



Oil & Gas Annual Disclosure Filing National Instrument 51-101

**Form 51-101F1 for the Period from January 1, 2021 to
December 31, 2021**

FORM 51-101F1
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION
ALTAI RESOURCES INC. (“Altai” or the “Company”)

1 DATE OF STATEMENT

1.1 Preparation Date

This statement was prepared on May 25, 2022.

1.2 Effective Date

The statement covers the period from January 1, 2021 to December 31, 2021. The effective date of the statement is December 31, 2021.

2 DISCLOSURE OF RESERVES DATA

As of December 31, 2021 and of the reporting date, Altai Resources Inc. had no oil or natural gas reserves*. The Company did not engage an *independent reserves evaluator* to evaluate reserves and associated future net revenue or to complete Form 51-101F2.

* Altai acquired 50% gross working interest (45% net working interest) in four producing oil wells in the Cessford area, Alberta in December 2012. No reserves data were available to Altai. The 50% partner and operator of the property was ConocoPhillips Canada Energy Partnership (“ConocoPhillips”) of ConocoPhillips Canada Resources Corp. until November 2015 when ConocoPhillips assigned its interest and operatorship of the property to Canadian Natural Resources Limited.

3 PRICING ASSUMPTIONS

Not applicable

4 RECONCILIATION OF CHANGES IN RESERVES

Not applicable

5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Not applicable

6 OTHER OIL AND GAS INFORMATION

6.1 Oil and Gas Properties and Wells

Quebec

The Company holds a 100% interest in 5 oil and gas and reservoir exploration licences issued by the Quebec Government, and a 15% gross production royalty in an exploration licence operated by Repsol Canada Energy Partnership (formerly Talisman Energy Canada) which

assigned it to Questerre Energy Corporation on February 1, 2020, all in the St. Lawrence Lowlands of Quebec, approximately 80 km northeast of Montreal.

Prior to June 13, 2011 the Company held 7 oil and gas and reservoir licences totalling 114,344 hectares (282,544 acres) of land in the St. Lawrence Lowlands.

The enactment of Bill 18 (2011, Chapter 13) by the Quebec Government on June 13, 2011 expropriated without compensation 40.11% of Altai's land holding in its licences in the St. Lawrence Lowlands.

Subsequent to the land expropriation per Bill 18, and as of January 1, 2021 and December 31, 2021 the Company held a 100% interest in 5 exploration licences in the Province of Quebec's St. Lawrence Lowlands, and a 15% gross production royalty in an adjacent licence operated by Repsol Canada Energy Partnership (formerly Talisman Energy Canada) which assigned it to Questerre Energy Corporation on February 1, 2020. Altai's current land position for its 5 licences totals 68,483 hectares (169,225 acres), surrounding Lac St-Pierre between the municipalities of Sorel and Trois-Rivières (Figure 1).

Details of the various exploration licences that constitute Altai's land position in Quebec post enactment of Bill 18 and as at December 31, 2021 are presented in Table 1 and illustrated in Figure 1 below.

Table 1: Altai Resources Inc. - Quebec Exploration Licences post enactment of Bill 18

Licence No	Issue Date	Gross Hectares	% Interest	Net Hectares
2009RS275	09 July 2009	6,504	100	6,504
2009PG534	09 July 2009	7,193	100	7,193
2009PG537	09 July 2009	24,322	100	24,322
2009PG538	09 July 2009	24,454	100	24,454
2009PG535	09 July 2009	6,010	100	6,010
	Total	68,483		68,483

In addition to revoking licences situated between the two shores of the St. Lawrence River from the westernmost tip of Anticosti Island and the Ontario border, and in view of exploration work in the Quebec Lowlands being halted pending the BAPE (the Quebec environmental evaluation agency) Report to be presented approximately in 2013, Bill 18 also exempted holders of exploration licences from performing the work required under the Mining Act (a "stop the clock" provision) until the date determined by the Minister, which date might not be later than 13 June 2014. The duration of the licences was also extended by the same period of time as the exemption.

Bill 5 (2014, chapter 6) of the Quebec provincial legislature (an Act to amend the Act to limit oil and gas activities (Bill 18 (2011, chapter 13) and other legislative provisions) was enacted on June 13, 2014. It allowed the Quebec Government to extend beyond June 13, 2014, the exemption for holders of exploration licences from performing the exploration programs required

by law. It also extended the suspension of the term of those licences and deferred the increase of the licence annual rent until the exemption was lifted.

