ALTAI RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Altai Resources Inc. (the "Company") were prepared by management in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the Company's Audit Committee and the Board of Directors. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 of the consolidated financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Niyazi Kacira"
Niyazi Kacira
President

"Maria Au"
Maria Au
Secretary-Treasurer

Toronto, Canada
April 6, 2021

Independent Auditor's Report

To the Shareholders of Altai Resources Inc.

Opinion

We have audited the consolidated financial statements of Altai Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss in the past and currently has an accumulated deficit of $33,485,445. As stated in Note 1, these events or conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprise:

- Management's Discussion and Analysis; and

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nick Miseros.

MS Partners LLP

Licensed Public Accountants
Toronto, Ontario
April 6, 2021

ALTAI RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

	Note	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		$ 1,366,752	$ 1,449,287
Marketable securities	4	2,088,865	2,323,424
Accounts receivables		38,098	43,149
Prepaid expenses		47	47
Total current assets		3,493,762	3,815,907
Non-current assets			
Exploration and evaluation assets	5	867,189	865,571
Property and equipment	6	396,775	440,359
Total non-current assets		1,263,964	1,305,930
Total assets		**$ 4,757,726**	**$ 5,121,837**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 49,715	$ 56,075
Non-current liabilities			
Decommissioning liabilities	7	146,206	127,173
Deferred tax liabilities	8	109,454	146,996
Total non-current liabilities		255,660	274,169
Total liabilities		**$ 305,375**	**$ 330,244**
SHAREHOLDERS' EQUITY			
Share capital	9a	$ 34,003,020	$ 34,003,020
Contributed surplus		3,238,391	3,238,391
Deficit		(33,485,445)	(33,392,000)
Accumulated other comprehensive income		696,385	942,182
Total equity		**$ 4,452,351**	**$ 4,791,593**
Total liabilities and shareholders' equity		**$ 4,757,726**	**$ 5,121,837**
Commitments	13		

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of the board on April 6, 2021

"Niyazi Kacira"
Director

"Mehmet F. Taner"
Director

ALTAI RESOURCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2020	2019
REVENUE			
Oil sales		$ 84,642	$ 133,214
Royalties		(3,305)	(5,630)
		81,337	127,584
Interest and dividend income		127,275	128,335
		208,612	255,919
EXPENSES			
Production		60,158	58,364
General and administrative	11	113,151	138,377
Exploration expenses	11	88,734	113,667
Amortization		60,679	58,237
		322,722	368,645
NET LOSS		$ (114,110)	$ (112,726)
OTHER COMPREHENSIVE INCOME			
(Decrease) Increase in fair value of investment in marketable securities, net of taxes		(245,797)	336,033
COMPREHENSIVE (LOSS) INCOME		$ (359,907)	$ 223,307
NET LOSS PER SHARE			
Basic and diluted loss per share	10	$ (0.00)	$ (0.00)
Weighted Average Number of Common Shares Outstanding			
– basic		56,033,552	56,033,552
– diluted		56,033,552	56,033,552

The accompanying notes are an integral part of the consolidated financial statements.

ALTAI RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

	Share capital					
	Number of shares	**Amount $**	**Contributed surplus $**	**Accumulated other comprehensive income (net of tax) $**	**Deficit $**	**Total equity $**
Balance, December 31, 2018	**56,033,552**	**34,003,020**	**3,238,391**	**606,149**	**(33,205,017)**	**4,642,543**
Net loss for the year	-	-	-	-	(112,726)	(112,726)
Loss in sale of marketable securities	-	-	-	-	(74,257)	(74,257)
Increase in fair value of investment in marketable securities	-	-	-	336,033	-	336,033
Balance, December 31, 2019	**56,033,552**	**34,003,020**	**3,238,391**	**942,182**	**(33,392,000)**	**4,791,593**
Net loss for the year	-	-	-	-	(114,110)	(114,110)
Gain in sale of marketable securities	-	-	-	-	20,665	20,665
Decrease in fair value of investment in marketable securities	-	-	-	(245,797)	-	(245,797)
Balance, December 31, 2020	**56,033,552**	**34,003,020**	**3,238,391**	**696,385**	**(33,485,445)**	**4,452,351**

The accompanying notes are an integral part of the consolidated financial statements.

