ALTAIR INTERNATIONAL INC
Form 10-K/A
June 08, 2001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 4)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

ALTAIR INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Province of Ontario, Canada	1-12497	None
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

1725 Sheridan Avenue, Suite 140
Cody, Wyoming 82414

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (307) 587-8245

[ ] Securities registered pursuant to Section 12(b) of the Act: None

[X] Securities registered pursuant to Section 12(g) of the Act:

Common Shares, no par value	Nasdaq National Market
(Title of Class)	(Name of each exchange on which registered)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the common shares held by non-affiliates of the Registrant on March 15, 2001, based upon the closing sale price of the common shares on the NASDAQ Stock Market of $2.75 per share on March 15, 2001, was approximately $46,160,000. Common Shares held by each officer and director and by each other person who may be deemed to be an affiliate of the Registrant

have been excluded. As of March 15, 2001 the Registrant had 19,510,488 common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
None

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Altair International Inc. ("Altair") is filing this Amendment No. 4 on Form 10-K/A (this "Amendment") to its Annual Report on Form 10-K for the year ended December 31, 2000 (the "Form 10-K") filed with the SEC on April 2, 2001, as amended by Amendment No. 1 filed on April 17, 2001, Amendment No. 2 filed on May 2, 2001 and Amendment No. 3 filed on May 9, 2001, for the following purposes:

- to revise Item 1 (Business) to more accurately and completely describe Altair's Tennessee mineral property, Altair's titanium processing technology and Altair centrifugal jig;
- to revise Item 2 (Property), Item 8 (Financial Statements and Supplementary Data) and Item 7 (Management's Discussion and Analysis) to conform the descriptions of the Tennessee mineral property in the notes in the financial statement to the revised descriptions in Item 1;
- to revise Item 13 (Certain Relationships and Related Transactions) in order to describe the dollars value of a contract between Altair and a member of the board of directors of one of Altair's subsidiaries; and
- to revise Item 14 (Exhibits, Financial Statement Schedules and Reports on Form 8-K) to update the Exhibit Index and description of the financial statements.

In order to facilitate understanding of the Form 10-K, in addition to inserting the information described in the preceding paragraph, this Amendment restates in its entirety all information contained in prior amendments to the Form 10-K. Sections of the Form 10-K not identified above as having been revised are being restated without amendment. All subsequent references to "Form 10-K" shall refer to the initial Form 10-K, as amended by this Amendment.

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PART I

This Annual Report on Form 10-K for the year ended December 31, 2000 (this "Form 10-K") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve risks and uncertainties. Purchasers of any of the common shares, no par value (the "common shares") of Altair International Inc. ("Altair" or the "Company") are cautioned that the Company's actual results will differ (and may differ significantly) from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those factors discussed herein under "Factors That May Affect Future Results" and elsewhere in this Form 10-K generally. The reader is also encouraged to review other filings made by the Company with the Securities and Exchange Commission (the "Commission") describing other factors that may affect future results of the Company.

Item 1: Business

Certain technical terms used in the following description of our business are defined in a glossary set forth on page 15. We have identified such terms by italicizing them the first time they are used in the text. Unless the context requires otherwise, all references to "Altair," "we," "Altair International Inc.," or the "Company" in this Form 10-K refer to Altair International Inc. and all of its subsidiaries.

In relation to the Tennessee mineral property, Altair is an exploration stage company (as defined in Guide 7 promulgated under the Securities Act of 1933, as amended), and there is no assurance that a commercially viable mineral deposit exists on the Tennessee mineral property or any other property leased by Altair. We will cease to be an exploration stage company with respect to the

Tennessee mineral property only when and if we have established the existence of a commercially minable deposit.

General

Altair International Inc. was incorporated under the laws of the Province of Ontario, Canada in April 1973 for the purpose of acquiring and exploring mineral properties. During the period from inception through 1994, we acquired and explored multiple mineral properties. In each case, sub-economic mineralization was encountered and the exploration was abandoned. Since 1994, we have also devoted substantial resources to the development and testing of mineral processing equipment for use in the recovery of fine, heavy mineral particles.

