

ALTIMA RESOURCES LTD.

INTERIM FINANCIAL STATEMENTS

Nine Months Ended August 31, 2006

(Unaudited – Prepared by Management)

These financial statements have not been reviewed by the Company's auditor

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

	August 31 2006 - \$ - <i>Unaudited</i>	November 30, 2005 - \$ - <i>Audited</i>
ASSETS		
Current assets		
Cash	1,404,520	342,076
Amounts receivable	13,106	5,150
	1,417,626	347,226
Oil and gas interests (Note 3)	1,757,273	-
	3,174,899	347,226
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	8,083	5,243
	8,083	5,243
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	3,511,938	437,931
Contributed surplus	1,328,000	25,397
Deficit	(1,673,122)	(121,345)
	3,166,816	341,983
	3,174,899	347,226

Director

Signed "Richard Switzer"

Director

Signed "Joe DeVries"

ALTIMA RESOURCES LTD.
Interim Statements of Loss and Deficit
Nine months ended August 31, 2006 and 2005
(Unaudited – Prepared by Management)

	Nine months to Aug 31		Three months to Aug 31	
	2006 - \$ -	2005 - \$ -	2006 - \$ -	2005 - \$ -
EXPENSES				
Consulting	15,000	-	-	-
Management fees	50,000	-	26,000	-
Office administration	49,494	-	9,040	-
Office and miscellaneous	20,198	5,177	15,596	1,645
Professional fees	31,647	22,414	350	10,010
Stock-based compensation	1,328,000	-	1,328,000	-
Transfer agent and filing fees	33,182	11,312	2,080	1,686
Travel	32,420	730	13,564	-
Interest income	(8,162)	(7,408)	(4,225)	(1,590)
	1,551,779	32,225	1,390,405	11,751
NET LOSS FOR PERIOD	(1,551,779)	(32,225)	(1,390,405)	(11,751)
Deficit, beginning of period	(121,343)	(82,531)	(282,717)	(103,005)
Deficit, end of period	(1,673,122)	(114,756)	(1,673,122)	(114,756)
Basic and diluted loss per share	(0.14)	(0.01)	(0.08)	(0.00)
Weighted average number of shares outstanding	11,144,017	5,900,000	17,445,510	5,900,000

- See Accompanying Notes -

ALTIMA RESOURCES LTD.
Interim Statements of Cash Flows
Nine months ended August 31, 2006 and 2005
(Unaudited – Prepared by Management)

	Nine months to Aug 31		Three months to Aug 31	
	2006 - \$ -	2005 - \$ -	2006 - \$ -	2005 - \$ -
Cash provided by (used for):				
OPERATING ACTIVITIES				
Net loss for period	(1,551,779)	(32,225)	(1,390,405)	(11,751)
Stock-based compensation	1,328,000	-	1,328,000	-
Changes in non-cash working capital accounts	(5,114)	(3,809)	(43,655)	11,775
Cash provide by (used for) operating activities	(228,893)	(36,034)	(106,060)	24
INVESTING ACTIVITIES				
Oil and gas properties	(1,688,498)	-	(782,213)	-
Cash used for investing activities	(1,688,498)	-	(782,213)	-
FINANCING ACTIVITIES				
Issuance of shares, net of acquisition costs	2,979,835	-	1,465,565	-
Cash provided by financing activities	2,979,835	-	1,465,565	-
Increase (decrease) in cash	1,062,444	(36,034)	577,292	24
Cash, beginning of period	342,076	355,923	827,228	319,865
Cash, end of period	1,404,520	319,889	1,404,520	319,889
Supplemental cash flow information:				
Cash paid for:				
- Interest	-	-	-	-
- Income taxes	-	-	-	-

- See Accompanying Notes -

ALTIMA RESOURCES LTD.
Notes to Interim Financial Statements
Nine months ended August 31, 2006
(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS

The Company was incorporated under the Company Act of British Columbia on November 14, 2003 as a Capital Pool Company established under the policies of the TSX Venture Exchange.

