

**FINANCIAL STATEMENTS**

**ALTIMA RESOURCES LTD.**

**VANCOUVER, BRITISH COLUMBIA**

**FEBRUARY 28, 2006**

1. NOTICE OF NO AUDITOR REVIEW
2. STATEMENT OF EARNINGS AND DEFICIT
3. BALANCE SHEET
4. STATEMENT OF CASH FLOWS
5. NOTES TO FINANCIAL STATEMENTS

## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

March 15, 2006

# ALTIMA RESOURCES LTD.

## STATEMENTS OF EARNINGS AND RETAINED EARNINGS

*Unaudited - Prepared by Management*

	Three months ended February 28	
	2006	2005
<b>EXPENSES</b>		
Legal and accounting	\$ 15,136	7,250
Registrar and transfer agent fees	4,716	4,348
Regulatory fees	2,900	-
Office and general	1,530	1,500
Interest income, net	(1,588)	(40)
	<b>22,694</b>	<b>13,058</b>
<b>NET LOSS</b>	<b>(22,694)</b>	<b>(13,058)</b>
Deficit, beginning of period	(121,343)	(82,531)
<b>DEFICIT, end of period</b>	<b>\$ (144,037)</b>	<b>(95,589)</b>
<b>NET LOSS PER SHARE</b>	<b>\$ (0.004)</b>	<b>\$ (0.002)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>6,250,000</b>	<b>5,900,000</b>

# ALTIMA RESOURCES LTD.

## BALANCE SHEETS

*Unaudited - Prepared by Management*

	February 28, 2006	November 30, 2005
<b>ASSETS</b>		
Current		
Cash	\$ 329,589	342,076
GST receivable	3,634	1,947
Interest receivable	4,754	3,203
	<b>\$ 337,977</b>	<b>347,226</b>
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 18,686	5,243
<b>SHAREHOLDERS' EQUITY</b>		
Share capital [Note 2]	437,931	437,931
Contributed surplus [Note 3]	25,397	25,397
Deficit	(144,037)	(121,345)
	<b>319,291</b>	<b>341,983</b>
	<b>\$ 337,977</b>	<b>347,226</b>

APPROVED ON BEHALF OF THE BOARD:

*"T.J.M. Powell"*

Director

*"Carl R. Jonsson"*

Director

# ALTIMA RESOURCES LTD.

## STATEMENTS OF CASH FLOWS

*Unaudited - Prepared by Management*

	Three months ended February 28	
	2006	2005
<b>OPERATIONS</b>		
Net loss	\$ (22,694)	(13,058)
Change in non-cash working capital balances:		
Increase(decrease) in accounts payable	13,443	(1,699)
Increase in GST receivable	(1,686)	(409)
Increase in interest receivable	(1,550)	-
	(12,487)	(15,166)
Decrease in cash	(12,487)	(15,166)
Cash, beginning of period	342,076	355,923
<b>CASH, end of period</b>	<b>\$ 329,589</b>	<b>340,757</b>

# ALTIMA RESOURCES LTD.

## NOTES TO FINANCIAL STATEMENTS

Three months ended February 28, 2006

Unaudited - Prepared by Management

### 1. NATURE OF OPERATIONS

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The Company was incorporated under the Company Act of British Columbia on November 14, 2003. The Company is a Capital Pool Company and its shares were listed for trading on the TSX Venture Exchange (the "TSX") on April 13, 2004.

The Company is in the process of identifying and evaluating business opportunities with the objective of completing a "qualifying transaction" under TSX rules. The TSX may suspend from trading or delist the Company's shares if it fails to complete a qualifying transaction by April 13, 2006.

The accompanying unaudited financial statements are prepared in accordance with Canadian generally accepted accounting principles but do not conform in all respects to the note disclosure requirements for its annual financial statements. The unaudited financial statements have been prepared on a basis consistent with the accounting principles and policies described in the annual financial statements, except as noted below, and should be read in conjunction with those statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included in these financial statements.

### 2. SHARE CAPITAL

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The Company has an unlimited number of common shares without par value available for issuance. The shares issued are as follows:

	2006	
	Number	Amount
Balance, beginning of period	6,250,000	\$ 437,931
Shares issued for cash	-	-
Balance, end of period	6,250,000	\$ 437,931

### 3. CONTRIBUTED SURPLUS

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	2006
Balance - beginning of period	\$ 25,397
Add: stock-based compensation	-
Balance - end of period	\$ 25,397

# ALTIMA RESOURCES LTD.

## NOTES TO FINANCIAL STATEMENTS

Three months ended February 28, 2006

Unaudited - Prepared by Management

### 4. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION

On January 12, 2004 the Company established a stock-option plan (the "Plan") for directors, officers and technical consultants. The following table summarizes the stock options outstanding at February 28, 2006:

Price	Number	Expiry date
\$0.10	590,000	January 10, 2009

Under the Plan, the number of shares issuable pursuant to options granted is limited to 10% of the Company's issued shares at the time the options are granted. Options expire 5 years from the date of grant. The number of options granted to any individual director or officer is limited to 5% of the issued shares of the Company and the options granted to all technical consultants is limited to 2% of the issued shares.

