

ALTAI RESOURCES INC.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**
(Unaudited – expressed in Canadian Dollars)

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

The accompanying condensed interim consolidated financial statements of Altai Resources Inc. for the three and six months ended June 30, 2025 and 2024 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 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 condensed interim consolidated financial statements.

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

As at	June 30, 2025	December 31, 2024
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	4,001,432	1,499,432
Marketable securities <i>(Note 4)</i>	–	2,598,535
Accounts receivable	20,044	28,271
Prepaid expenses	7,877	7,784
Total current assets	4,029,353	4,134,022
Non-current assets		
Exploration and evaluation assets <i>(Note 5)</i>	123,711	1,033,614
Property and equipment <i>(Note 6)</i>	–	166,955
Total non-current assets	123,711	1,200,569
Total assets	4,153,064	5,334,591
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	64,845	176,727
Total current liabilities	64,845	176,727
Non-current liabilities		
Decommissioning liabilities <i>(Note 7)</i>	162,402	158,863
Deferred tax liabilities <i>(Note 10)</i>	–	180,714
Total non-current liabilities	162,402	339,577
Total liabilities	227,247	516,304
SHAREHOLDERS' EQUITY		
Share capital <i>(Note 8)</i>	34,003,020	34,003,020
Contributed surplus	3,306,091	3,306,091
Accumulated deficit	(33,383,294)	(33,653,764)
Accumulated other comprehensive income	–	1,162,940
Total equity	3,925,817	4,818,287
Total liabilities and shareholders' equity	4,153,064	5,334,591

Nature of operations and going concern – Note 1
Commitments – Note 12
Subsequent events – Note 16

Approved on behalf of the board of directors on August 21, 2025
“Kursat Kacira”
Director

“Jeffrey S. Ackert”
Director

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

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
REVENUE	\$	\$	\$	\$
Oil sales	59,650	55,304	86,932	96,648
Royalties	(2,731)	(2,534)	(3,995)	(4,343)
	56,919	52,770	82,937	92,305
Interest and dividend income	37,462	49,200	76,930	97,421
TOTAL REVENUES	94,381	101,970	159,867	189,726
EXPENSES				
Production	57,263	13,961	79,244	25,873
General and administrative <i>(Note 11)</i>	36,378	25,957	116,210	53,368
Expenses on Quebec oil and gas interests <i>(Note 5ii)</i>	19,466	13,533	24,455	51,108
Amortization <i>(Note 6)</i>	14,578	13,919	29,271	27,837
Impairment of non-current assets <i>(Notes 5 and 6)</i>	1,047,587	—	1,047,587	—
TOTAL EXPENSES	(1,175,272)	(67,370)	(1,296,767)	(158,186)
NET INCOME (LOSS)	(1,080,891)	34,600	(1,136,900)	31,540
OTHER COMPREHENSIVE LOSS				
Decrease in fair value of investment in marketable securities, net of taxes	(1,000,249)	(111,298)	(1,162,940)	(110,860)
COMPREHENSIVE LOSS	(2,081,140)	(76,698)	(2,299,840)	(79,320)
NET INCOME (LOSS) PER SHARE				
Basic and diluted income (loss) per share <i>(Note 9)</i>	\$ (0.02)	\$ 0.00	\$ (0.02)	\$ 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

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

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UnAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Share Capital			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity
	Number of Shares	Amount	Contributed Surplus			
		\$	\$	\$	\$	\$
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 the fair value of 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
Balance, December 31, 2024	56,033,552	34,003,020	3,306,091	1,162,940	(33,653,764)	4,818,287
Net loss for the period	—	—	—	—	(1,136,900)	(1,136,900)
Decrease in the fair value of marketable securities	—	—	—	(1,162,940)	—	(1,162,940)
Gain from the sale of marketable securities	—	—	—	—	1,407,370	1,407,370
Balance, June 30, 2025	56,033,552	34,003,020	3,306,091	—	(33,383,294)	3,925,817

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

ALTAI RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UnAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Six months ended June 30,	
	2025	2024
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$	\$
Net income (loss) for the period	(1,136,900)	31,540
<i>Adjusted for</i>		
Amortization	29,271	27,837
Accretion	3,539	5,394
Dividend income	(56,371)	—
Interest income	(20,559)	(29,853)
Impairment of non-current assets	1,047,587	—
<i>Changes in non-cash working capital balances</i>		
Accounts receivables	8,227	25,917
Prepaid expenses	(93)	—
Accounts payable and accrued liabilities	(111,882)	1,891
Cash provided by (used in) operating activities	(237,181)	62,726
CASH FLOWS GENERATED BY INVESTING ACTIVITIES		
Dividends received	56,371	—
Interest received	20,559	29,853
Cash received from sale of marketable securities	2,662,251	—
Cash generated by investing activities	2,739,181	29,853
Net increase in cash and cash equivalents	2,502,000	92,579
Cash and cash equivalents, beginning of the period	1,499,432	1,316,405
Cash and cash equivalents, end of the period	4,001,432	1,408,984

