

**ALTAI RESOURCES INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

## 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 24, 2024

## **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, 2023 and 2022, 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, 2023 and 2022, 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 \$33,630,623. 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.

### **Key Audit Matters**

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described in the above paragraph, *Material Uncertainty Related to Going Concern* to be the only key audit matter to be communicated in our report.

### **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.

## MS PARTNERS LLP

### CHARTERED PROFESSIONAL ACCOUNTANTS

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 24, 2024

**ALTAI RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023 AND DECEMBER 31, 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Note	December 31, 2023 \$	December 31, 2022 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	16	1,316,405	1,239,028
Marketable securities	4	2,380,439	2,372,594
Accounts receivables		49,187	90,519
Prepaid expenses		47	47
<b>Total current assets</b>		<b>3,746,078</b>	<b>3,702,188</b>
Non-current assets			
Exploration and evaluation assets	5	1,033,614	1,033,168
Property and equipment	6	215,626	257,973
<b>Total non-current assets</b>		<b>1,249,240</b>	<b>1,291,141</b>
<b>Total assets</b>		<b>4,995,318</b>	<b>4,993,329</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		80,328	174,417
Non-current liabilities			
Decommissioning liabilities	7	140,644	116,796
Deferred tax liabilities	8	151,817	150,777
<b>Total non-current liabilities</b>		<b>292,461</b>	<b>267,573</b>
<b>Total liabilities</b>		<b>372,789</b>	<b>441,990</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9a	34,003,020	34,003,020
Contributed surplus		3,276,391	3,251,391
Accumulated Deficit		(33,630,623)	(33,670,007)
Accumulated other comprehensive income		973,741	966,935
<b>Total equity</b>		<b>4,622,529</b>	<b>4,551,339</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,995,318</b>	<b>4,993,329</b>
Commitments	13		

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

Approved on behalf of the board on April 24, 2024

"Niyazi Kacira"  
Director

"Jeffrey S. Ackert"  
Director

**ALTAI RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Note	2023 \$	2022 \$
<b>REVENUE</b>			
Oil sales		194,775	242,950
Royalties		(8,857)	(11,116)
		185,918	231,834
Interest and dividend income		185,194	145,642
		371,112	377,476
<b>EXPENSES</b>			
Production		72,124	70,051
General and administrative	11	132,496	125,980
Expenses on Quebec oil and gas interests	5ii	46,471	159,340
Stock-based compensation expense	9c	25,000	13,000
Amortization	6	55,637	52,333
		331,728	420,704
<b>NET INCOME (LOSS)</b>		39,384	(43,228)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Increase (Decrease) in fair value of investment in marketable securities, net of taxes		6,806	(269,744)
<b>COMPREHENSIVE INCOME (LOSS)</b>		46,190	(312,972)
<b>NET INCOME (LOSS) PER SHARE</b>			
<b>Basic and diluted income (loss) per share</b>	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, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	<u>Share capital</u>					
Note	Number of shares	Amount \$	Contributed surplus \$	Accumulated other comprehensive income (loss) (net of tax) \$	Accumulated Deficit \$	Total equity \$
<b>Balance, December 31, 2021</b>	<b>56,033,552</b>	<b>34,003,020</b>	<b>3,238,391</b>	<b>1,236,679</b>	<b>(33,626,779)</b>	<b>4,851,311</b>
Net loss for the year	-	-	-	-	(43,228)	(43,228)
Stock-based compensation	-	-	13,000	-	-	13,000
Decrease in fair value of investment in marketable securities	-	-	-	(269,744)	-	(269,744)
<b>Balance, December 31, 2022</b>	<b>56,033,552</b>	<b>34,003,020</b>	<b>3,251,391</b>	<b>966,935</b>	<b>(33,670,007)</b>	<b>4,551,339</b>
Net income for the year	-	-	-	-	39,384	39,384
Stock-based compensation	-	-	25,000	-	-	25,000
Increase in fair value of investment in marketable securities	-	-	-	6,806	-	6,806
<b>Balance, December 31, 2023</b>	<b>56,033,552</b>	<b>34,003,020</b>	<b>3,276,391</b>	<b>973,741</b>	<b>(33,630,623)</b>	<b>4,622,529</b>