In December 2014, the BAPE released its report of the 4 year study concerning shale gas exploration and development for Quebec Lowlands. The report concluded, among other things, that shale gas development did not have social acceptability and that further work should not continue in the Lowlands. As a result, any and all development programs were suspended in the Quebec Lowlands “for the time being” according to the Premier of Quebec.

The Environmental Assessment Study prepared by and for the government presented its conclusions in late October 2015 and suggested various modifications to the existing procedures then. It suggested some exploration work might continue, particularly regarding areas other than the Lowlands.

The document titled “Energy Policy to 2030” presented and adopted by the Quebec Government in April 2016 provides the general framework for guidance and objectives for the government on the overall policy regarding all energy sources, including oil and gas. As for hydrocarbon exploration and development, the Energy Policy states that it supports responsible development of oil and gas resources in Quebec, that a legal framework will be established and that an office will be created to oversee the Quebec energy sector including various energy projects.

Bill 106, “An Act to implement the Energy Policy to 2030 and amend various legislative provisions”, was passed in the Quebec National Assembly in December 2016. The Bill contains a series of modifications to existing legislation to cover the Energy Policy, including changes to the Mining Act and other Acts then in force and the creation of a new Petroleum Resources Act (the “Act”) which governs the exploration and development of petroleum resources in Quebec. The Act outlines the various general conditions and norms (including social acceptability) regarding permitting, exploration, drilling and production.

On September 20, 2017, the Quebec Ministry of Energy and Natural Resources (the “Ministry”) published the draft regulations to govern oil and gas activities in the province and required for the implementation of the Act.

On June 6, 2018, the Quebec Minister of Energy and Natural Resources announced (the “Ministry”) in a press release a series of new measures regarding regulations for hydrocarbon exploration and production in Quebec including a ban on fracking in shales and various other restrictions including distances for wells and fracking. On June 20, 2018, the Ministry published the revised draft regulations incorporating all the measures announced in its June 6, 2018 press release.

On September 5, 2018 the Quebec Government published the Final Regulations (the “Regulations”) which include all the significant restrictions and measures published in the June 20, 2018 revised draft regulations. Both the Act and the Regulations automatically came into effect on September 20, 2018.

On October 19, 2021, the Quebec Premier announced at the inaugural speech at the National Assembly, the potential ban on the exploitation of hydrocarbons in Quebec without giving any details of the means the Quebec Government would use to achieve such goals. Over the next

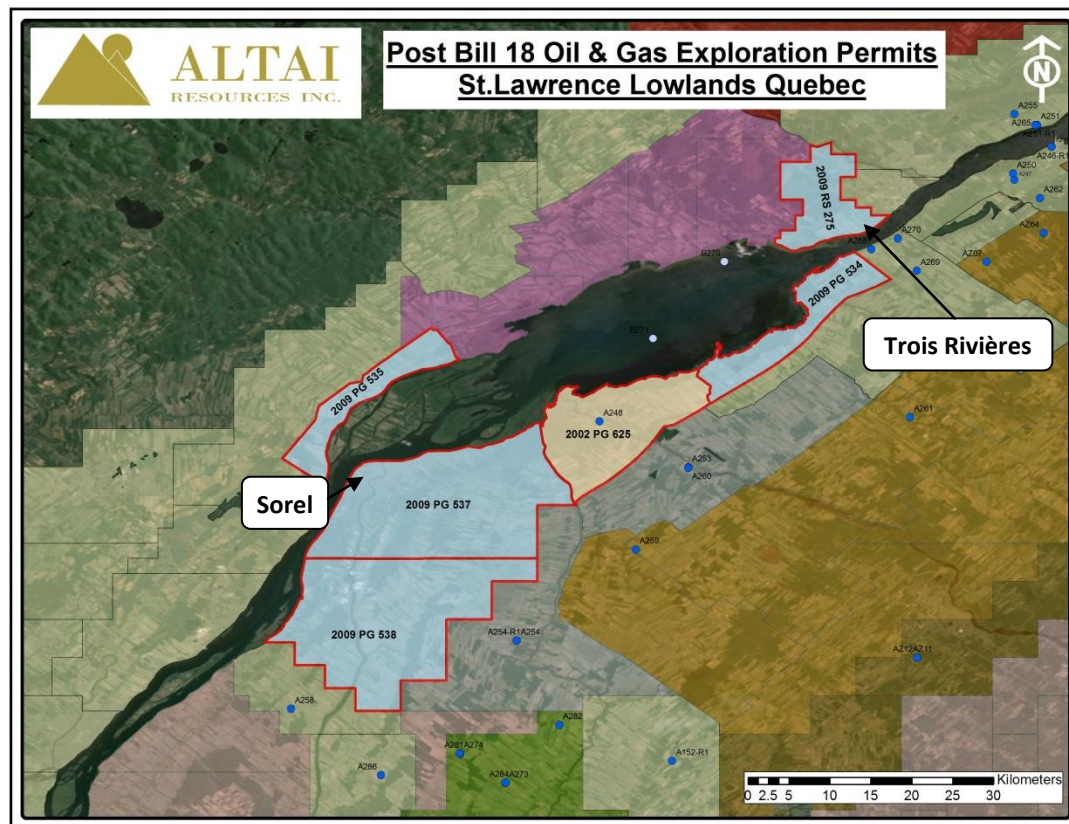
few months, the government mentioned compensation for the expropriation, but such compensation would be as little as possible.