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

ALTAI RESOURCES INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(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 with assets that include, as at June 30, 2025, an oil-producing property and a gold property in the exploration stage. As at June 30, 2025, the Company has not yet determined whether the property contains reserves that are economically recoverable. Both properties are in Canada. The Company has a wholly-owned subsidiary, Altai America Inc., which is dormant.

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 revenue producing oil 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 \$33,383,294. The Company had a net loss of \$1,136,900 and a comprehensive loss of \$2,299,840 for the six-month period ended June 30, 2025.

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.

As at June 30, 2025, the Company has cash and cash equivalents of \$4,001,432 (December 31, 2024 – \$1,499,432), with a working capital surplus of \$3,964,508 (December 31, 2024 – \$3,957,295). The Company believes it will be able to continue developing its business and cover its corporate administrative expenses for the next 12 months. In the 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 prepared in accordance with IFRS[®] Accounting Standards (“IFRS”) issued by the International Financial Reporting Interpretations Committee and the International Accounting Standards (“IAS”), as applicable to interim financial reports including IAS 34 Interim Financial Reporting. These condensed interim consolidated financial statements have been prepared using the historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these condensed interim consolidated financial statements have been prepared using accrual basis of accounting, except for cash flow information.

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.

Basis of consolidation

These condensed interim consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiary, Altai America Inc. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All inter-company balances and transactions are eliminated on consolidation.

Functional and presentational currency

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

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 condensed interim 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 level 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 Rivières 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, 2025, the Claim is ongoing. Refer to Note 5, *Exploration and Evaluation Assets*, for further details.

The Company has two CGUs, the Malartic Township gold property and the Cessford oil property. As at June 30, 2025, management determined that the fair value of its Malartic gold property was \$123,711, therefore, the Company recognized an impairment charge of \$909,902 on its exploration and evaluation assets. In addition, as of June 30, 2025, the Company fully impaired its natural gas properties, resulting in an additional \$1 impairment charge on its exploration and evaluation assets (Note 5).

Furthermore, at June 30, 2025, the Company determined that the fair value of its Cessford oil property was \$Nil and recognized an impairment charge of \$137,684 on its property and equipment (Note 6).

Decommissioning liabilities

Decommissioning liabilities consisted 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 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 initiatives, 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 methods described below. 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 receivable, accounts payable and accrued liabilities approximates 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 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 Material Accounting Policies

The material accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2024. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024.

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) Assets that are not held for trading and are classified as financial assets measured at fair value through other comprehensive income (FVOCI) in accordance with IFRS 9 - Changes in the fair value of these equity instruments are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Upon derecognition of such investments, the cumulative gain or loss previously recognized in other comprehensive income is transferred directly to retained earnings. Dividends received from these investments are recognized in profit or loss when the right to receive payment is established, provided that they represent a return on investment rather than a recovery of cost.
- c) 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.
- d) 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.
- e) 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.

Fair value measurement

When measuring fair value except value in use of exploration and evaluation assets, property, plant and equipment and right-of-use assets for the purpose of impairment assessment, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Specifically, the Company categorized the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Company determines whether transfers occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on a recurring basis by reviewing their respective fair value measurement.

Changes in accounting policies

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's condensed interim 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 that the Company received pursuant to option agreements. They are reported at their fair market values as at the end of the reporting period. The unrealized gains (losses) are calculated as the total fair market value less the total costs, and are included in other comprehensive income (loss) for the period.

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

During the six months ended June 30, 2025, the Company sold all of its marketable securities, generating total cash receipts of \$2,662,251 (December 31, 2024 – \$Nil) net of \$4,924 in selling costs. The Company realized a gain of \$1,407,370 on the sale of its marketable securities (June 30, 2024 – \$Nil), which was transferred from the fair value through other comprehensive income to deficit. As a result of the sale of its marketable securities, the Company recorded a reversal of previously recognized changes in fair value of available-for-sale marketable securities of \$1,162,940, net of taxes of \$180,714. During the comparative six months ended June 30, 2024, the Company recognized \$110,860 decrease in fair value of available-for-sale marketable securities, net of \$16,932 in taxes.