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, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the year	39,384	(43,228)
Adjusted for		
Amortization	55,637	52,333
Accretion	10,789	13,971
Stock-based compensation	25,000	13,000
Interest income	(54,598)	(21,703)
Interest received	54,598	21,703
	130,810	36,076
Changes in non-cash working capital balances:		
Accounts receivables	41,332	(84,424)
Accounts payable and accrued liabilities	(94,089)	86,505
<b>Cash provided by (used in) operating activities</b>	<b>78,053</b>	<b>38,157</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deferred exploration expenditure	(446)	(163,577)
Increase in capital of oil property	-	(17,521)
Purchase of equipment	(230)	(2,370)
<b>Cash (used in) provided by investing activities</b>	<b>(676)</b>	<b>(183,468)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>77,377</b>	<b>(145,311)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,239,028</b>	<b>1,384,339</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,316,405</b>	<b>1,239,028</b>

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



**ALTAI RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**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 which at the end of year 2023 has an oil producing property and a gold property which is in the process of exploring and has not yet determined whether the property contains reserves that are economically recoverable. Both 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 the oil revenue producing property, the gold property is at an early stage of development. The Company has incurred losses in the past and currently has an accumulated deficit of \$33,630,623. The Company had a net income of \$39,384 for the year ended December 31, 2023.

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 its properties, and upon future profitable production or proceeds from the disposition thereof.

The Company has cash and cash equivalents of \$1,316,405 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, 2023 and 2022 were approved by the Board of Directors on April 24, 2024.

**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 two CGUs, namely Malartic gold property and Cessford oil property. 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.

For the Sorel-Trois Rivieres natural gas property in Quebec of which all its oil and gas licences had been revoked and expropriated by the Quebec Government on August 23, 2022 per the 2022 Act *ending exploration for petroleum and underground reservoirs and production of petroleum and brine*, CQLR c R-1.01 (the “Act”), in March 2022 the Company filed a claim in the Superior Court of Quebec against the Minister of Energy and Natural Resources of Quebec and the Quebec Government, as represented by the Attorney-General for Quebec (collectively the “Defendants”) to defend the Company’s rights and to seek compensation from the Defendants for the unlawful expropriation of its oil and gas licences by the Defendants by the enactment of the Petroleum Resources Act and its Regulations and the subsequent enactment of the Act. As at December 31, 2023, the claim was ongoing.

At December 31, 2023 management assessed whether there were indicators that the two 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 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 comprehensive 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: Altai America Inc. All inter-company accounts and transactions have been eliminated upon consolidation. Petro St-Pierre Inc., the other wholly-owned subsidiary, had been wound up before the end of 2021 and its assets and liabilities had been distributed to the Company.

#### **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 and equipment**

Property and equipment include oil properties and computer equipment.

The costs 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*

##### Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

##### Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost ("AC"), fair value through comprehensive loss ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- a) Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of accounts receivables and receivables from related parties.
- b) Fair value through comprehensive loss - Assets that are held for collection of contractual cash flows and for selling the financial assets,

and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through comprehensive loss. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in comprehensive loss. Upon derecognition, the cumulative gain or loss previously recognized in comprehensive loss is reclassified to profit or loss.

c) Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through comprehensive loss, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

d) Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

#### Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest based on their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

#### Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

#### Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

#### *Financial liabilities*

##### Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

##### Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at amortized cost are comprised of trade and other payables and lease liabilities.

##### Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled, or expire.

### **Changes in accounting Policies**

#### ***New Standards and Amendments Adopted***

##### Amendments to IAS 1 and IAS 8 - Improving Accounting Policy Disclosures and Clarifying Distinction between Accounting Policies and Accounting Estimates

On January 1, 2023 the Company adopted the narrow-scope amendments to IAS 1 – Presentation of Financial Statements ("IAS 1"), IFRS Practice Statement 2 – Making Materiality Judgments ("IFRS Practice Statement 2") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting

policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Adoption of these amendments has no significant impact on the Company's consolidated financial statements.

#### Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On January 1, 2023 the Company adopted the amendments which narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, companies need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are being applied retrospectively. Adoption of these amendments has no significant impact on the Company's consolidated financial statements.

#### ***New Standards and Interpretations Not Yet Adopted***

All issued but not yet effective IFRS and amendments which are relevant to the Company have been assessed by the Company. They 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.

There had been no sale in marketable securities in 2023 and therefore no realized gain or loss in that respect had been recorded in the deficit per IFRS 9.

Total fair market values and costs of the marketable securities at December 31, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Total fair market values</b>	2,380,439	2,372,594
<b>Total costs</b>	1,234,653	1,234,653

As at December 31, 2023, the Company had unrealized gain of \$1,145,786 (2022 – \$1,137,941) net of taxes of \$151,817 (2022 – \$150,777).

#### **5. Exploration and Evaluation Assets**

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

	<b>Interests in mining properties (i)</b>	<b>Natural gas interests (ii)</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at December 31, 2021</b>	869,590	1	869,591
Expenditure	163,577	-	163,577
<b>Balance at December 31, 2022</b>	1,033,167	1	1,033,168
Expenditure	446	-	446
<b>Balance at December 31, 2023</b>	1,033,613	1	1,033,614

**i) Interests in mining properties**

Malartic Township gold property, Quebec	Acquisition cost \$	Expenditure \$	Total \$
<b>Balance at December 31, 2021</b>	123,711	745,879	869,590
Expenditure	-	163,577	163,577
<b>Balance at December 31, 2022</b>	123,711	909,456	1,033,167
Expenditure	-	446	446
<b>Balance at December 31, 2023</b>	123,711	909,902	1,033,613

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 interests, Quebec**

Altai's five oil and gas and reservoir exploration licences in the Sorel-Trois Rivieres area, St. Lawrence Lowlands covering 68,483 hectares (169,225 acres), among all other issued Quebec oil and gas and reservoir licences, had been revoked and expropriated by the Quebec Government on August 23, 2022 with the enactment of the 2022 Act ending exploration for petroleum and underground reservoirs and production of petroleum and brine, CQLR c R-1.01 (the "Act").

The adjacent licence of 12,334 hectares (30,477 acres) that Talisman Energy Canada (now Repsol Canada Energy Partnership "Repsol") earned from Altai and assigned to Questerre Energy Corporation on February 1, 2020, in which Altai has a 15% gross production royalty, had been expropriated also by the Quebec Government per the Act.

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 had already written down the project to \$1 as required by accounting standards at December 31, 2014.

Thereafter all exploration and other expenditures on the interests are reported in the profit and loss. Total cumulative capital, exploration and other expenditures (including expenditures reported in the profit and loss) incurred on the natural gas interests to December 31, 2023 amounted to \$25,260,710 (2022 - \$25,214,239), with total cumulative write downs (including expenditures reported in the profit and loss) of \$25,260,709 (2022 - \$25,214,238).

In March 2022, the Company filed a claim (the "Claim") in the Superior Court of Quebec against the Minister of Energy and Natural Resources of Quebec and the Quebec Government, as represented by the Attorney-General for Quebec (collectively the "Defendants") to defend the Company's rights and to seek compensation from the Defendants for the unlawful expropriation of its Quebec oil and gas licences by the Defendants by the enactment of the Petroleum Resources Act and its Regulations and the subsequent enactment of the Act.

As at December 31, 2023, the Claim was ongoing.