As of December 31, 2021 and of the reporting date, Altai has been in full compliance with all the requirements of the Act and the Regulations including taking out the required insurance on the five licences for the period from September 2021 to September 2022.

Since 2011 through to December 31, 2021 and to the reporting date, there has been no shale gas exploration or fracture stimulation for natural gas in the Quebec Lowlands.

The Company has no plants, facilities, installations or assets other than the aforementioned licences and all of the licences are classified as having **no attributed reserves**.

Figure 1: Altai Resources Inc. - Quebec Petroleum Exploration Licences
Post enactment of Bill 18



Altai's 5 existing exploration licences were recognized by the Act and have been automatically registered under the Act.

Financial obligations for the petroleum exploration licences

Financial obligations for the petroleum exploration licences comprise an annual rent and a work expenditure commitment.

Annual Rent

Prior to December 10, 2013, the annual rent for the initial 5 year period was \$0.10 per hectare rising to \$0.50 per hectare for each subsequent year after the initial 5 year period. The minimum statutory exploration expenditure was \$0.50 per hectare for the first year, and increased by \$0.50 per hectare for each subsequent year, reaching \$2.50 per hectare in the fifth year. For each additional yearly renewal after the initial 5 year period, the work obligation was \$2.50 per hectare.

From January 1, 2018 to September 19, 2018, the annual rent was increased to \$10.40 per km² for the first 5 years and \$51.50 per km² for the subsequent years.

Effective September 20, 2018 when the Act and Final Regulations came into force, the annual rent has been increased to \$51.50 per km² plus a yearly index for the first 5 years. The second 5 years will be increased to \$103 per km².

Exploration Work Obligations

Effective December 10, 2013 to September 19, 2018, the minimum statutory exploration expenditure was \$50 per km² or \$3,000 whichever was greater for the first year, rising to \$250 per km² or \$15,000 whichever was greater for the fifth year. For each yearly renewal after the first 5 years, the work obligation was \$250 per km² or \$20,000 whichever was greater.

Effective September 20, 2018, the exploration work obligations was increased to \$100 per km² for the first year, and increased by \$100 (plus a modest yearly index) for each of the following 4 years to \$500 in year five. For the second 5 year period, the work obligations are at \$500 per km² per year (plus the yearly index amount).

As discussed in the previous section, Bill 5 allowed the Quebec Government to exempt holders of exploration licences from performing the work required by law and to defer the increase of the permit annual rent until the exemption is lifted, and to extend the validity of the licences by the period of time of the exemption.

Property Description and Exploration History

Hydrocarbon exploration on the Altai land position was initiated by Petro St-Pierre Inc. in the mid 1980s. The primary exploration model was to identify reservoirs analogous to the Pointe-du-lac shallow natural gas reservoir situated in quaternary sands and gravels, west of the city of Trois-Rivières. Subsequent to depletion, this reservoir was converted to a natural gas storage reservoir and is currently operated by Intragaz Inc. In 1985 the Longueuil, Quebec based Petro St-Pierre Inc. obtained the exploration licences both under Lac St-Pierre and on the south shore

of the St. Lawrence River and by 1988, had shot approximately 735 km of seismic on Lac St-Pierre and identified numerous potential gas accumulations in the quaternary sediments.

In 1988 Black Cliff Mines Ltd. (the former name of Altai) farmed-in on the project and drilled two exploration wells in Lac St-Pierre (PSP1 and PSP2) into quaternary gravels at a depth of about 120 meters, with 100 meters of unconsolidated clay overburden. Gas shows were recorded in both exploration wells, with PSP1 flowing 1.3 MMCF/d of gas during a one day Drill Stem Test (DST). No DST was performed on the PSP2 well. Between 1988 and 2010 various seismic surveys were undertaken, exploring for targets in both the unconsolidated and hard-rock sedimentary geological sequences. These data indicate that possible hydrocarbon traps in the unconsolidated quaternary gravels may have potential for up to 29 BCF of natural gas in 22 discreet targets.

