

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Altai Resources Inc. for the six months ended June 30, 2024 and 2023 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Board of Directors. Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these financial statements.

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2024 AND DECEMBER 31, 2023
(UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

	Note	June 30, 2024 \$	December 31, 2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	15	1,408,984	1,316,405
Marketable securities	4	2,252,647	2,380,439
Accounts receivables		23,271	49,187
Prepaid expenses		47	47
Total current assets		3,684,949	3,746,078
Non-current assets			
Exploration and evaluation assets	5	1,033,614	1,033,614
Property and equipment	6	187,788	215,626
Total non-current assets		1,221,402	1,249,240
Total assets		4,906,351	4,995,318
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		82,219	80,328
Non-current liabilities			
Decommissioning liabilities	7	146,039	140,644
Deferred tax liabilities	8	134,884	151,817
Total non-current liabilities		280,923	292,461
Total liabilities		363,142	372,789
SHAREHOLDERS' EQUITY			
Share capital	9a	34,003,020	34,003,020
Contributed surplus		3,276,391	3,276,391
Accumulated Deficit		(33,599,083)	(33,630,623)
Accumulated other comprehensive income		862,881	973,741
Total equity		4,543,209	4,622,529
Total liabilities and shareholders' equity		4,906,351	4,995,318
Commitments	13		

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
		\$	\$	\$	\$
REVENUE					
Oil sales		55,304	42,671	96,648	82,236
Royalties		(2,534)	(1,940)	(4,343)	(3,710)
		52,770	40,731	92,305	78,526
Interest and dividend income		49,200	45,506	97,421	90,520
		101,970	86,237	189,726	169,046
EXPENSES					
Production		13,961	19,988	25,873	34,470
Expenses on Quebec oil and gas interests	5ii	13,533	12,019	51,108	18,843
General and administrative expenses	11	25,957	27,814	53,368	58,433
Amortization	6	13,919	13,083	27,837	26,167
		67,370	72,904	158,186	137,913
NET INCOME		34,600	13,333	31,540	31,133
OTHER COMPREHENSIVE (LOSS)					
Decrease in fair value of available-for-sale marketable securities, net of taxes		(111,298)	(12,515)	(110,860)	(20,779)
COMPREHENSIVE (LOSS) INCOME		(76,698)	818	(79,320)	10,354
NET INCOME PER SHARE					
Basic and diluted income per share	10	0.00	0.00	0.00	0.00
Weighted Average Number of Common Shares Outstanding					
– basic		56,033,552	56,033,552	56,033,552	56,033,552
– diluted		56,033,552	56,033,552	56,033,552	56,033,552

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

	Share capital			Accumulated other comprehensive income (net of tax) \$	Deficit \$	Total equity \$
	Number of shares	Amount \$	Contributed surplus \$			
Balance, December 31, 2022	56,033,552	34,003,020	3,251,391	966,935	(33,670,007)	4,551,339
Net income for the period	-	-	-	-	31,133	17,799
Decrease in fair value of investment in marketable securities	-	-	-	(20,779)	-	(8,264)
Balance, June 30, 2023	56,033,552	34,003,020	3,251,391	946,156	(33,638,874)	4,561,693
Net income for the period	-	-	-	-	8,251	8,251
Stock-based compensation	-	-	25,000	-	-	25,000
Increase in fair value of investment in marketable securities	-	-	-	27,585	-	27,585
Balance, December 31, 2023	56,033,552	34,003,020	3,276,391	973,741	(33,630,623)	4,622,529
Net income for the period	-	-	-	-	31,540	31,540
Decrease in fair value of investment in marketable securities	-	-	-	(110,860)	-	(110,860)
Balance, June 30, 2024	56,033,552	34,003,020	3,276,391	862,881	(33,599,083)	4,543,209

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

	2024	2023
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	31,540	31,133
Adjusted for		
Amortization	27,837	26,167
Accretion	5,394	6,985
Interest income	(29,853)	(25,904)
Interest received	29,853	25,904
	64,771	64,285
Changes in non-cash working capital balances:		
Accounts receivable	25,917	85,502
Accounts payable and accrued liabilities	1,891	(126,723)
Cash provided by operating activities	92,579	23,064
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,579	23,064
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,316,405	1,239,028
CASH AND CASH EQUIVALENTS, END OF PERIOD	1,408,984	1,262,092

ALTAI RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)
(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 June 30, 2024 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 condensed interim 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 \$33,599,083.

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 \$1,408,984 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 condensed interim 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 condensed interim consolidated financial statements are unaudited and have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied to all periods presented in these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS, have been omitted or condensed. Accordingly, these condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

The condensed interim consolidated financial statements for the six months ended June 30, 2024 and 2023 were approved by the Board of Directors on August 21, 2024.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. These condensed interim 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 condensed interim 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 condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed interim 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 condensed interim 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 June 30, 2024, the claim was ongoing.

At June 30, 2024 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 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 condensed interim consolidated financial statements are described below:

Basis of consolidation

The condensed interim 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.