ALTAI RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (114,110)	$ (112,726)
Adjusted for		
Amortization	60,679	58,237
Finance expense	1,937	4,276
Interest income	(15,450)	(22,609)
Interest received	15,450	22,609
	(51,494)	(50,213)
Changes in non-cash working capital balances:		
Accounts receivable	5,052	(29,160)
Prepaid	-	2,801
Accounts payable and accrued liabilities	(6,360)	2,235
Cash used in operating activities	(52,802)	(74,337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred exploration expenditure	(1,618)	(1,680)
Purchase of marketable securities	(28,145)	-
Proceeds on sale of marketable securities	30	742
Cash used in investing activities	(29,733)	(938)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(82,535)	(75,275)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,449,287	1,524,562
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,366,752	$ 1,449,287

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Operations and Going Concern

Altai Resources Inc. ("Altai" or the "Company"), incorporated under the laws of the province of Ontario with a head-office location at 895 Don Mills Road, Two Morneau Shepell Centre, Suite 900, Toronto, Ontario, M3C 1W3. The Company is a resource company with a portfolio of oil revenue producing property and other gas and gold properties which it is in the process of exploring and has not yet determined whether those properties contain reserves that are economically recoverable. All properties are in Canada.

Altai's common shares are listed on the TSX Venture Exchange under the symbol ATI.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Apart from an oil revenue producing property, the other properties are at an early stage of development. The Company has incurred losses in the past and currently has an accumulated deficit of $33,485,445.

The Company's ability to continue as a going concern is dependent upon the existence of economically recoverable resource reserves, the ability of the Company to obtain necessary financing to complete the exploration and the development of those properties, and upon future profitable production or proceeds from the disposition thereof.

The Company has cash and cash equivalents of $1,366,752 and believes this amount is sufficient to meet its planned exploration expenditures on its properties and to meet its corporate administrative expenses for the next 12 months. Long term, the Company may pursue opportunities to raise additional funds, and while the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, all of which describe the material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern, which could be material.

2. Basis of Presentation

Statement of compliance
These consolidated financial statements are audited and have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS committee ("IFRIC"). The accounting policies set out below have been applied to all periods presented in these consolidated financial statements.

The consolidated financial statements for the years ended December 31, 2020 and 2019 were approved by the Board of Directors on April 6, 2021.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. These consolidated financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

Functional and presentational currency
The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

Accounting judgments and estimation uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates and underlying assumptions are reviewed annually and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these consolidated financial statements, the Company makes judgments regarding the application of its accounting policies.

The financial statement areas that require significant estimates and assumptions are included in the following notes:

Asset impairments
For impairment testing of property, plant and equipment and exploration and evaluation assets, the assessment of facts and circumstances is a subjective process that often involves a number of estimates and is subject to interpretation. One of the more significant policies

adopted by the Company has been deciding the level at which assets are to be aggregated for assessing impairment. These groupings are referred to as Cash Generating Units ("CGU"). CGU is defined as the lowest levels for which there are separately identifiable independent cash inflows. Based on numerous factors, including the independence of cash inflows and production infrastructure, management considers the Company to have three CGUs, namely Malartic Gold properties, the Quebec natural gas properties and Cessford oil properties. The testing of assets or CGU's for impairment, as well as the assessment of potential impairment reversals, requires estimates of an asset's or CGU's recoverable amount. The estimate of a recoverable amount requires a number of assumptions and estimates, including quantities of reserves, expected production volumes, future commodity prices, discount rates as well as future development and operating costs. These assumptions and estimates are subject to change as new information becomes available and changes in any of the assumptions, such as a downward revision in reserves, a decrease in commodity prices or an increase in costs, could result in an impairment of an asset's or CGU's carrying value.