In November 1999, we acquired all patent applications, technology and tangible assets related to a hydrometallurgical process developed by BHP Minerals International, Inc. ("BHP") primarily for the production of titanium dioxide ("TiO2") products from titanium bearing ores or concentrates (the "titanium processing technology"), and all tangible equipment and other assets used by BHP to develop and implement the titanium processing technology. Although the titanium processing technology is capable of producing a variety of titanium products, we plan to initially employ the titanium processing technology for the production and sale of TiO2 nanoparticles. See "--Titanium Pigment Processing Technology."

We have also leased, and are exploring, approximately 14,000 acres of land near Camden, Tennessee (the "Tennessee mineral property") to determine whether it would be amenable to large-scale mining for titanium and zircon. See "--Tennessee Mineral Property."

During 1996, we acquired the rights to the Campbell Centrifugal Jig, since modified and renamed the Altair Centrifugal Jig (the "jig"). The jig is a machine that uses a rotating circular screen and pulsating water to separate valueless mineral particles from more valuable mineral particles based on the differences in their specific gravity. In tests, the jig has proven capable of segregating and recovering extremely fine mineral particles. We are presently testing and customizing the jig for use in the recovery of heavy minerals such as titanium and zircon, and we believe that the jig could also be used to recover other minerals such as gold and for environmental remediation. See "--Jig Technology and Proprietary Rights."

To date, we have derived no revenues from product sales or otherwise and have experienced an operating loss in every year of operation. In the fiscal year ended December 31, 2000, we experienced net losses of $5,914,474.

Altair currently has three wholly-owned subsidiaries, Fine Gold Recovery Systems, Inc., a Nevada corporation ("Fine Gold"), Mineral Recovery Systems, Inc., a Nevada corporation ("MRS"), and 660250 Ontario Limited, an Ontario Corporation, and two indirect wholly-owned subsidiaries, Altair Technologies, Inc., a Nevada corporation, and Tennessee Valley Titanium, Inc., a Nevada corporation.

Titanium Pigment Processing Technology

Acquisition of the Processing Technology. On November 15, 1999, we entered into an Asset Purchase and Sale Agreement with BHP pursuant to which we

purchased all patent applications, technology and tangible assets related to a hydrometallurgical process developed by BHP primarily for the production of titanium dioxide products from titanium bearing ores or concentrates (i.e., the titanium processing technology), and all tangible equipment and other assets used by BHP to develop and implement the titanium processing technology (the "titanium processing assets").

The purchase price for the titanium processing technology and titanium processing assets was $9,625,500. In addition, the Asset Purchase and Sale Agreement also requires us to pay to BHP, until the earlier of November 15, 2014 or the date we have paid an aggregate royalty of AUD$105,000,000, a quarterly royalty equal to:

- 1.5% of the international market price of all uncoated TiO2 pigment produced and sold as a result of the use of the titanium processing technology by Altair or a transferee at Altair's mineral properties in Tennessee;

- 1.5% of the international market price of all uncoated TiO2 pigment produced and sold as a result of the use of the titanium processing technology by BHP or any affiliate of BHP at a specified heavy mineral sand operation located near Auckland, New Zealand;

- 3% of the international market price of all uncoated TiO2 pigment produced and sold as a result of the use of the titanium processing technology by Altair or a transferee of Altair at any location other than its Tennessee mineral property or BHP's Auckland, New Zealand heavy mineral sand operation; and

- 3% of the sales proceeds (F.O.B. Altair's facility, reduced by the amount of product returns) received by Altair or a transferee of Altair from the sale of any products other than TiO2 pigment produced through its use of the titanium processing technology.

In addition, in connection with the Asset Purchase and Sale Agreement, Altair and BHP entered into a Lease dated November 15, 1999, pursuant to which we lease approximately 20,000 square feet of laboratory and testing space at BHP's testing facility in Reno, Nevada for a monthly rent of $15,000. The Lease grants us a right of first refusal in the event BHP intends to sell the building and property subject to the Lease and includes an agreement to negotiate in good faith with respect to our possible purchase of such building and property.

Description of the Titanium Processing Technology. Our titanium processing technology is capable of producing conventional TiO2 pigment products. Conventional TiO2 pigments are finely-sized powders consisting of TiO2 crystals. These crystals may be either anatase or rutile phase (shape) and approximate 0.18 to 0.22 microns in size. Our titanium processing technology is also capable of producing TiO2 nanoparticles, a specialty product with a size range of 10 to 100 nanometers (approximately one tenth the size of conventional pigments). We plan to initially use the processing plant to produce TiO2 nanoparticles.