As a Capital Pool Company, the Company's principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a Qualifying Transaction.

On April 13, 2004, the Company's shares were listed for trading on the TSX Venture Exchange.

Pursuant to a Farm-out and Participation Agreement dated March 8, 2006 the Company acquired certain interests in the Chambers Area Gas Prospect, Alberta. This acquisition constituted the Company's "Qualifying Transaction" under Policy 2.4 of the TSX Venture Exchange (Note 3).

On May 9, 2006 the TSX Venture Exchange accepted for filing the Company's Qualifying Transaction and related transactions. Accordingly, the Company is no longer considered to be a Capital Pool Company, was reinstated as a Tier 2 Issuer, and the common shares of the Company commenced trading on the TSX Venture Exchange.

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. Operating results for the nine month period ended August 31, 2006 are not necessarily indicative of the results that may be expected for the year ending November 30, 2006. Unless otherwise noted, these interim financial statements follow the same accounting policies as the audited consolidated financial statements of the Company for the year ended November 30, 2005. Accordingly, these interim financial statements should be read in conjunction with the Company's 2005 annual audited financial statements and notes thereto.

3. OIL AND GAS PROPERTIES

Chambers Area Gas Prospect, Alberta

Pursuant to a Farm-out and Participation Agreement, dated March 8, 2006 between the Company and Golden Eagle Energy Inc. ("Golden"), the Company acquired the following interests in the Chambers Area Gas Prospect located in Sections 17 and 18, Township 41, Range 11W5M, Alberta:

- a) The right to earn a 20% working interest in a test well;
- b) The right to earn a 20% working interest in Section 17 of the farm-out lands;
- c) The right to earn an 18.75% working interest in the equipping and tie-in of the POCO Chambers 7-18-41-11W5M Elkton well; and
- d) The right to earn an 18.75% working interest in Section 18 of the farm-out lands.

Consideration for this transaction is as follows:

For a), b) and d) above: \$844,999 (paid); the Company has elected to participate in c) above and has reimbursed Golden \$30,000 for re-completion costs of the 7-18 well.

ALTIMA RESOURCES LTD.
Notes to Interim Financial Statements
Nine months ended August 31, 2006
(Unaudited – Prepared by Management)

3. OIL AND GAS PROPERTIES (Continued)

As at August 31, 2006, cumulative costs are as follows:

	August 31, 2006 - \$ -	November 30, 2005 - \$ -
Acquisition costs	169,000	-
Drilling, geophysical and other	1,424,880	-
Finder's fee (Note 4 (d))	68,775	-
Insurance	38,915	-
Consulting and geology	46,850	-
Travel	8,853	-
	1,757,273	-

4. SHARE CAPITAL

Authorized: unlimited number of common shares without par value

Issued and outstanding:

	# shares	- \$ -
Balance, November 30, 2005	6,250,000	437,931
Private placement a)	10,000,000	1,500,000
Warrants exercised b)	4,766,064	1,465,565
Options exercised c)	590,000	59,000
Finder's fee d)	335,488	68,775
Reclassified on exercise of options e)	-	25,397
Finders' fees paid in cash relating to private placements	-	(44,730)
Balance, August 31, 2006	21,941,552	3,511,938

During the period ended August 31, 2006 the Company completed the following share capital transactions:

- a) A non-brokered private placement of 10,000,000 units at a price of \$0.15 per share, with each unit comprised of one common share and one share purchase warrant having a term of one year and an exercise price of: (a) \$0.3075 per share in the first four months; (b) \$0.50 per share in months five through eight; and (c) \$1.00 per share in the final four months. The grant date fair value of these warrants has been included in share capital on a net basis and accordingly has not been recorded as a separate component of shareholders' equity;
- b) Warrants totaling 4,766,064 were exercised at a price of \$0.3075 per share;
- c) Options totaling 590,000 were exercised at a price of \$0.10 per share;
- d) A finder's fee of 335,488 common shares were issued at a deemed price of \$0.205 per share to an individual appointed a Director of the Company in conjunction with the completion of the Qualifying Transaction, but was at arm's length to the Company at the time the QT and finder's fee were agreed to.
- e) A total of \$25,397 was reclassified from contributed surplus on exercise of stock options during the period.