A summary of the changes in the Company's stock options for the period ended February 28, 2006 is presented below:

	2006	
	Weighted Average Number	Exercise Price
Outstanding, beginning of period	590,000	\$ 0.10
Granted	-	-
Outstanding, end of period	590,000	\$ 0.10

The Company recognizes the fair value of options granted with respect to stock-based compensation. The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. 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.

# ALTIMA RESOURCES LTD.

## NOTES TO FINANCIAL STATEMENTS

Three months ended February 28, 2006

Unaudited - Prepared by Management

### 5. RELATED PARTY TRANSACTION

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The following table summarizes the Company's related party transactions for the period:

	2006	2005
Expenses		
Legal fees incurred - for fees and disbursements - from a law firm of which a director is a member	\$ 8,881	1,000
Rent paid to a company with a common director and shareholder	1,500	1,500

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the year, the amounts due to (from) related entities are as follows:

Accounts payable for legal fees and disbursements	\$ 7,760	1,000
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These balances are payable on demand and have arisen from the provision of services referred to above.

### 6. SEGMENT INFORMATION

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The Company has no operations or segments as of February 28, 2006.

# ALTIMA RESOURCES LTD.

## NOTES TO FINANCIAL STATEMENTS

Three months ended February 28, 2006

Unaudited - Prepared by Management

### 7. SUBSEQUENT EVENTS

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On March 8, 2006, the Company entered into an agreement (the "GEEI Agreement") with Golden Eagle Energy Inc. ("GEEI"), pursuant to which the Company agreed to participate in the drilling of a Mississippian Elkton test well known as the GEEL ET AL CHAMB 3-17-41-11 W5M well (the "Test Well") located in the West Ferrier area of west central Alberta. The Company, as a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange"), intends that the Agreement will be its Qualifying Transaction.

Pursuant to the GEEI Agreement, the Company has agreed to participate in the drilling of the Test Well by paying 25% of the costs. The cost to the Company is estimated to be \$826,220, being 25% of the total costs which are estimated will be \$3,304,883 for the drilling and completion, or abandonment, of the Test Well.

Once the Company has fulfilled its obligation as noted above, it will have earned a 20% working interest in the Test Well and section 17 of the Farmout Land subject to Crown royalties and an 8.5% non-convertible gross overriding royalty ("NCGOR"). It will then also have the option to participate for an 18.75% WI in the equipping and tie-in of the 7-18-41-11 W5M Well (the "7-18 Well") and section 18 of the Farmout Lands, which are also subject to an 8.5% NCGOR.

In consideration for the Company's participation in the drilling of the Test Well it has agreed:

- (i) To reimburse GEEI by April 30, 2006, \$28,000 of its seismic acquisition costs;
- (ii) If the Company agrees to participate in the equipping and tie-in of the 7-18 Well, to reimburse GEEI for 18.75% of its re-completion costs of the 7-18 Well (estimated to be \$30,000).

The Company has agreed to issue to an arm's-length person 338,859 common shares of the Company, at a deemed price of \$0.205 per share, as a finder's fee in connection with the GEEI Agreement.

The GEEI Agreement is subject to acceptance by the Exchange. Initial submissions to the Exchange with respect to the GEEI Agreement have been made.

## ALTIMA RESOURCES LTD.

### MANAGEMENT DISCUSSION AND ANALYSIS DATED MARCH 17, 2006

This MD & A covers the Company's first fiscal quarter from December 1, 2005 to February 28, 2006 - and the period to March 17, 2006. It is to be read in conjunction with the Company's financial statements audited to November 30, 2005 and the unaudited financial statements of the Company prepared to February 28, 2006.

#### 1. Overall Performance

(a) For the period since December 1, 2005 the Company and its Management have been primarily occupied with the negotiations which have led to the signing of the GEEI Agreement described in sub-clause (b) below.

#### (b) GEEI Agreement

The Company has entered into an agreement (the "GEEI Agreement") dated March 8, 2006 with Golden Eagle Energy Inc. ("GEEI"), pursuant to which the Company has agreed to participate in the drilling of a Mississippian Elkton test well known as the GEEL ET AL CHAMB 3-17-41-11 W5M well (the "Test Well") located in the West Ferrier area of west central Alberta. The Company, as a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange"), intends that the Agreement will be its Qualifying Transaction.

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Once the Company has fulfilled its obligation as noted above, it will have earned a 20% working interest in the Test Well and section 17 of the Farmout Land subject to Crown royalties and an 8.5% non-convertible gross overriding royalty ("NCGOR"). It will then also have the option to participate for an 18.75% WI in the equipping and tie-in of the 7-18-41-11 W5M Well (the "7-18 Well") and section 18 of the Farmout Lands, which are also subject to an 8.5% NCGOR.