Commercial potential for hydrocarbon accumulations occurs in several of the Cambro-Ordovician sedimentary formations, including the Utica Shale and potential hydrothermal dolomite (HTD) reservoirs in the Trenton and Black River Groups (TBR) analogous to the Albion-Scipio field in Michigan and the Fingers Lakes, New York TBR reservoirs discovered by Fortuna Energy (now Talisman Energy-USA). Having made significant natural gas discoveries in TBR reservoirs in New York State, Talisman Energy Canada ("Talisman" and now Repsol Canada Energy Partnership) followed the geological trend north-eastwards into Quebec and in 2005, farmed into Altai's 2002-RS-265 permit (13,290Ha) adjacent to St-François-du-lac and Pierreville on the south shore of Lac St-Pierre. In 2007, Talisman drilled a 2,700 meter exploration well into a collapsed graben / sag feature in the TBR, interpreted from 2-D seismic. Although no gas was present in the target formation, good gas shows were reported in the overlying Utica shale. The well was logged, cased and suspended pending further completion operations. By drilling this well, Talisman earned operatorship of the 2002-RS-265 permit with Altai retaining a 15% Gross Production Royalty.

The success of various operators in "unconventional" shale gas plays across North America in the early 2000's cultivated renewed interest in exploration in the Province of Quebec. The target was the Ordovician Utica Shale and in 2007 several companies drilled vertical wells on the lands adjacent to Altai's licences on lands held by other operators. The wells were fracture stimulated and flow rates reported at 0.8MMCF/d to 1MMCF/d in April 2008.

Since 2008, after having purchased 100% of its minority joint venture partner, Petro St-Pierre Inc., Altai holds 100% interest in its current exploration licences.

The following items comprise the information that is required to be disclosed within Part 6 "Other Oil and Gas Information" as part of the Company's NI-51-101F1 Statement for the reporting period ended December 31, 2020. For simplicity, these data are disclosed under the respective "Item Numbers" described in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

Alberta

Altai acquired and owns a 50% gross working interest (45% net working interest) in the Cessford property of 240 acres of Alberta Crown leases and light oil production from four long-life wells by paying \$800,000 cash consideration to the previous owner in December 2012. ConocoPhillips Canada Energy Partnership of ConocoPhillips Canada Resources Corp., a fully owned subsidiary of ConocoPhillips, US was the 50% partner and property operator until

it assigned both its working interest in and operatorship of the property to Canadian Natural Resources Limited in November 2015.

The Cessford property is in the Cessford area of southern Alberta, approximately 200 km east of Calgary.

There are four wells with estimated reserve life of 13-15 years.

6.2 Properties with No Attributed Reserves

See Sections 2 and 6.1

6.3: Forward Contracts

The Company had no forward contracts in place as of the reporting date.

6.4: Additional information Concerning Abandonment and Reclamation Costs

Not applicable

6.5: Tax Horizon

The Company does not anticipate having taxes payable for the year ended December 31, 2021. The Company's projects are either in the preproduction stage of exploration and development or with capitalized costs to date available for deduction for income tax purposes.

Altai does not expect to be taxable in the foreseeable future.

6.6: Costs Incurred

The following summarises capital expenditures related to the Company's activities on its oil and gas properties for the year ended December 31, 2021:

Expenditures of Alberta property:	\$	0
Exploration costs of the Quebec property :	\$	132,458
Development costs:	\$	0
Total:	\$	132,458

6.7: Exploration and Development Activities

Quebec

Minimum statutory work expenditures were filed and accepted by the Quebec Government on July 9th, 2011 that hold the licences in good standing for 3 years subject to the payment of annual rents as discussed in the annual rents section. The licences are in good standing with respect to statutory exploration expenditures as at December 31, 2021 and as at the date of this report.

Alberta

There were no exploration and development activities for the property for the year 2021.

6.8: Production Estimates

Not applicable

6.9: Production History

The Cessford property in Alberta was in production for the year ended December 31, 2021. For Altai's 50% gross working interest (45% net working interest), oil revenue for 2021 was \$119,472 and production costs were \$65,474. In 2021, a total of \$5,281 royalties were paid to the royalty holders, excluding crown royalties.