The titanium processing technology is based on a proprietary dense-phase crystal growth technique which controls crystal formation using a combination of mechanical and fluid dynamics and chemical and thermal control. Through introduction of very small quantities of selected chemicals ("doping elements") during crystal growth, the size, phase, catalytic and photocatalytic activity and size distribution of crystals can be controlled within narrow limits and to specification.

Titanium Processing Assets. The titanium processing assets consist principally of a production facility located in the leased premises. During 2000, we installed additional equipment to increase production capacity to a nominal annual amount of 200 tons of TiO2 nanoparticles. We also added a separate pilot facility to produce large sample quantities of product for development, test and evaluation purposes.

Plans for Development of the Titanium Pigment Processing Technology. The titanium processing technology has potential to produce both titanium pigments, which are commercially traded in bulk, and TiO2 nanoparticles, which are sold on specialty product markets. Our plan is to first concentrate on development of TiO2 nanoparticle products, which may be produced and sold in commercial volumes utilizing the in-place, 200 ton per year, plant in Reno. In the future, we will work to commercialize a titanium pigment production capability - an activity which we hope to do in conjunction with an as yet unidentified industry partner.

We have transferred our titanium processing assets and titanium processing technology to Altair Technologies, Inc. ("ATI"), a wholly-owned subsidiary of Altair, and hired a president of ATI to provide management and direction for the development of our titanium processing technology. Effective January 1, 2001, we hired fourteen former BHP employees who were instrumental in the development of our titanium processing technology. Certain of these employees will continue research and development work and others will be involved in operation and maintenance of the production facility. Altair has commenced marketing TiO2 nonoparticles, has received a single purchase order in the amount of $60,000 for future delivery of TiO2 nonoparticles and is also investigating distributor relationships.

Target Market for Products of the Titanium Processing Technology. TiO2 nanoparticles are marketed and sold as specialty chemicals. End users typically work closely with suppliers to set product specifications, which may or may not be subsequently certified for individual applications. Very little TiO2 nanoparticle product is sold as a fungible "shelf-item" product.

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Altair's plan for TiO2 nanoparticle market entry has been to prepare a suite of products that have a range of physical and chemical properties. Potential TiO2 nanoparticle end users are invited to test our basic products and to separately work with us so that we may tailor a nanoparticle product for their particular use. We have filled 130 requests for samples of nanoparticle products from the 230 companies that have contacted us. Based on third party inquiries, testing of and interest in our TiO2 nanoparticles is seemingly most advanced in applications for batteries (lithium titanate), thermal sprays (TiO2), and catalysts (both TiO2 and yettrium stabilized zircon). These are applications from which we hope to make our first volume commercial sales.

Research, Testing and Development of the Titanium Processing Technology. Our titanium processing technology is the result of several years of research and development work done by BHP. We are continuing the research and development work to both improve the process and to develop commercial applications for it. Such work will be conducted by the former BHP employees who became employees of the Company on January 1, 2001.

In addition, we are engaged in joint research and development efforts with potential customers and other interested parties. For example, in August 2000, we entered into an agreement with the Massachusetts Institute of Technology ("MIT") to carry on joint research to develop a nanostructured fuel cell system for direct hydrocarbon conversion. The research program uses wafer

thin sheets of TiO2 and yettrium stabilized zircon produced by Altair in conjunction with novel nanostructured anode and cathode catalysts developed by MIT.

The Titanium Processing Technology and Proprietary Rights. BHP has filed numerous patent applications with the United States Patent and Trademark Office with respect to our titanium processing technology and has transferred the rights to such applications to us. Such applications are in the review process, and no patents with respect to the titanium processing technology have been granted to date.

Competition--the Titanium Processing Technology. Our titanium processing technology is fundamentally different from current commercial processing techniques. Other processes are based on either a precipitation of particles from aqueous solution or the formation of crystallites from molten droplets of titanium oxide generated in high temperature flame reactors. Our process is a dense-phase crystal growth technique which controls crystal formation using a combination of mechanical and fluid dynamics and chemical and thermal control.