ALTIMA RESOURCES LTD.
Notes to Interim Financial Statements
Nine months ended August 31, 2006
(Unaudited – Prepared by Management)

4. SHARE CAPITAL (Continued)

Escrow Shares

In connection with the completion of the Qualifying Transaction, the transfer of 1,900,000 escrow shares from outgoing Principals of the Company to incoming Principals of the company was completed.

As at August 31, 2006 there were 2,735,488 escrow shares outstanding. In accordance with the policies of the TSX Venture Exchange, the escrow shares will be held pursuant to escrow agreements and will not be released except in accordance with the terms thereof.

Stock Options

The Company has a stock option plan which authorizes the board of directors to grant options for the purchase of up to 10% of the issued common shares at the time of the grant. During the period the Company granted 1,600,000 stock options entitling the holders to purchase common shares in the Company exercisable on or before June 5, 2011 at a price of \$1.00 per share.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options. The model 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 calculation, the following weighted-average assumptions were used: Risk free interest rate – 4.18%, expected dividend yield – nil, expected stock price volatility – 120%, expected life of options – 5 years. Accordingly, the fair value of the 1,600,000 options granted has been estimated at \$1,328,000.

5. RELATED PARTY TRANSACTIONS

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

	August 31	
	2006	2005
	- \$ -	- \$ -
Management fees paid or accrued to directors	35,000	-
Legal fee paid to a law firm of which a former director is a member	18,547	13,164
Finder's fee (Note 4(d))	68,775	-
Administrative services and occupancy charges paid to a company controlled by a director	19,950	-
Rent paid to a company controlled by a former director	3,000	4,500

Management service agreements or compensation plans have not been established to date.

6. SUBSEQUENT EVENTS

Subsequent to August 31, 2006 the Company acquired additional 3D seismic data in the Chambers area at a cost of \$168,000, and 2 parcels of land pursuant to Crown Land Sales at a cost of \$265,052. This brings the Company's land interests up to a total of 8,960 acres. In addition, the Company has optioned a further 3,840 gross acres. The Company's average working interest now is just over 22%, ranging from a low of 18.75% to a high of 35%.

Subsequent to August 31, 2006 the Company committed to further expenditures of \$1,650,000 on the Chambers 3-17-41-11W5M well for drilling and completion.

6. COMPARATIVES

Certain comparative figures have been reclassified to conform to the current presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.

ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2006

GENERAL

The following management discussion and analysis (“MDA”) of the financial position of Altima Resources Ltd. (“Company”) and results of operations should be read in conjunction with the unaudited financial statements and accompanying notes for the nine months ended August 31, 2006 and the audited financial statements for the two years ended November 30, 2005. The unaudited 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 contains certain forward looking statements, except for historical information. 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 on November 14, 2003 as a Capital Pool Company established under the policies of the TSX Venture Exchange.

As a Capital Pool Company, the Company’s principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a Qualifying Transaction.

On April 13, 2004, the Company’s shares were listed for trading on the TSX Venture Exchange.

Pursuant to a Farm-out and Participation Agreement dated March 8, 2006 the Company acquired certain oil and gas interests and the right to participate in the drilling of a Mississippi Elkton test well located in the Chambers Area Gas Prospect in the West Ferrier area of west central Alberta. This acquisition constituted the Company’s “Qualifying Transaction” under Policy 2.4 of the TSX Venture Exchange.

On May 9, 2006 the TSX Venture Exchange accepted for filing the Company’s Qualifying Transaction and related transactions. Accordingly, the Company is no longer considered to be a Capital Pool Company, was reinstated as a Tier 2 Issuer, and the common shares of the Company commenced trading on the TSX Venture Exchange.