Apart from the Sorel-Trois Rivieres gas property in Quebec which has been written down at December 31, 2014 as required by accounting standards, at December 31, 2020, management assessed whether there were indicators that the other CGUs may be impaired. Management determined no such indicators are present and therefore no impairment exists.

Decommissioning liabilities

Decommissioning liabilities consist of asset retirement obligations that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free interest rate. At each reporting date, management reviews the provision for decommissioning liabilities and adjusts it to reflect the current best estimate.

Depletion, depreciation and amortization

The Company's property, plant and equipment and exploration and evaluation assets are measured at cost less accumulated depletion, depreciation and amortization (DD&A) and accumulated impairment losses. The amount subject to DD&A is determined as the cost of the asset less its residual value and should be allocated on a systematic basis over the useful life of the assets. The estimate of useful life and residual value are determined annually by qualified independent oil properties specialists. If changed significantly, the changes will be accounted for in the consolidated statements of compressive loss prospectively as a change in an accounting estimate in accordance with International Accounting Standards ("IAS") 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Valuation allowance for deferred income taxes

Each period, the Company evaluates the likelihood of whether some portion of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, tax planning initiative, and deferred tax rates.

Fair value measurements

The Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The marketable securities have been designated as investments in equity instruments and carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an investment in equity instrument constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from the other comprehensive income and recognized in the statement of comprehensive loss.

The fair value of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities approximate their carrying value due to their short term to maturity.

The fair value of share-based compensation is estimated using the Black-Scholes Option Pricing valuation model. The inputs are based on factors including the share price on measurement date and the exercise price of the instrument, and based on assumptions for the risk-free interest rate (based on government bonds), the forfeiture rate and expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the volatility of the share price (based on historic movements in the Company's share price).

3. Summary of Significant Accounting Policies

The significant accounting policies used in the presentation of these consolidated financial statements are described below:

Basis of consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary: Petro St-Pierre Inc. All inter-company accounts and transactions have been eliminated upon consolidation.

Revenue recognition
Revenues from the sale of crude oil are recognized over time, which is when the performance obligation associated with the sale has been completed and the right to use is transferred to the customer. Revenue is presented net of production expenses and royalties.

Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established.

Cash and cash equivalents
Cash and cash equivalents include short term deposits with terms to maturity of ninety days or less when acquired.

Marketable securities
Marketable securities are classified and measured as financial assets at fair value through other comprehensive income. Unrealized gains and losses are recorded in other comprehensive income until the shares are sold or impaired at which time the realized gain or loss and impaired amounts would be reclassified directly from the fair value through other comprehensive income reserve to deficit.

Exploration and evaluation assets
The exploration and evaluation expenditures include the costs of acquiring licences and claims, exploratory drilling, geological and geophysical activities, acquisition of mineral and surface rights, directly attributable expenses and technical studies. Exploration and evaluation expenditures are capitalized as exploration and evaluation assets when the technical feasibility and commercial viability of extracting mineral and natural gas reserves have yet to be determined. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

Exploration and evaluation assets are measured at cost and are not depleted or depreciated. Exploration and evaluation assets, net of any impairment loss, are transferred to property and equipment when proved and/or probable reserves are determined to exist.

When a project is deemed to no longer have commercial viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts or circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Property, plant and equipment
Property, plant and equipment include oil properties and computer equipment.

The cost of oil properties include all costs directly associated with the acquisition of crude oil wells and adherent land. These expenditures include its purchase price, legal fees related to the acquisition, and the initial estimate of decommissioning liabilities. The oil properties include four wells and three pieces of adherent land. Since all four wells located within a single geographic unit and have same useful lives and depreciation methods, the four well components have been grouped together as one component. The Company does not currently have a reserve study to allow for depletion based on unit-of-production and therefore depletes the oil property over an estimated useful life using the straight line method.