Our process permits exceptional control over particle size, shape, and crystalline form. Our titanium processing technology produces discrete anatase crystals in nanometer sizes that are thermally stable at 800 degrees Centigrade for 100 hours or more. By remaining stable in high-temperature processing, nanoparticles produced by our titanium processing technology retain the desired nanoparticle size and crystalline phase. In addition, our technology is designed to reduce process effluents needing environmental remediation and to accept a wide variety of naturally occurring titanium feed stocks.

We have not operated the titanium processing technology at a commercial scale. Accordingly we cannot describe processing efficiencies and costs associated with our titanium processing technology or compare such efficiencies and costs to those of competitors.

In addition, our ability to capitalize on and develop our technology may be limited by the limited amount of capital we have available and our lack of operating history (particularly our lack of existing customer relationships). There are approximately ten significant producers of TiO2 nanoparticles in the world, the largest of which supplies approximately 20% of the market. Competing nanoparticle producers are financially strong corporations who enjoy established customer relationships and operating histories.

Tennessee Mineral Property

Description of the Tennessee Mineral Property. The Tennessee mineral property consists of approximately 14,000 acres of land containing fine, heavy minerals that we have leased (or have binding commitments to lease) in or near Camden, Tennessee.

Prior to our beginning to acquire leases on the Tennessee mineral property in 1996, sections of the Tennessee mineral property were leased or owned by each of E.I du Pont de Nemours and Company (from 1950 to 1954), KerrMcGee Corporation (from 1975 to-1989), and BHP Minerals International Inc. (from 1991 to 1994). Each of these predecessors engaged in drilling, sampling and other exploratory activities on the Tennessee mineral property but, based upon such predecessors particular circumstances and the economics of the period, elected to stop work and relinquish property rights.

The topography of the Tennessee mineral property consists of vegetation-covered rolling hills comprised of sands deposited in an ancient beach environment. Minerals on the Tennessee mineral property occur in the Cretaceous McNairy formation, and heavy minerals comprising 2% to 8% of the sand (by weight) are typical. The mineralized sands on the Tennessee mineral property have not yet been proven to be a reserve (as defined in Regulation S-K, Item 802, Guide 7 promulgated under the Exchange Act), and our limited operations and proposed plan with respect to it are exploratory in nature.

Research and Exploration on the Tennessee Mineral Property. From 1996, our exploration activities on the Tennessee mineral property have included geologic mapping, collection of bulk samples for metallurgical testing, drilling of 156 auger holes between 30 and 100 feet deep and preparation of geologic models. Our geologic model also incorporates 40 drill holes completed by an earlier exploration company.

During 1997, we collected approximately 5,000 pounds of representative sand for testing from an exposed sand horizon. This sample was processed by an independent Florida heavy sands producer and Altair to produce representative samples of market-quality products. The sample results were reviewed by an independent consulting group hired by us to prepare a pre-feasibility study of approximately 4,700 acres of the Tennessee mineral property known as the "Camden Property." The consultants examined heavy mineral suites from the Camden Property (prepared from sands naturally containing about 4% heavy minerals and 96% quartz) and found that titanium bearing minerals constitute about 65% of the total heavy mineral portion of the suite, zircon accounted for 15% of the heavy mineral portion of each suits and the remainder was non-valuable heavy minerals. The study, completed in July 1998, also indicated that market-quality ilmenite, rutile and zircon products could be produced from such heavy minerals suites and that markets currently exist for such products.

In August 1998, based on the consultant's pre-feasibility report, we commenced additional feasibility testing. To date, we have constructed and placed into operation a pilot test facility on the Tennessee mineral property. To the extent initial stages of our feasibility testing yields positive results, we expect our feasibility testing to involve, among other things, the following:

- operating the pilot mining facility to determine mineral recovery efficiencies and the quality of end products;
- drilling and sampling in order to more accurately determine the quantity, quality and continuity of minerals on the Tennessee mineral property;

- examining production costs and the market for products produced at the pilot facility;
- designing and pricing construction costs associated with any proposed mining facility;
- identifying and applying for the permits necessary for any proposed full-scale mining facility; and
- attempting to secure financing for any proposed full-scale mining facility.