OVERALL PERFORMANCE

The Company is an exploration stage public company listed on the TSX Venture Exchange and is exploring its oil and gas properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for oil and gas properties is dependent upon the discovery of economically recoverable reserves and confirmation of the Company’s interest in the oil and 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.

1. Management activities

For the period since December 1, 2005 the company and its Management have been occupied primarily with negotiations leading up to the signing of a Farm-out and Participation Agreement (“Agreement”) on March 8, 2006 between the Company and Golden Eagle Energy Inc. This Agreement was finally accepted on May 9, 2006 as the Company’s Qualifying Transaction by the TSX Venture Exchange.

ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2006

The Agreement entitles the Company to the following:

- a) The right to earn a 20% working interest in a test well;
- b) The right to earn a 20% working interest in Section 17 of the farm-out lands;
- c) The right to earn an 18.75% working interest in the equipping and tie-in of the POCO Chambers 7-18-41-11W5M Elkton well; and
- d) The right to earn an 18.75% working interest in Section 18 of the farm-out lands.

Consideration for this transaction is as follows:

For a), b) and d) above: \$844,999 (paid); the Company elected to participate in c) above and has reimbursed Golden \$30,000 for re-completion costs of the 7-18 well.

A finder's fee of 335,488 common shares were issued at a deemed price of \$0.205 per share to an individual appointed a Director of the Company in conjunction with the completion of the Qualifying Transaction, but was at arm's length to the Company at the time the QT and finder's fee were agreed to.

2. Chambers Area Gas Prospect

The Test Well (GEEL ET CHAMB 3-17-41-11 W5M) was spudded on March 14, 2006, and subsequent to the end of the quarter reached a depth of 3,349 metres and production casing has been set. According to data derived from the Alberta Energy Utilities Board, the Chambers Elton A pool is estimated to have in excess of 16.7 BCF of Original Gas in place, of which just over 14 BCF is calculated to be produceable. As of December 2005 the Chambers Elkton A Pool is reported to have produced in excess of 6.45 BCF of natural gas since going on stream in April 1999. Subsequent to August 31, 2006 and up to the date of this MDA, the Company and its partners have acquired a total of approximately 140 square miles of 3D seismic and have concluded two independent petrophysical studies over several Townships in the Chambers/Ferrier area. In the current quarter, the Test Well was completed (multi-zone completion) at commercial rates of natural gas and associated condensate. Additional zones are being evaluated and plans are underway for additional production testing. It is anticipated multiple zones will be co-mingled similar to completion and production techniques used in many of the Ferrier Pools to the immediate east. Plans are moving forward to tie-in the well, with anticipated gas sales commencing prior to the year end of 2006.

The Company and its partners had previously elected to the tie-in and equipping of the POCO Chambers 7-18-41-11 W5M well which is anticipated to commence production in conjunction with the 3-17-41-11W5M well.

The Company and its partners have also elected to drill on optioned lands, and are in the process of applying for a Mineral Service Lease and well license for the first location. This well is anticipated to spud in December 2006, and a second drilling location may follow in the first quarter of 2007.

Acquisition and related drilling costs to August 31, 2006 totaled \$1,757,273.

3. Operational results

For the nine months ended August 31, 2006, the Company recorded a net loss of \$1,551,778 compared to a net loss of \$32,225 for the comparable period in the previous year. The comparative increase in the net loss of \$1,519,553 is due primarily to stock-based compensation expense of \$1,328,000 recorded in the current quarter. Other general and administrative expenses are not strictly comparable to the same period in the previous year because at that time, as a Capital Pool Company, its principal business was the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a Qualifying Transaction. In the current period, in addition to expenses incurred relating to the Company's efforts to identify and evaluate the Qualifying Transaction referred to above, the Company incurred operational expenses relating to its activities in developing its oil and gas interests in the Chambers Area Gas Prospect in Alberta. As at August 31, 2006 the Company had no continuing source of operating revenues.

**ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2006**

SELECTED ANNUAL INFORMATION

	Years ended November 30		
	2003 - \$ -	2004 - \$ -	2005 - \$ -
Revenue	-	-	-
Net loss	(4,852)	(77,681)	(38,812)
Loss per share	(0.01)	(0.01)	(0.01)
Total assets	120,000	357,496	347,226

SUMMARY OF QUARTERLY RESULTS

	Aug 31/06	May 31/06	Feb 28/06	Nov 30/05
Revenue	-	-	-	-
Net loss	(1,390,405)	(161,372)	(22,694)	(8,476)
Loss per share	(0.08)	(0.02)	(0.01)	(0.01)
	Aug 31/05	May 31/05	Feb 28/05	Nov 30/04
Revenue	-	-	-	-
Net loss	(13,341)	(13,248)	(13,058)	(12,958)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2006, the Company had \$1,404,520 in cash and accounts payable and accrued liabilities of \$8,083. Working capital at August 31, 2006 was \$1,409,543 which management believes is sufficient to fund the ongoing administrative costs of the Company while it continues its participation in the Farm-out and Participation Agreement.

During the period ended August 31, 2006 the Company completed the following share capital transactions:

- a) A non-brokered private placement of 10,000,000 units at a price of \$0.15 per share for cash proceeds of \$1,500,000. Each unit is comprised of one common share and one share purchase warrant having a term of one year and an exercise price of: (a) \$0.3075 per share in the first four months; (b) \$0.50 per share in months five through eight; and (c) \$1.00 per share in the final four months; finders' fees of \$44,730 were paid in cash relating to the private placement.
- b) A total of 590,000 stock options were exercised at a price of \$0.10 per share for cash proceeds of \$59,000;
- c) A total of 4,766,064 warrants were exercised at a price of \$0.3075 per share for cash proceeds of \$1,465,565;

Stock Options

The Company has a stock option plan which authorizes the board of directors to grant options for the purchase of up to 10% of the issued common shares at the time of the grant. During the period the Company granted 1,600,000 stock options entitling the holders to purchase common shares in the Company exercisable on or before June 5, 2011 at a price of \$1.00 per share.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model 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 calculation, the following weighted-average assumptions were used: Risk free interest rate – 4.18%, expected dividend yield – nil, expected stock price volatility – 120%, expected life of options – 5 years.

ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2006

The fair value of the 1,600,000 options granted using the Black-Scholes option pricing model has been valued at \$1,328,000 and recorded in the accounts as stock-based compensation with an off-set to Contributed Surplus.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties in the period consisted of the following:

- a) Management fees of \$35,000 were paid or accrued to directors;
- b) Legal fees of \$18,547 were paid to a law firm of which a former director is a partner;
- c) Administrative charges and occupancy totaling \$19,950 was paid to a company controlled by a director;
- d) Rent of \$3,000 was paid to a company controlled by a former director.

SUBSEQUENT EVENTS

Subsequent to August 31, 2006 the Company acquired additional 3D seismic data in the Chambers area at a cost of \$168,000, and 2 parcels of land pursuant to Crown Land Sales at a cost of \$265,052. This brings the Company's land interests up to a total of 8,960 acres. In addition, the Company has optioned a further 3,840 gross acres. The Company's average working interest now is just over 22%, ranging from a low of 18.75% to a high of 35%.

Subsequent to August 31, 2006 the Company committed to further expenditures of \$1,650,000 on the Chambers 3-17-41-11W5M well for drilling and completion.

RISKS

The Company is engaged in the exploration for and development of oil and gas properties. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any oil and gas properties depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given oil and gas property include its size, and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of an oil and 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 revenues and 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 unaudited 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 consolidated 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.

DIRECTORS

During the period, the following individuals resigned as directors of the Company: Malcolm Powell, Carl Jonsson, Gregory Crowe, and Lindsay Bottomer

**ALTIMA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED AUGUST 31, 2006**

As at the date of this report the directors of the Company are:
Richard Switzer, Joe DeVries, Whitney Pansano, Jurgen Wolf, and Bob Mummery

Date prepared: October 23, 2006.