitude have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Related Party Transactions

Transactions for Fiscal 2013 are disclosed and explained in Note 11 to the audited consolidated financial statements for the year ended July 31, 2013, which accompanies this MD&A.

Risk Factors

Altitude is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage. Other than the risks relating to reliance on financing previously discussed, as well as those discussed elsewhere in this MD&A, the Altitude's risks include, but are not limited to, limited operating history, speculative nature of coal exploration and development activities, operating hazards and risks, mining risks and insurance, no coal reserves, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, conflicts of interest, reliance on key individuals, enforcement of civil liabilities as discussed further below.

Limited Operating History - An investment in Altitude should be considered highly speculative due to the nature of Altitude's business. Altitude has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or be paying dividends in the immediate or foreseeable future.

Speculative Nature of Coal Exploration and Development Activities - Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover coal deposits but from finding coal deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of coal acquired or discovered by Altitude may be affected by numerous factors which are beyond the control of Altitude and which cannot be accurately predicted, such as

market fluctuations, the proximity and capacity of milling facilities, coal markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of coal and environmental protection, the combination of which factors may result in Altitude not receiving an adequate return of investment capital.

Substantial expenditures are required to establish coal reserves through drilling, to develop metallurgical processes to extract and wash the coal and, in the case of new properties to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major coal deposit, no assurance can be given that coal will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Estimates of coal reserves, coal deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the quality of coal ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of coal deposits or the processing of new or different qualities, may also have an adverse effect on mining operations and on the results of operations. Material changes in coal reserves, qualities, stripping ratios or recovery rates may affect the economic viability of any project.

Altitude's coal properties are in the exploration stage only and are without known bodies of coal reserves. The exploration programs proposed by Altitude are exploratory searches for commercial coal deposits only. Development of any of Altitude's coal properties will only follow upon obtaining satisfactory exploration results.

Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish coal reserves, develop metallurgical processes and construct mining and processing facilities at a particular site. There is no assurance that Altitude's coal exploration activities will result in any discoveries of commercial bodies of coal. Also, no assurance can be given that any or all of Altitude's properties will not be subject to prior unregistered agreements or interests or undetected claims which could be materially adverse to Altitude.

No Coal Reserves - All of the Altitude properties are considered to be in the exploration stage only and do not contain a known body of commercial coal. Coal reserves are estimates and no assurance can be given that the anticipated tonnages and quality will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of coal, as well as increased production costs or reduced recovery rates may render reserves containing relatively lower qualities of coal uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the coal reserves, such as the need for orderly development of the ore bodies and the processing of new or different coal qualities may cause a mining operation to be unprofitable in any particular accounting period. While Altitude does have coal resources, such resources do not have demonstrated economic viability.

Conflicts of Interest - Certain of the Directors and Officers of Altitude are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of Altitude may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the Director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

Operating Hazards and Risks - Coal exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Altitude's operations will be subject to all the hazards and risks normally incidental to exploration, development and production of coal, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage.

Mining Risks and Insurance - The business of exploring and mining for coal is generally subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions, pressures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes. No assurance can be given that such insurance will continue to be available or that it will be available at economically feasible premiums. Mining operations will be subject to risks normally encountered in the mining business.

Environmental and Other Regulatory Requirements – Altitude’s activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and Directors, Officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration operations of Altitude and development and commencement of production on its properties require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Altitude believes it is in substantial compliance with all material laws and regulations, which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition - Significant and increasing competition exists for the limited number of coal acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Altitude, Altitude may be unable to acquire additional attractive coal properties on terms it considers acceptable. Accordingly, there can be no assurance that Altitude’s exploration and acquisition programs will yield any reserves or result in any commercial mining operation.

Stage of Development - Altitude is in the business of exploring for, with the ultimate goal of producing, coal from its coal exploration properties. None of the Altitude properties have commenced commercial production and Altitude has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that Altitude will be able to develop any of its properties profitably or that its activities will generate positive cash flow.

Altitude has not paid any dividends and it is unlikely to enjoy earnings or paying dividends in the immediate or foreseeable future. Altitude has not sufficiently diversified such that it can mitigate the risks associated with its planned activities. Altitude has limited cash and other assets.

A prospective investor in Altitude must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of Altitude's management in all aspects of the development and implementation of Altitude's business activities.

Fluctuations in Commodity Prices - The profitability, if any, in any mining operation in which Altitude has an interest is significantly affected by changes in the market price of coal which fluctuate on a short-term basis and are affected by numerous factors beyond Altitude's control.

Reliance on Key Individuals – Altitude's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in Altitude's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on Altitude.

Corporate Governance

Altitude's Board of Directors follows corporate governance policies to ensure transparency and accountability to shareholders.

16. FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to Altitude's expectations, estimates and projections regarding its business and the economic environment in which it operates. These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements, in particular, recent capital market declines and uncertainty. The Corporation has assumed that financing alternatives remain available, albeit upon terms that may not be as attractive as was the case prior to the capital market uncertainty which has now continued for some months. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable at the time that they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. Except as required by securities law, the Corporation does not intend, and assumes no obligation, to update the forward-looking statements contained herein.

ALTITUDE RESOURCES INC.

DIRECTORS

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Andrew Wusaty
Pierre G. Gagnon^{2,3}
Wes Roberts²
Doug Porter

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² *Member of the Audit Committee*

³ *Member of the Compensation Committee*

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