Subsequent to completion of the 1998 pre-feasibility study, our further exploration of the Tennessee mineral property has suggested the existence of additional heavy mineral sands in an area northwest of the Camden Property known as "Little Benton." Preliminary data indicate that Little Benton contains mineralization similar to the Camden Property. We have approximately 7,900 acres under lease in the Little Benton area and intend to conduct further testing in the future.

During 2000, we incurred $1,217,966 in exploration expenditures on the Tennessee mineral property, and in 1999, we incurred $689,594 in exploration expenditures on the Tennessee mineral property. To date, we have incurred $3,239,018 in total expenses on our exploration of the Tennessee mineral property. Expenditures have been incurred for pilot plant design, fabrication and site preparation, leasehold minimum advance royalty payments, and other related exploration activities. We anticipate spending between $700,000 and $3,700,000 exploring the Tennessee mineral property during 2001. The amount of future expenditures will depend upon the availability of financial capital and the results of our ongoing feasibility testing.

Competition--the Tennessee Mineral Property. Based on the exploratory work done to date, we anticipate that the saleable products which could be produced from the Tennessee mineral property are ilmenite, rutile and zircon. Ilmenite, which may contain 40% to 70% titanium dioxide, is used in the production of titanium dioxide pigment, a specialty chemical used principally as a whitener and opacifier for paper, plastics and paint. According to the U.S. Geological Survey, ilmenite is the most abundant naturally occurring, commercially produced titanium mineral and supplies approximately 90% of the world demand for titaniferous material. Such demand is projected to increase at an annual rate of 2%-3% for the foreseeable future. The value of titanium mineral concentrates consumed in the United States in 2000 was approximately $530 million. There are presently two entities in the United States which produce ilmenite concentrate from heavy mineral sands and virtually all production is used by four titanium pigment producers whose plants are primarily located in the southeastern U.S. Pigment producers use various methods to process ilmenite concentrate into titanium dioxide pigment and require that the concentrate feedstock meet certain chemical and size criteria applicable to the process being used.

Rutile, which generally contains greater than 95% titanium dioxide, is also used in the production of titanium dioxide pigment. In pigment products, its processing costs are significantly less than ilmenite due to the higher concentration of titanium dioxide. Although this greatly enhances its market value, rutile is much less abundant than ilmenite, representing approximately 5% of the total heavy minerals contained in the Tennessee mineral property.

Zircon, which is used in ceramic, refractory and foundry applications, represents approximately 15% of the heavy minerals contained in the Tennessee mineral property. Zircon sand is currently being produced at three mines in the southeastern U.S. and in several countries around the world. Titanium-bearing minerals and zircon are commonly found and mined together.

Location and Status of Work on the Tennessee Mineral Property.

On the following page is a location map for the Camden and Little Benton properties, which we collectively refer to as the Tennessee mineral property. Access within blocks is via a network of County and farm roads. Lease blocks in the Camden and are made up of contiguous rural tracts. Land uses are dominantly forestry and cattle grazing. Bottom lands are sometimes used for row crops. There is no history of mining in these areas.

Altair has an operating pilot plant on the Camden lease block. Pilot plant operations are fully permitted with the state of Tennessee and federal agencies. The plant includes dedicated electrical service, a lay-down area for heavy mineral sand samples, and a combined water storage/sand placement structure. Plant elements include a feed system, conveyors, trommel, two stages

of cyclonrs, and a five stage spiral plant.

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[OBJECT OMITTED]
[TENNESEE MINERAL PROPERTY]

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The Jig

Description of the Jig. The Altair Centrifugal Jig segregates particles based on differences in their specific gravity. Such technology may be categorized as a "gravity separation" process. Gravity separators are widely used in minerals beneficiation because of their relative simplicity, low cost of operation and ability to continuously treat large tonnage throughput. Preliminary demonstration tests conducted by Altair and a previous owner of the jig suggest that the jig may be commercially useful in a number of applications, including:

- Recovery of ultra fine gold from waste streams or former tailings;
- Recovery of zircon, rutile, ilmenite, leucoxene, and other valuable fractions from heavy mineral sand operations;
- Sulfur and ash removal from fine coal;
- Recovery of tin and iron ore fines from fine tailings;
- Concentration of heavy minerals, such as anatase, aparite, barite, cassiterite, chromite, columbite, industrial diamonds, fluorite, various garnets, monazite, tantalite and wolframite; and
- Remediation of nuclear waste.