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The Company has agreed to issue to an arm's-length person 338,859 common shares of the Company, at a deemed price of \$0.205 per share, as a finder's fee in connection with the GEEI Agreement.

The GEEI Agreement is subject to acceptance by the Exchange. Initial submissions to the Exchange with respect to the GEEI Agreement have been made.

(c) Proposed Transfer of Escrowed Shares

Five shareholders (four of whom are Directors of the Company) signed an agreement dated January 13, 2006 agreeing to transfer 1,900,000 escrowed shares of the Company to a group (the "Purchaser Group") - and to simultaneously with the closing of the GEEI Agreement described above - resign from their positions as Directors of the Company and appoint representatives of the Purchaser Group as the Directors and Officers of the Company. The transfer of the escrowed shares to the Purchaser Group will be subject to the approval of the Exchange. The Exchange will be asked to approve the transfer of the escrowed shares simultaneously with the approval of the GEEI Agreement. The 1,900,000 shares are 30.4% of the issued shares of the Company.

(d) Financing

The Company, with the assistance of the Purchaser Group mentioned in sub-clause (c), is in the course of seeking additional private placement financing which will be sufficient to enable it to pay its share of the costs of the Test Well to be drilled pursuant to the GEEI Agreement.

2. Summary of Quarterly Results

The following information is provided for each of the 8 most recently completed quarters of the Company:

	Feb. 28/06 \$	Nov. 30/05 \$	Aug. 31/05 \$	May 31/05 \$	Feb. 28/05 \$	Nov. 30/04 \$	Aug. 31/04 \$	May 31/04 \$
(a) Net sales or total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Income (loss before extraordinary items								
- total	(22,694)	(8,476)	(13,341)	(13,248)	(13,058)	(12,958)	(8,951)	(8,671)
- per share undiluted*	(0.004)	(0.001)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)
(c) Net loss								
- total	(22,694)	(6,592)	(11,751)	(7,416)	(13,058)	(12,958)	(7,938)	(8,671)
- on per share basis	(0.004)	(0.001)	(0.002)	(0.002)	(0.002)	(.001)	(0.001)	(0.001)

\*As the effect of dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

The differences in the figures between the various quarters is due only to the amount of activity by the Company in each quarter. The increased expenses - and resulting loss - for the quarter

ended February 28, 2006 was as a result of the extra activities of Management in negotiating the agreements described in Clause 1.

### 3. **Results of Operations**

Because the Company did not have any operations in its last fiscal quarter ended February 28, 2006, or the period since then, there can be no meaningful discussion of the results of operations. The Company's activities during the quarter ended February 28, 2006 were as described in Clause 1. The relatively low level of activity in some earlier quarters resulted in the Company having lower expenses and losses in those quarters than in some of the other quarters.

### 4. **Liquidity**

As at February 28, 2006 the Company had working capital of \$319,291.

The Company does not have funding on hand sufficient to pay the costs that will be involved in the oil and gas activities described in Clause 1 pursuant to the GEEI Agreement. As noted above, the Company is currently negotiating to acquire additional funding to pay the costs that will be incurred under the GEEI Agreement. It is not expected that the Exchange will approve the GEEI Agreement until the Company has raised sufficient funds to pay the initial costs that it will incur pursuant to that Agreement.

### 5. **Transactions with Related Parties**

There have been no transactions with related parties in the past fiscal year – except that:

- (a) Rent of \$1,500 was paid to a company controlled by some of the Directors of the Company.
- (b) Carl Jonsson, the Company's Director, Corporate Secretary and Chief Financial Officer, has continued to act as the Company's lawyer through his firm, Tupper Jonsson & Yeadon. The fees paid to the firm for the quarter ending February 28, 2006 totalled \$8,300 plus GST and PST.

### 6. **Other MD & A Requirements**

- (a) Additional information relating to the Company – contained in its financial statements prepared and audited to November 30, 2005 and the preceding fiscal year-ends - and the quarterly financial statement for the quarter ending February 28, 2006 have been filed on SEDAR and are available at [www.sedar.com](http://www.sedar.com).
- (b) As the Company has not had any revenue from operations in its last two financial years the following additional information is provided:

Breakdown of general and administration expenses for the quarters ending February 28, 2006 and February 28, 2005 fiscal years:

	Feb. 28/06 \$	Feb. 28/05 \$
Legal and accounting	15,136	7,250
Registrar and transfer agent fees	4,716	4,348
Regulatory fees	2,900	-
Office and general	1,530	1,500
Interest income, net	(1,588)	(40)
	22,694	13,058

## (b) Outstanding share data:

(i) The Company has 6,250,000 common shares issued. The shares are all voting shares and rank equally with each other.

(ii) The Company has share purchase options outstanding entitling the purchase of:

Shares	Exercise Prices	Expiry Dates
590,000	\$0.10	January 10, 2009