ALTIMA RESOURCES LTD.

INTERIM FINANCIAL STATEMENTS

Six Months Ended May 31, 2006

(Unaudited – Prepared by Management)

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

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

	May 31 2006 - $ - *Unaudited*	November 30, 2005 - $ - *Audited*
ASSETS		
Current assets		
Cash	827,228	342,076
Amounts receivable	18,211	5,150
Prepaid expense	4,500	-
	849,939	347,226
Oil and gas interests (Note 3)	975,060	-
	1,824,999	347,226
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	61,343	5,243
	61,343	5,243
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	2,046,373	437,931
Contributed surplus	-	25,397
Deficit	(282,717)	(121,345)
	1,763,656	341,983
	1,824,999	347,226

Director **Director**

Signed "Richard Switzer" ***Signed "Joe DeVries"***

- See accompanying notes -

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

	Six months to May 31		Three months to May 31	
	2006	**2005**	**2006**	**2005**
	- $ -	**- $ -**	**- $ -**	**- $ -**
EXPENSES				
Consulting	15,000	-	15,000	-
Management fees	24,000	-	24,000	-
Office administration	40,455	-	40,455	-
Office and miscellaneous	4,601	4,391	2,992	2,816
Professional fees	31,297	12,404	16,161	5,154
Transfer agent and filing fees	31,101	9,626	23,485	5,278
Travel	18,855	-	18,855	-
Interest income	(3,937)	(5,949)	(2,271)	(5,832)
	161,372	20,472	138,677	7,416
NET LOSS FOR PERIOD	(161,372)	(20,472)	(138,677)	(7,416)
Deficit, beginning of period	(121,345)	(82,533)	(144,040)	(95,589)
Deficit, end of period	(282,717)	(103,005)	(282,717)	(103,005)
Basic and diluted loss per share	(0.02)	-	(0.02)	-
Weighted average number of shares outstanding	8,310,038	5,900,000	8,310,038	5,900,000

- See Accompanying Notes -

ALTIMA RESOURCES LTD.

Interim Statements of Cash Flows
Six months ended May 31, 2006 and 2005
(Unaudited – Prepared by Management)

	Six months to May 31		Three months to May 31	
	2006	**2005**	**2006**	**2005**
	- $ -	**- $ -**	**- $ -**	**- $ -**
Cash provided by (used for):				
OPERATING ACTIVITIES				
Net loss for period	(161,372)	(20,472)	(138,677)	(7,416)
Changes in non-cash working capital accounts	38,539	(15,586)	28,331	(13,476)
Cash provide by (used for) operating activities	(122,833)	(36,058)	(110,346)	(20,892)
INVESTING ACTIVITIES				
Oil and gas properties	(906,285)	-	(906,285)	-
Cash used for investing activities	(906,285)	-	(906,285)	-
FINANCING ACTIVITIES				
Issuance of shares, net of acquisition costs	1,514,270	-	1,514,270	-
Cash provided by financing activities	1,514,270	-	1,514,270	-
Increase (decrease) in cash	485,152	(36,058)	497,639	(20,892)
Cash, beginning of period	342,076	355,923	329,589	340,757
Cash, end of period	827,228	319,865	827,228	319,865
Supplemental cash flow information:				
Cash paid for:				
- Interest	-	-	-	-
- Income taxes	-	-	-	-

- See Accompanying Notes -

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. Where an acquisition or participation is warranted, additional funding may be required. Funding of potential future operations and commitments is dependent upon the ability of the Company to obtain appropriate additional financing.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Measurement uncertainty and risk management

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 at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant areas requiring the use of management estimates relate to the allocation of proceeds on the sale of assets and income taxes. Actual results could differ from these estimates. The Company has limited exposure to credit or interest rate risk.

b) Financial instruments

The Company's financial instruments consist of cash, accounts receivable and accounts payable. The carrying amounts reported in the balance sheets approximate fair values.

c) Future Income Taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method an enterprise would recognize a future income tax liability whenever recovery or settlement of the carrying amount of an asset or liability would result in future income tax outflows. Similarly, an enterprise would recognize a future income tax asset whenever recovery or settlement of the carrying amount of an asset or liability would generate future income tax reductions. In the case of unused tax losses, income tax reductions, and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax benefits is determined by reference to the likely realization of a future income tax reduction.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Oil and gas interests

The Company follows the full cost method of accounting for its oil and gas operations whereby all cost related to the acquisition of petroleum and natural gas interests are capitalized. Such costs include land and lease acquisition costs, annual carrying charges of non-producing properties, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, and direct exploration salaries and related benefits. Proceeds from the disposal of oil and gas interests are recorded as a reduction of the related expenditures without recognition of a gain or loss unless the disposal would result in a change of 20% or more in the depletion rate.