**6. Property and Equipment**

	December 31, 2023			December 31, 2022		
	Cost \$	Accumulated Amortization \$	Net \$	Cost \$	Accumulated Amortization \$	Net \$
Computer equipment	27,177	26,196	981	26,947	25,367	1,580
Oil properties (1)	877,638	662,993	214,645	864,577	608,184	256,393
	904,815	689,189	215,626	891,524	633,551	257,973

- (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 includes 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 April 2022 the civil claim filed by the Parties in 2020 for a payment of \$10,481 for their share of the property revenue to a certain date and the counterclaim by the Company were resolved with Altai and the Parties signing a Settlement Agreement and Mutual Release and the Company purchasing the Parties' combined 5% net working interest in the property, Thereafter the Company owns 50% net working interest in the property.

## 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 \$149,123 (December 31, 2022 – \$135,566) which will be incurred in 4 years. A nominal risk-free rate of 7.40% (December 31, 2022 –9.65%) and an inflation rate of 3.90% (December 31, 2022 – 6.90%) were used to calculate the fair value of the decommissioning liabilities. Changes to the liability were as follows:

	December 31, 2023	December 31, 2022
	\$	\$
<b>Decommissioning liability, beginning of year</b>	116,796	133,879
Change in discount rate	13,060	(31,054)
Accretion	10,788	13,971
<b>Decommissioning liability, end of year</b>	140,644	116,796

## 8. Income Taxes

- (a) The provision for income taxes attributable to income before income taxes differs from the amounts computed by applying the 2023 combined federal and provincial tax rate of 26.5% (2022 – 26.5%) of pre-tax loss as a result of the following:

	2023	2022
	\$	\$
Income (Loss) before income taxes	39,384	(43,228)
Computed expected income tax (recovery)	10,437	(11,455)
Non-deductible expenses	9,484	49,372
Temporary differences not recognized in the year	14,744	13,868
Change of valuation allowance	(34,665)	(51,785)
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:

<b>Deferred income tax assets:</b>	2023	2022
	\$	\$
Non-capital losses	440,117	395,513
Capital losses	1,188,709	423,469
Tax basis of development, exploration and oil and gas expenditures in excess of carrying value	971,919	997,682
<b>Total deferred income tax assets</b>	<b>2,600,745</b>	<b>1,816,664</b>
Less: Valuation allowance	2,600,745	1,816,664
<b>Net deferred income tax assets</b>	<b>–</b>	<b>–</b>

<b>Deferred income tax liabilities:</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Marketable securities –unrealized gains	151,817	150,777
Marketable securities –deferred capital gain	5,590	5,590
Carrying value of property and equipment in excess of tax basis	25,938	37,952
<b>Total deferred income tax liabilities</b>	<b>183,345</b>	<b>194,319</b>
Less: Valuation allowance	31,528	43,542
<b>Net deferred income tax liabilities</b>	<b>151,817</b>	<b>150,777</b>

At December 31, 2023, the Company has non-capital loss carry forwards of \$1,660,817 (2022 – \$1,491,985) and resource deduction pools of \$4,531,509 (2022 – \$4,798,005) available to reduce future years' income for tax purposes.

Income tax losses by year of expiry:

2031	112,628
2032	16,433
2033	521,252
2036	9,510
2037	13,822
2041	676,068
2042	142,272
2043	168,832
<b>Total</b>	<b>\$1,660,817</b>

## 9. Share Capital

### a) Share capital

#### Authorized

An unlimited number of common shares of no par value.

<b>Issued and outstanding common shares</b>	<b>No. of shares</b>	<b>Amount \$</b>
<b>Balance at December 31, 2023 and 2022</b>	<b>56,033,552</b>	<b>34,003,020</b>

### b) Share purchase warrants

There is no share purchase warrants outstanding at December 31, 2023 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.

During the year ended December 31, 2023, the Company granted a total of 1,000,000 share options (200,000 share options to each of the four directors and an officer) at \$0.10 per share with an expiry date of November 23, 2028 and vested immediately. The option shares were granted to replace those expired on August 29, 2023 without being exercised and to a new director.

The fair values of the options granted during the year ended December 31, 2023 were estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 75%; expected dividend yield of 0.0%; risk free interest rate of 3.83%; and expected life of five years. The total fair value of the stock options granted was \$25,000.