Property, plant and equipment are stated at cost less accumulated amortization and accumulated impairment. Amortization has been provided in the accounts on the straight line basis at the following rates:

Computer equipment – over 3 years
Oil properties – over 15 years

Impairment
The Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset or asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset or the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment may no longer exist

or may have decreased. If such indication exists, the recoverable amount is estimated. Any previously recognized loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reverse is recognized in the consolidated statement of operations. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

When an exploration and evaluation asset is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property and equipment. Exploration and evaluation asset and property and equipment are accumulated on an area-by-area basis then grouped into CGU's on the basis of geographical area having regard to the operational infrastructure (such as facilities and sales points) of the area, and are the lowest level at which there are identifiable cash inflows that are largely independent of the cash flows of other groups of assets.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Decommissioning liabilities

The Company provides for the costs of decommissioning associated with oil properties, including the abandonment of crude oil wells, related facilities, compressors, removal of equipment from leased acreage and returning such land in a condition as it is contractually obligated. The expected value of each asset's decommissioning liabilities is recorded in the period a well or related asset is drilled and evaluated, constructed or acquired. The decommissioning liabilities are measured in the consolidated statement of financial position at the expected value of the expenditures expected to be required to settle the obligation and discounted using a risk free rate. A corresponding amount is capitalized in the relevant asset category. Any further adjustment arising from a reassessment of estimated cost of the decommissioning liabilities or a change in the discount rate also has a corresponding amount capitalized, whilst the charge arising from the accretion of the discount applied to the decommissioning liabilities is treated as a component of finance costs in the consolidated statement of comprehensive loss.

Fair value of stock options

The Company uses the Black-Scholes Option Pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's profit and loss and contributed surplus.

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statement of comprehensive loss.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company creates a valuation allowance to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits, and unused tax losses cannot be utilized.

Stock-based compensation cost

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes Option Pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock.

Income (loss) per common share

Basic income (loss) per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. It requires consideration as to whether the fulfilment of the arrangement is dependent on the use of a specific tangible asset or the arrangement conveys a right to use the tangible asset.

Lessees are required to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and liabilities are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for those financial assets and liabilities classified as fair value through profit or loss, which are initially measured at fair value

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

a) Fair value through profit or loss ("FVPL") – This category comprises financial assets designated upon initial recognition as FVPL and is acquired or incurred principally for the purpose of selling or repurchasing in the near term. On initial recognition it is part of a portfolio of identifiable financial instruments managed together for which there is evidence of a recent pattern of short-term profit taking, or a derivative (excluding a derivative used for hedging). FVPL are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss for the period as they arise.

b) Loans and accounts receivables – They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivables are of short term nature and approximate their carrying values and are included in current assets. These assets are recognized initially at the amount expected to be received, less, when material, a discount to reduce loans and receivables to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision for impairment.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. Interest income or expense is recognized in profit or loss.

c) Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the investment is impaired, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the entity's original effective interest rate. The impairment losses are recognized in the consolidated statement of loss.

d) Investments in equity instruments – Non-derivative financial assets designated as investments in equity instruments that are not classified as loans and receivables, held to maturity investments or FVPL. Investments in equity instruments are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an investment in equity instrument constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from the other comprehensive income and reclassified directly to retained earnings. When an investment in equity instruments at fair value through other comprehensive income is sold, the realized gain or loss is transferred directly from the fair value through other comprehensive income reserve to deficit.

All financial assets except for those recorded at fair value through profit or loss and at fair value through other comprehensive income are subject to review for impairment. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

a) Fair value through profit or loss – This category comprises financial liabilities designated upon initial recognition as FVPL. FVPL are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of income (loss) for the period.

b) Financial liabilities measured at amortized cost – Financial liabilities measured at amortized cost comprise accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

The Company's accounts payables and accrued liabilities and other current liabilities, due to their short term nature and approximation to their carrying values, are classified as current liabilities.