Depletion of the capitalized costs is computed using the unit-of-production method based on the estimated proven reserves of oil and gas determined by independent consultants.

Estimated future removal and site restoration costs are provided over the life of proven reserves on a unit-of-production basis. Costs, which include the cost of production equipment removal and environmental clean-up, are estimated each period by management based on current regulations, costs, technology and industry standards. The charge is included in the provision for depletion and the actual restoration expenditures are charged to the accumulated provision accounts as incurred.

All of the Company's oil and gas interests are held in Canada and accordingly, the Company has a single cost centre, being Canada. Certain oil and gas activities are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

The Company applies a ceiling test to capitalized costs to ensure that such costs do not exceed estimated future net revenues from production of proven reserves at year end market prices less future production, site restoration, and income tax costs plus the lower of cost or estimated net realizable value of unproved properties.

e) Stock-based compensation

The Company uses the fair-value method for all stock-based compensation to employees and non-employees. The fair value of options vested during the period from the employee stock option plan or options re-priced is estimated on the date of vesting or re-pricing using the Black-Scholes option pricing model. The Company expenses all stock-based compensation.

f) Basis of presentation

These interim financial statements are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and with accounting policies outlined in the Company's audited financial statements as at November 30, 2005. These statements and related notes should be read in conjunction with the Company's audited financial statements as at November 30, 2005.

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 Eagle"), 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

3. OIL AND GAS PROPERTIES (Continued)

Chambers Area Gas Prospect, Alberta (continued)

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) and b) above: $844,999 (paid); reimburse Golden Eagle 3D costs of $28,000.00 as part of the AFE for the 3-17-41-11 W5M well, if the Company elects to participate in c) and d) above, it must reimburse Golden Eagle $30,000 for re-completion costs of the 7-18 well.

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

	May 31, 2006 - $ -	**November 30, 2005 - $ -**
Acquisition costs	844,999	-
Finder's fee (Note 4 (c))	68,775	-
Insurance	8,915	-
Consulting and geology	46,850	-
Travel	5,521	-
	975,060	-

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
a) Private placement	10,000,000	1,500,000
b) Stock options exercised	590,000	59,000
c) Finder's fee	335,488	68,775
d) Reclassified on exercise of options	-	25,397
e) Finders' fees paid in cash relating to private placements	-	(44,730)
Balance, May 31, 2006	17,175,488	2,046,373

During the period ended May 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;

b) A total of 590,000 stock options were exercised at a price of $0.10 per share;

c) 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.

d) A total of $25,397 was reclassified from contributed surplus on exercise of stock options during the period.

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 May 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.

5. RELATED PARTY TRANSACTIONS

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

	May 31	
	2006	**2005**
	- $ -	**- $ -**
Management fees paid or accrued to directors	24,000	-
Legal fee paid to a law firm of which a former director is a member	18,547	4,654
Rent paid to a company related by common directors	3,000	3,000
	45,547	7,654

There have been no management service agreements or compensation plans established to date.

6. SUBSEQUENT EVENTS

Subsequent to May 31, 2006 the Company entered into the following transactions:

a) The Company negotiated a private placement for gross proceeds of up to $5,000,000 subject to regulatory approval. The funds will be raised by the issuance of up to 2,500,000 flow-through shares at a price of $1.00 per share and issuance of up to 2,500,000 non-flow-through units at a price of $1.00 per unit. Each non-flow-through unit consists of one non-flow-through common share and one transferable share purchase warrant entitling the holder to purchase one additional non-flow-through common share exercisable for a period of one year from date of issuance at a price of $1.25 per share.

b) The Company granted 1,600,000 stock options to eligible participants under the Company's Stock Option Plan, exercisable on or before June 5, 2011 at a price of $1.00 per share

6. COMPARATIVES

Certain comparative figures have been reclassified to conform with current presentation.