At December 31, 2023, there were 2,830,000 (2022 – 2,830,000) option shares available for future grants.

A summary of the status of the Company's stock options as at December 31, 2023 and 2022 is presented below:

	2023		2022	
Stock options	No. of Options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
<b>Outstanding and exercisable at beginning of year</b>	1,200,000	0.100	1,080,000	0.100
Cancelled	1,000,000	0.100	80,000	0.100
Granted	1,000,000	0.100	200,000	0.100
Exercised	-	-	-	-
<b>Outstanding and exercisable at end of year</b>	1,200,000	0.100	1,200,000	0.100

The following table summarizes information on outstanding and exercisable stock options as at December 31, 2023:

Number of options outstanding and exercisable	Exercise Price \$	Remaining contractual life (years)	Expiry date
200,000	0.100	3.98	December 22, 2027
1,000,000	0.100	4.90	November 23, 2028
1,200,000	0.100	4.74	

#### 10. Income (Loss) Per Share

The following table sets forth the computation of basic and diluted income (loss) per share for the years ended December 31, 2023 and 2022:

	2023	2022
Net income (loss) for the year	\$39,384	\$(43,228)
Weighted average number of shares – basic	56,033,552	56,033,552
– diluted	56,033,552	56,033,552
Basic and diluted net income (loss) per share	\$0.00	\$(0.00) (1)

(1) Due to the loss in the year 2022, 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, 2023 and 2022. The remuneration of directors and officers of the Company for the years ended December 31, 2023 and 2022 are as follows:

	2023			2022		
	Cash Compensation \$	Fair value of stock-based compensation \$	Total Compensation \$	Cash Compensation \$	Fair value of stock-based compensation \$	Total Compensation \$
<b>Directors</b>	-	20,000 (1)	20,000	-	-	-
<b>Officers</b>						
Niyazi Kacira – Chairman and President	- (2)	5,000 (1)	5,000	-	-	-
Maria Au – Secretary-Treasurer	54,000 (3)	-	54,000	54,000	13,000	67,000

	54,000	5,000	59,000	54,000	13,000	67,000
<b>Total – Directors and Officers</b>	54,000	25,000	79,000	54,000	13,000	67,000

- (1) 200,000 share options were granted to each of the four directors and an officer at \$0.10 per share with an expiry date of November 23, 2028 and vested immediately. These grants were to replace options expired on August 29, 2023 without being exercised and to a new director. The fair value of these share options granted was estimated at the date of the grants, using the Black-Scholes option pricing model with the following assumptions: expected volatility of 75%; expected dividend yield of 0.0%; risk free interest rate of 3.83%; and expected life of 5 years.
- (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 (2022 - \$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, 2023 and 2022.

## 12. Key Management Personnel Compensation

The Company recognized the professional fees of \$54,000 (2022 - \$54,000) and stock-based compensation expense of \$5,000 (2022 - \$13,000) for its key management personnel for the year ended December 31, 2023.

## 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, 2023 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
	\$	\$	\$	\$
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Cash and cash equivalents	1,316,405	–	–	1,316,405
<b>Fair value through other comprehensive income</b>				
Marketable securities	2,380,439	–	–	2,380,439
<b>Total</b>	<b>3,696,844</b>	<b>–</b>	<b>–</b>	<b>3,696,844</b>

There was no transfer from Level 1 to 2 or Level 2 to 1 during the years ended December 31, 2023 and 2022.

## 15. Management of Capital

The Company includes the following in its capital as at December 31, 2023 and 2022:

	2023 \$	2022 \$
<b>Shareholders' equity comprised of</b>		
Share capital	34,003,020	34,003,020
Contributed surplus	3,276,391	3,251,391
Deficit	(33,630,623)	(33,670,007)
Accumulated other comprehensive income	973,741	966,935
	<b>4,622,529</b>	<b>4,551,339</b>

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 involvement 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, 2023 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.