The Company's financial instruments consist of the following:

Instrument	Classification and Measurement basis under IFRS 9
Cash and cash equivalents	Fair value through profit or loss
Marketable securities	Fair value through other comprehensive income
Accounts receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Decommissioning liabilities	Amortized cost

Fair value hierarchy classification of financial instruments

IFRS 7 establishes a fair value hierarchy that reflects the significance of inputs in measuring fair value as following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company's cash and cash equivalents and marketable securities are designated as Level 1.

The fair value of cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short term nature. Decommissioning liabilities have been recorded at its present value.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Future changes in accounting policies

An amendment to IAS 1, *Presentation of Financial Statements,* has been issued in January 2020 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least twelve months after the reporting period. The amendment is effective for annual periods beginning on or after January 1, 2023. Adoption of this amendment is not expected to have significant impact on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. Marketable Securities

Marketable securities, classified and measured at fair value through other comprehensive income, consist of dividend/interest paying Canadian financial and utilities shares and shares of junior resource companies the Company received pursuant to option agreements. They are reported in their fair market values at the end of the reporting periods. The unrealized gain (the total fair market values less the total costs) is included in other comprehensive income.

When marketable securities are sold, the realized gains or losses are transferred directly from the fair value through other comprehensive income reserve to deficit.

For the year ended December 31, 2020, a realized gain of $20,665 in the sale of marketable securities was recorded in the deficit per IFRS 9.

Total fair market values and costs of the marketable securities at December 31, 2020 and 2019 are as follows:

	2020	2019
Total fair market values	$2,088,865	$2,323,424
Total costs	$1,262,798	$1,214,017

As at December 31, 2020, the Company has unrealized gain of $826,067 (2019 – $1,109,406) net of taxes of $109,454 (2019 – $146,996).

5. Exploration and Evaluation Assets

Exploration and evaluation assets consist of the interest in mining properties and natural gas interests.

	Interests in mining properties (i)	Natural gas interests (ii)	Total
Balance at December 31, 2019	$865,570	$1	$865,571
Expenditure `	1,618	-	1,618
Balance at December 31, 2020	$867,188	$1	$867,189

i) Interests in mining properties

Malartic Township gold property, Quebec	Acquisition cost	Expenditure	Total
Balance at December 31, 2019	$123,711	$741,859	$865,570
Expenditure		1,618	1,618
Balance at December 31, 2020	$123,711	$743,477	$867,188

The Company owns 50% working interest in the Malartic Township gold property of six map designated claims (CDC). The other 50% working interest is owned by the property operator, Globex Mining Enterprises Inc., which names the project "Blackcliff gold property".

ii) Natural gas interests

Sorel-Trois Rivieres natural gas property, Quebec

As at December 31, 2020, Altai holds 100% interest in five oil and gas and reservoir licences in the Sorel-Trois Rivieres area, St. Lawrence Lowlands covering 68,483 hectares (169,225 acres).

The Company also has 15% gross production royalty from an adjacent licence (and its successor licence) of 13,290 hectares (32,840 acres) that Talisman Energy Canada (now Repsol Canada Energy Partnership "Repsol") has 100% working interest. That licence has been reduced to 12,334 hectares (30,477 acres) due to Bill 18 in Quebec. On February 1, 2020, that licence has been assigned by Repsol to Questerre Energy Corporation.

In view of the prolonged delay in the formation of a new energy policy since 2011 resulting in the uncertainty in the future Quebec shale gas development, the Company adopted a prudent approach and wrote down the project to $1 as required by accounting standards at December 31, 2014.

Thereafter all exploration expenditures on the property are reported in the profit and loss. Total cumulative capital and exploration expenditures (including expenditures reported in the profit and loss) incurred on the natural gas interests to December 31, 2020 amounted to $24,922,441 (2019 - $24,833,707), with total cumulative write downs (including expenditures reported in the profit and loss) of $24,922,440 (2019 - $24,833,706).

The impairment of exploration and evaluation assets recognized can be reversed in the future (in whole or in part) if there is any indication that the impairment loss recognized may no longer exist and that the recoverable amount of impaired assets exceeds its carrying amount.