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.

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 the six months ended June 30, 2024 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 June 30, 2024 and 2023 are as follows:

	2024 \$	2023 \$
Total fair market values	2,252,647	2,348,641
Total costs	1,234,653	1,234,653

As at June 30, 2024, the Company had unrealized gain of \$1,017,994 (2023 – \$1,113,988) net of taxes of \$134,884 (2023 – \$147,603).

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, 2022 and June 30, 2023	1,033,167	1	1,033,168
Expenditure	446	-	446
Balance at December 31, 2023 and June 30, 2024	1,033,613	1	1,033,614

i) Interests in mining properties

Malartic Township gold property, Quebec	Acquisition cost \$	Expenditure \$	Total \$
Balance at December 31, 2022 and June 30, 2023	123,711	909,456	1,033,167
Expenditure	-	446	446
Balance at December 31, 2023 and June 30, 2024	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) Oil and 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 June 30, 2024 amounted to \$25,311,818 (2023 - \$25,233,081), with total cumulative write downs (including expenditures reported in the profit and loss) of \$25,311,817 (2023 - \$25,233,080).

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 June 30, 2024, the Claim was ongoing.

6. Property and Equipment

	June 30, 2024			June 30, 2023		
	Cost \$	Accumulated Amortization \$	Net \$	Cost \$	Accumulated Amortization \$	Net \$
Computer equipment	27,177	26,629	548	26,947	25,762	1,185
Oil properties (1)	877,638	690,398	187,240	864,577	633,956	230,621
	904,815	717,027	187,788	891,524	659,718	231,806

- (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 (June 30, 2023 – \$135,566) which will be incurred in 4 years. A nominal risk-free rate of 7.40% (June 30, 2023 –9.65%) and an inflation rate of 3.90% (June 30, 2023 – 6.90%) were used to calculate the fair value of the decommissioning liabilities. Changes to the liability were as follows:

	June 30, 2024	June 30, 2023
	\$	\$
Decommissioning liability, beginning of period	140,644	116,796
Accretion	5,395	6,985
Decommissioning liability, end of period	146,039	123,781

8. Income Taxes

Future income tax liabilities as at June 30, 2024 and 2023 are:-

	2024	2023
	\$	\$
Marketable securities –unrealized gains	134,884	147,603

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 June 30, 2023, December 31, 2023 and June 30, 2024	56,033,552	34,003,020

b) Share purchase warrants

There is no share purchase warrants outstanding at June 30, 2024 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 June 30, 2024, there were 2,830,000 (2023 – 2,830,000) option shares available for future grants.

A summary of the status of the Company's stock options as at June 30, 2024 and 2023 is presented below:

	2024		2023	
Stock options	No. of Options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding and exercisable at beginning of period and at end of period	1,200,000	0.100	1,200,000	0.100

The following table summarizes information on outstanding and exercisable stock options as at June 30, 2024:

Number of options outstanding and exercisable	Exercise Price \$	Remaining contractual life (years)	Expiry date
200,000	0.100	3.48	December 22, 2027
1,000,000	0.100	4.40	November 23, 2028
1,200,000	0.100	4.24	

10. Income Per Share

The following table sets forth the computation of basic and diluted income per share for the periods ended June 30, 2024 and 2023:

	2024	2023
Net income for the period	\$31,540	\$31,133
Weighted average number of shares – basic	56,033,552	56,033,552
– diluted	56,033,552	56,033,552
Basic and diluted net income per share	\$0.00	\$0.00

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 periods ended June 30, 2024 and 2023. The remuneration of directors and officers of the Company for the periods ended June 30, 2024 and 2023 are as follows:

	2024			2023		
	Cash Compensation \$	Fair value of stock-based compensation \$	Total Compensation \$	Cash Compensation \$	Fair value of stock-based compensation \$	Total Compensation \$
Directors	-	-	-	-	-	-
Officers						
Niyazi Kacira – Chairman and President	-(1)	-	-	-	-	-
Maria Au – Secretary-Treasurer	27,000	-	27,000	27,000	-	27,000
	27,000 (2)	-	27,000	27,000	-	27,000
Total – Directors and Officers	27,000	-	27,000	27,000	-	27,000

- (1) 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.
(2) These fees have been allocated all to administrative expenses (2023 - \$27,000).

The Company did not pay any other benefits, apart from the compensation reported above, to the directors and officers during the periods ended June 30, 2024 and 2023.

12. Key Management Personnel Compensation

The Company recognized the professional fees of \$27,000 (2023 - \$27,000) for its key management personnel for the period ended June 30, 2024.

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. Management of Capital

The Company includes the following in its capital as at June 30, 2024 and 2023:

	2024 \$	2023 \$
Shareholders' equity comprised of		
Share capital	34,003,020	34,003,020
Contributed surplus	3,276,391	3,251,391
Deficit	(33,599,083)	(33,638,874)
Accumulated other comprehensive income	862,881	946,156
	4,543,209	4,561,693

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.

15. 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 June 30, 2024 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.