ALTIMA RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
Six Months ended May 31, 2006

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. Where an acquisition or participation is warranted, additional funding may be required. Funding of potential future operations and commitments is dependent upon the ability of the Company to obtain appropriate additional financing.

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.

OVERALL PERFORMANCE

Management activities

This MD&A should be read in conjunction with the Company's unaudited financial statements for the six months ended May 31, 2006 and the Company's audited financial statements for the year ended November 30, 2005

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.

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) and b) above: $844,999 (paid); reimburse Golden Eagle 3D costs of $28,000.00 as part of the AFE for the 3-17-41-11 W5M well, if the Company elects to participate in c) and d) above, it must reimburse Golden Eagle $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.

Chambers Area Gas Prospect

The Test Well (GEEL ET AL CHAMB 3-17-41-11 W5M) was spudded on March 14, 2006, and subsequent to the end of the quarter reached a total 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.

Acquisition and related drilling costs to May 31, 2006 totaled $975,060.

Operational results

For the six months ended May 31, 2006, the Company recorded a net loss of $161,372 compared to a net loss of $20,472 for the comparable period in the previous year. The increase in the net loss of $140,900 is due primarily to activities relating to the Company's efforts to identify and evaluate the Qualifying Transaction referred to above. These costs included consulting fees of $15,000 (2005 – Nil), management fees of $24,000 (2005 – Nil), office administration of $40,455 (2005 – Nil), professional fees of $31,297 (2005 - $12,404), transfer agent and filing fees of $31,101 (2005 - $9,626), and travel and accommodation of $18,855 (2005 – Nil). As at May 31, 2006 the Company had no continuing source of operating revenues.

SELECTED ANNUAL INFORMATION

	Years ended November 30		
	2003 - $ -	**2004 - $ -**	**2005 - $ -**
Revenue	nil	nil	nil
Net loss	(4,852)	(77,681)	(38,812)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)
Total assets	120,000	357,496	347,226
Total long term financial liabilities	nil	nil	nil
Cash dividends declared per-share	nil	nil	nil

SUMMARY OF QUARTERLY RESULTS

	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006
Revenue	nil	nil	nil	nil	nil	nil	nil	Nil
Net loss	(8,951)	(12,958)	(13,058)	(13,248)	(13,341)	(8476)	(22,694)	(161,372)
Basic and diluted loss per share	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.001)	(0.004)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2006, the Company had $827,228 in cash and accounts payable and accrued liabilities of $61,343. Working capital at May 31, 2006 was $788,596 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 May 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; 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;

Subsequent to May 31, 2006 the Company entered into the following transactions:

a) The Company negotiated a private placement for gross proceeds of up to \$5,000,000 subject to regulatory approval. The funds will be raised by the issuance of up to 2,500,000 flow-through shares at a price of \$1.00 per share and issuance of up to 2,500,000 non-flow-through units at a price of \$1.00 per unit. Each non-flow-through unit consists of one non-flow-through common share and one transferable share purchase warrant entitling the holder to purchase one additional non-flow-through common share exercisable for a period of one year from date of issuance at a price of \$1.25 per share.

   Proceeds of \$2,500,000 raised from the Flow-through shares will be used for exploration and evelopment of the Company's oil and gas properties such that the exploration work will qualify as Canadian Exploration Expenses for the purpose of the income Tax Act which will then be renounced by the Company to the placees. Proceeds of \$2,500,000 raised from the Non-flow-through shares will be used for general working capital purposes.

b) The Company granted 1,600,000 stock options to eligible participants under the Company's Stock Option Plan, exercisable on or before June 5, 2011 at a price of \$1.00 per share.

TRANSACTIONS WITH RELATED PARTIES

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

a) Management fees of \$24,000 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) Rent of \$3,000 was paid to a company related by common directors;

DIRECTORS

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

As at the date of this report the directors of the Company are:

Richard Switzer, Joe DeVries, Whitney Pansano, Jurgen Wolf, and Bob Mummery

ADDITIONAL INFORMATION

Additional information on the Company may be found on SEDAR at www.sedar.com