6. Property and Equipment

	December 31, 2020			December 31, 2019		
	Cost	**Accumulated Amortization**	**Net**	**Cost**	**Accumulated Amortization**	**Net**
Computer equipment	$ 24,577	$ 24,577	$ -	$ 24,577	$ 24,577	$ -
Oil properties (1)	895,662	498,887	396,775	878,566	438,207	440,359
	$920,239	$523,464	$ 396,775	$903,143	$462,784	$ 440,359

(1) In 2012, the Company acquired a 50% (net 45%) working interest in Alberta Crown leases in the Cessford area of southern Alberta and production of light oil in four long-life oil producing wells. The cost of oil properties include all costs directly associated with the acquisition of crude oil and adherent land. These expenditures include its purchase price, legal fee related to acquisition, and the decommissioning liabilities. 692012 Alberta Ltd. and another Calgary party (together the "Parties") which provided technical support to Altai during the acquisition process were paid a fee in kind by Altai, that is, each of the Parties held a 2.5% working interest in the property on the transaction closing. ConocoPhillips Canada Energy Partnership ("Conoco") of ConocoPhillips Canada Resources Corp., a fully owned subsidiary of ConocoPhillips, US, was the partner and operator of the property. In November 2015, Conoco assigned its interest in the property to Canadian Natural Resources Limited which becomes the partner and operator of the property.

The four wells are subject to various royalty payments, some of which are 1.25-3% of gross revenue on certain wells and another which is based on barrels of oil produced. Reserve life of the four wells is estimated at 15 years. There have been no reserve studies performed to accurately estimate the reserves of these properties.

In January 2020 the Company was served with a Civil Claim by the Parties for a payment of $10,480.96 for their share of the property revenue to a certain date. The Company is defending against the Civil Claim and has counterclaimed against the two Parties for certain damages. Please refer to Note 17 "Subsequent Event" for further details.

7. Decommissioning Liabilities

The decommissioning liability was estimated based on the Company's net ownership interest in all wells and facilities, the estimated cost to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statement could be significant. The total undiscounted amount of the estimated cash flows required to settle the asset retirement obligation is approximately $122,000 (December 31, 2019 – $122,000) which will be incurred in 7 years. A nominal risk free rate of 1.62% (December 31, 2019 –3.51%), and an inflation rate of 0.62% (December 31, 2019 – 1.9%), was used to calculate the fair value of the decommissioning liabilities. Changes to the liability were as follows:

	December 31, 2020	December 31, 2019
Decommissioning liability, beginning of year	$ 127,173	$ 135,140
Change in discount rate	17,096	(12,243)
Accretion	1,937	4,276
Decommissioning liability, end of year	$ 146,206	$ 127,173

8. Income Taxes

(a) The provision for income taxes attributable to income before income taxes differs from the amounts computed by applying the 2020 combined federal and provincial tax rate of 26.5% (2019 – 26.5%) of pre-tax loss as a result of the following:

	2020	2019
Loss before income taxes	$ (114,110)	$ (112,726)
Computed expected income tax recovery	(30,239)	(29,872)
Non-deductible expenses	23,956	31,231
Temporary differences not recognized in the year	16,080	15,433
Change of valuation allowance	(9,797)	(16,792)
Provision for income taxes	$ –	$ –

(b) The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

Deferred income tax assets:	**2020**	**2019**
Non-capital losses	178,516	188,313
Capital losses	423,468	423,468
Tax basis of development, exploration and oil and gas expenditures in excess of carrying value	1,087,343	1,063,900
Total deferred income tax assets	1,689,327	1,675,681
Less: Valuation allowance	1,689,327	1,675,681
Net deferred income tax assets	**$ –**	**$ –**
Deferred income tax liabilities:	**2020**	**2019**
Marketable securities –unrealized gains	109,454	146,996
Marketable securities –deferred capital gain	5,590	2,851
Carrying value of property and equipment in excess of tax basis	47,915	59,465
Total deferred income tax liabilities	162,959	209,312
Less: Valuation allowance	53,505	62,316
Net deferred income tax liabilities	**109,454**	**146,996**

At December 31, 2020, the Company has non-capital loss carry forwards of $673,644 (2019 – $710,615) and resource deduction tax pools of $4,970,372 (2019 – $4,878,609) available to reduce future years' income for tax purposes.