Total fair market values and costs of the marketable securities at June 30, 2025 and December 31, 2024, were as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Total fair market value	—	2,598,535
Total costs	—	1,234,653

5. Exploration and Evaluation Assets

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

	Interest in mining properties ⁽ⁱ⁾	Natural gas interests ⁽ⁱⁱ⁾	Total
	\$	\$	\$
Balance, December 31, 2023	1,033,167	1	1,033,168
Expenditures	446	-	446
Balance, December 31, 2024	1,033,613	1	1,033,614
Impairment	(909,902)	(1)	(909,903)
Balance, June 30, 2025	123,711	—	123,711

(i) Mining properties

The Company owns 50% working interest in the Malartic Township gold property of six map-designated claims (the “Malartic gold property”). The other 50% working interest is owned by the property operator, Globex Mining Enterprises Inc., which names the project “Blackcliff gold property”. As at June 30, 2025, management of the Company determined that the fair value of the Malartic gold property was \$123,711, therefore, the Company recognized an impairment charge of \$909,902 on its exploration and evaluation assets.

(ii) Natural gas interests

Sorel-Trois Rivières natural gas interests, Quebec

Altai’s five oil and gas and reservoir exploration licences in the Sorel-Trois Rivières area, St. Lawrence Lowlands, covering 68,483 hectares (169,225 acres) (the “Sorel-Trois Oil Project”), 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 also been expropriated 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, as at December 31, 2014, the Company had written down the Sorel-Trois Oil Project to \$1, as was required by accounting standards. At June 30, 2025, the Company fully impaired the Sorel-Trois Oil Project as it had no reasonable expectations of recovering its interests, recognizing an impairment charge of \$1 on its exploration and evaluation assets.

Following initial write-down, 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 as of June 30, 2025, amounted to \$25,411,782 (December 31, 2024 - \$25,387,327), with total cumulative write downs (including expenditures reported in the profit and loss) of \$25,411,782 (December 31, 2024 - \$25,387,326).

In March of 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. The Claim was joined with other similar actions in the fall of 2022. As of June 30, 2025, the Claim was ongoing.

6. Property and Equipment

	Computer Equipment	Oil Properties ⁽²⁾	Total
Cost	\$	\$	\$
Balance, December 31, 2023	27,177	877,638	904,815
Non-cash expenditures ⁽¹⁾	–	10,506	10,506
Balance, December 31, 2024 and June 30, 2025	27,177	888,144	915,321
Accumulated depletion, depreciation, amortization and impairment charges			
Balance, December 31, 2023	26,196	662,993	689,189
Amortization for the period	866	58,311	59,177
Balance, December 31, 2024	27,062	721,304	748,366
Amortization for the period	115	29,156	29,271
Impairment	–	137,684	137,684
Balance, June 30, 2025	27,177	888,144	915,321
Carrying values, December 31, 2024	115	166,840	166,955
Carrying values, June 30, 2025	–	–	–

(1) Non-cash expenditures include changes in decommissioning obligations.

(2) 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 “Cessford oil property”). 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 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.

At June 30, 2025, the Company determined that the fair value of its Cessford oil property was \$Nil and recognized an impairment charge of \$137,684 on its property and equipment.

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, 2024 – \$149,123) which will be incurred in 2 years. A nominal risk-free rate of 4.86% (December 31, 2024 – 5.34%) and an inflation rate of 2.40% (December 31, 2024 – 2.40%) were used to calculate the fair value of the decommissioning liabilities. Changes to the liability were as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Decommissioning liability, beginning of the period	158,863	140,644
Change in discount rate	–	10,506
Accretion	3,539	7,713
Decommissioning liability, end of the period	162,402	158,863

8. Share Capital

Authorized: Unlimited number of common shares with no par value;

Issued and outstanding common shares as of June 30, 2025: 56,033,552 (December 31, 2024 – 56,033,552).

Share purchase warrants

There is no share purchase warrants outstanding at June 30, 2025 (December 31, 2024 – Nil).

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 its subsidiary. Options granted are generally exercisable for up to five years from the date of grant. The prices of all option shares granted are greater than or equal to the closing fair market value of each common share on the day preceding the grant day.