Income tax losses by year of expiry:

2031	112,627
2032	16,433
2033	521,252
2034	–
2035	–
2036	9,510
2037	13,822
2038	-
2039	-
Total	**$673,644**

9. Share Capital

a) Share capital

Authorized
An unlimited number of common shares of no par value.

Issued and outstanding common shares	No. of shares	Amount
Balance at December 31, 2018, 2019 and 2020	**56,033,552**	**$34,003,020**

b) Share purchase warrants

There is no share purchase warrants outstanding at December 31, 2016 through to December 31, 2020 and to date.

c) Stock options

The 2010 Stock Option Plan permits the grant of up to 4,950,000 option shares to directors, officers and employees of the Company or of its subsidiaries. Options granted are generally exercisable for up to five years from the date of grant.

The prices of all stock options granted are greater than or equal to the closing fair market value of each common share on the days prior to the options being granted.

At December 31, 2020, there were 2,750,000 option shares available for future grants.

In 2020, the Company did not grant any stock options.

A summary of the status of the Company's stock options as at December 31, 2020 and 2019 is presented below:

	2020		2019	
Stock options	**No. of Options**	**Weighted average exercise price**	**No. of options**	**Weighted average exercise price**
Outstanding and exercisable at beginning of year	1,280,000	$0.100	1,280,000	$0.100
Cancelled	-	-	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
Outstanding and exercisable at end of year	1,280,000	$0.100	1,280,000	$0.100

The following table summarizes information on outstanding and exercisable stock options as at December 31, 2020:

Number of options outstanding and exercisable	Exercise price	Remaining contractual life (years)	Expiry date
80,000	$0.100	1.52	July 6, 2022
1,200,000	0.100	2.66	August 29, 2023
1,280,000	$0.100	2.59	

10. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the years ended December 31, 2020 and 2019:

	2020	2019
Net loss for the year	$(114,110)	$(112,726)
Weighted average number of shares – basic	56,033,552	56,033,552
– diluted	56,033,552	56,033,552
Basic and diluted net loss per share (1)	$(0.00)	$(0.00)

(1) Due to the loss in the years of 2020 and 2019, the diluted weighted average number of shares used to calculate the diluted net loss per share is the same as the basic weighted average number of shares as the inclusion of dilutive shares would be anti-dilutive.

11. Related Party Transactions

Consulting services were provided by management personnel who are officers of the Company and companies owned by officers of the Company. The directors of the Company did not receive any cash compensation in their capacity as directors during the years ended December 31, 2020 and 2019. The remuneration of directors and officers of the Company for the years ended December 31, 2020 and 2019 are as follows:

	2020			2019		
	Cash compensation	Fair value of stock-based compensation	Total compensation	Cash compensation	Fair value of stock-based compensation	Total compensation
Directors	$ 30,000 (1)	$ -	$ 30,000	$ 30,000 (1)	$ -	$ 30,000
Officers						
Niyazi Kacira – Chairman and President	- (2)	-	-	- (2)	-	-
Maria Au – Secretary-Treasurer	54,000	-	54,000	54,000	-	54,000
	$ 54,000 (3)	$ -	$ 54,000	$ 54,000 (3)	$ -	$ 54,000
Total – Directors and Officers	$ 84,000	$ -	$ 84,000	$ 84,000	$ -	$ 84,000

(1) Since October 2017, a director has been paid a monthly fee of $2,500 to provide consulting service for the Sorel-Trois Rivieres natural gas property.
(2) Niyazi Kacira, Chairman and President of the Company, voluntarily offered to provide his professional services to the Company without any cash compensation effective January 1, 2015, to help the Company to reduce its expenses.
(3) These fees have been allocated all to administrative expenses (2019 - $54,000).