A summary of the Company's stock options is as follows:

	Six months ended June 30, 2025		Year ended December 31, 2024	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding, beginning of the period	1,600,000	\$0.10	1,200,000	\$0.10
Cancelled	(400,000)	\$0.10	(200,000)	\$0.10
Granted	–	–	600,000	\$0.10
Outstanding, end of the period	1,200,000	\$0.10	1,600,000	\$0.10

As at June 30, 2025, the following share purchase options were outstanding:

Number of Options exercisable	Exercise Price	Expiry date	Weighted average contractual life (years)
200,000	\$0.10	23-Nov-28	3.40
400,000	\$0.10	17-Oct-25 ⁽¹⁾	0.30
600,000	\$0.10	19-Oct-29	4.31
1,200,000	\$0.10		2.82

(1) Per terms of the Option Agreements, the 400,000 share options granted to Dr. Niyazi Kacira, who served as Chairman and President of the Company until his death on October 18, 2024, may be exercised by his legal personal representative(s) at any time within one year of his date of death.

9. Income (Loss) Per Share

The following table sets forth the computation of basic and diluted income (loss) per share for the three and six months ended June 30, 2025 and 2024.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net income (loss) for the period	\$(1,080,892)	\$34,600	\$(1,136,900)	\$31,540
Weighted average number of shares – 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
Basic and diluted net income (loss) per share	\$(0.02)	\$0.00	\$ (0.02)	\$0.00

10. Deferred Tax Liabilities

The future income tax liabilities as at June 30, 2025 and December 31, 2024 were:

	June 30, 2025	December 31, 2024
	\$	\$
Marketable securities – unrealized gains	–	180,714
	–	180,714

During the six months ended June 30, 2025, the Company sold all of its marketable securities and therefore derecognized its deferred tax liabilities as at June 30, 2025.

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 six months ended June 30, 2025 and 2024. The remuneration of directors and officers of the Company for the six months ended June 30, 2025 and 2024 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
General and administrative	6,500	13,500	70,000	27,000
	6,500	13,500	70,000	27,000

During the three months ended June 30, 2025, the Company incurred \$4,500 in consulting fees with Maria Au, the Company's former Secretary-Treasurer, CFO and director (June 30, 2024 - \$13,500). During the same period, the Company incurred \$2,000 in consulting fees with Ms. Silina, the Company's new CFO (June 30, 2024 - \$Nil).

During the six months ended June 30, 2025, the Company incurred a \$50,000 termination fee on the resignation of Ms. Au from her positions as the Company's Secretary-Treasurer, CFO and director effective January 10, 2025. During the six months ended June 30, 2024, the Company incurred an additional \$18,000 to Ms. Au for her services (June 30, 2024 - \$27,000).

During the six months ended June 30, 2025, the Company incurred \$2,000 in consulting fees with Ms. Silina (June 30, 2024 - \$Nil).

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, 2025 and 2024.

At June 30, 2025, the balance payable to related parties was \$Nil (December 31, 2024 - \$12,036) and was included in accounts payable and accrued liabilities.

12. Commitments

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

13. 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 June 30, 2025 and December 31, 2024, categorized into levels of the fair value hierarchy:

Description	Financial Instrument Category	June 30, 2025	December 31, 2024
		\$	\$
Cash and cash equivalents	FVTPL	4,001,432	1,499,432
Marketable securities	FVOCI	—	2,598,535
Accounts payable and accrued liabilities	Amortised cost	64,845	176,727

14. Management of Capital

The Company included the following in its capital as at June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
	\$	\$
Share capital	34,003,020	34,003,020
Contributed surplus	3,306,091	3,306,091
Accumulated deficit	(33,383,294)	(33,653,764)
Accumulated other comprehensive income	—	1,162,940
	3,925,817	4,818,287

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. Cash and cash equivalents include highly liquid money market instruments with original maturities of three months or less.

These instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. As of June 30, 2025, the Company held a total of \$4,001,432 in cash and cash equivalents including high-interest savings accounts ("HISA") series at competitive interest rates.

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, 2025, and to date are expected to be sufficient to fund the Company's ongoing operational needs for the next 12 months. As of June 30, 2025, the accounts payable were due between 30 and 60 days.

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.

d) 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.

e) 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.

f) 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.

16. Subsequent Event

On July 31, 2025, the Company announced that it filed a management information circular (the "Circular") and related meeting materials (together with the Circular, the "Meeting Materials") in connection with a special meeting (the "Meeting") of shareholders of the Company (the "Shareholders") to be held on September 3, 2025 to consider and, if deemed advisable, approve, with or without variation, a special resolution authorizing and approving a reduction of the stated capital account of the common shares of the Company (the "Common Shares") by an aggregate amount to be determined by the board of directors of the Company from time to time up to a maximum cumulative total amount of \$4,000,000 pursuant to Section 34(1)(b) of the Business Corporations Act (Ontario) for the purposes of distributing such amount to holders of Common Shares by way of a return of capital in one or more special cash distribution(s), all as more particularly described in the Circular.