The Company did not pay any other benefits, apart from the compensation reported above, to the directors and officers during the years ended December 31, 2020 and 2019.

12. Key Management Personnel Compensation

The Company recognized the professional fees of $54,000 (2019 - $54,000) and no stock-based compensation expense (2019 - $0) for its key management personnel for the year ended December 31, 2020.

13. Commitments

a) In October 2010 the Company signed an agreement to pay $50,000 as termination fees to Maria Au, an officer of Altai when her service to the Company terminates in the future.

b) The Company is committed to certain royalty payments on its oil production assets, the cost of which cannot be reasonably estimated.

14. Financial Instruments Hierarchy

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position as at December 31, 2020 categorized into levels of the fair value hierarchy in accordance with IFRS 7:

	Level 1 Quoted market price	Level 2 Valuation technique - observable market Inputs	Level 3 Valuation technique -non-observable market inputs	Total
Financial assets				
Fair value through profit or loss				
Cash and cash equivalents	$1,366,752	–	–	$1,366,752
Fair value through other comprehensive income				
Marketable securities	2,088,865	–	–	2,088,865
Total	$3,455,617			$3,455,617

There was no transfer from Level 1 to 2 or Level 2 to 1 during the years ended December 31, 2020 and 2019.

15. Management of Capital

The Company includes the following in its capital as at December 31, 2020 and 2019:

	2020	2019
Shareholders' equity comprised of		
Share capital	$ 34,003,020	$ 34,003,020
Contributed surplus	3,238,391	3,238,391
Deficit	(33,485,445)	(33,392,000)
Accumulated other comprehensive income	696,385	942,182
	$ 4,452,351	**$ 4,791,593**

The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its exploration programs and current operating expenditures;

(b) to allow the Company to respond to changes in economic and/or marketplace conditions;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

(d) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments; and

(b) raising capital through equity financings.

The Company is not subject to any capital requirements imposed by a regulator.

The payment of cash dividends does not form part of Altai's current capital management program and, to date, the Company has not declared any cash dividends on its shares. The Company's management is responsible for the management of capital. The Company expects that its current capital resources will be sufficient to discharge its liabilities for the next 12 months.

16. Financial Instruments

The Company has designated its cash and cash equivalents as fair value through profit or loss and marketable securities as investments in equity instruments measured at fair value through other comprehensive income. Accounts receivable is classified as loans and receivable, which is measured at amortized cost. Accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management's close involvment in the operations allows for the identification of risks and variances from expectations. The Board approves and monitors the risk management process.

The types of risk exposure and the way in which such exposures are managed as follows:

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company's exposure to credit risk includes cash and cash equivalents. The risk exposure is limited to their carrying amounts at the date of the financial position statement.

Cash and cash equivalents are maintained with financial institutions. The risk is mitigated because the financial institutions are major institutions with high credit ratings.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by actively forecasting, planning, reviewing and monitoring expenditures and commitments and anticipated financial requirements.

Cash and cash equivalents on hand at December 31, 2020 and to date are expected to be sufficient to fund the Company's ongoing operational needs for the next 12 months.

c) Market risk

Market risk is the risk that changes in market prices, such as oil, natural gas and mineral prices, foreign exchange rates and interest rates will affect the Company's income. The object of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

1) Commodity risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals and oil and gas prices. The Company does not use derivative financial instruments to reduce its exposure to commodity price risk.

2) Currency risk

The Company is not exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates mainly in Canada and all of its expenses are incurred in Canadian dollars.

3) Interest rate risk

The Company is not exposed to significant interest rate risks since all of its financial instruments can be quickly turned into cash, thus avoiding additional risks.

17. Subsequent Event

To the end of February 2021, the Civil Claim referred to in Note 6(1) "Property and Equipment" had not yet been resolved. The Company continues to defend against the Civil Claim.