Several prototype and demonstration jigs have been built and tested by Altair and previous owners of the jig. Our Series 12 Jig stands about six feet tall, requires floor space of about 25 square feet and weighs approximately 2,000 pounds. Our Series 30 Jig stands about 10 feet tall, requires floor space of about 54 square feet and weighs approximately 7,000 pounds. Recently constructed jigs have been mounted on metal frames along with jig auxiliary equipment--pulse water pump and tank and control panel--for transport by truck and rapid on-site installation.

Continued field testing of the jig is being undertaken, as resources are available, to increase the volume capacity, identify any design problems that may reside in the jig technology, evaluate the jig's ability to perform sustained operations, determine the potential for downtime during such operations, estimate the anticipated maintenance costs associated with continued operations and identify design improvements for specific applications. There can be no assurance that the testing program will be successful for all applications or that testing will demonstrate the jig to be economically attractive to end users. See "--Factors That May Affect Future Results."

How the Jig Works. A conventional jig separates a slurry of mineral particles as it flows across the top of a screen. Water is periodically pulsed up through the screen to eliminate interparticle friction and allow differential settling according to the variations in the net specific gravities of the ore. Heavier minerals are allowed to pass downward through the screen while lighter materials flow across the screen to a discharge point. The jig operates according to conventional jig principles except that the screen surface is cylindrical and is rotated to subject the particles to centrifugal forces. As

currently designed, materials to be processed by the jig are introduced into the top of the jig in a slurry mix with water. The slurry is diffused across the top of the interior of a vertical cylindrical screen which is rotating. Water is pulsed through the screen allowing differential separation in the slurry material. Heavy particles pass through the screen, are collected, and exit the machine in a "concentrate" stream. Lighter particles flow down the screen interior, are collected and exit out the bottom of the machine in a separate "tails" stream. Use of the jig requires no chemical additives.

In operation, the jig utilizes a combination of standard mechanical jig and centrifugal technologies. The jig is of simple mechanical design with few wear surfaces. To compete as a viable commercial unit, the jig must perform reliably over long time periods. The 600+ hours that we have tested and operated the Series 30 Jig is insufficient to give assurance as to the length of the operating life of the jig.

Target Markets for the Jig. In the long run, the jig may potentially be useful for a number of applications. We believe that the most promising market for the jig in the short run is for use in processing of heavy mineral sands in order to recover heavy minerals, particularly zircon and titanium.

The primary valuable minerals produced from heavy mineral sands are titanium and zircon. Titanium is used primarily as a basic component of titanium dioxide, a pigment used principally as a whitener and opacifier for paper, plastics, and paint. Zircon is used primarily for foundry molds and in the manufacture of certain types of glass and ceramics. The domestic and international markets for both of these products and well established. Both are commodities traded in bulk, usually under long-term contracts, and are also sold in 50-100 lbs. bags, usually traded as a spot-priced product. The U.S. Geological Survey has reported that the value of titanium mineral concentrates consumed in the United States in 2000 was approximately $530 million. The U.S. Geological Survey estimates zirconium production for the United States at approximately 100,000 metric tons in 2000, representing a market value of approximately $34 million. There can be no assurance that testing will demonstrate that the jig can economically extract heavy minerals from heavy minerals sands or that the jig will prove attractive to end users.

Research, Testing and Development of the Jig. Verification testing with the Series 12 Jig suggests the jig's potential for recovering zircon from heavy mineral sand dry mill tails in Florida. In Phase 1 and 2 trials conducted by Altair involving separation of commercial grade zircon products from mineral sands, the Series 12 Jig withdrew a larger portion of zircon from the feed ore than other mineral sands processing equipment in use today. In tests on zircon/alumina silicate feeds conducted by Altair, the Series 12 Jig has yielded greater than 90% zircon concentrates and recovered up to 75% of the zircon fed to the unit. We have also conducted tests of the Series 12 jig at our Reno test facility. Fine titanium-bearing heavy mineral sands were processed through the jig with resulting titanium recovery rates of 86% and heavy mineral grades of 80%.

We have conducted preliminary testing of our Series 30 Jig at a mineral recovery plant operated by a large heavy mineral sand producer located in northern Florida. Results of the testing indicate that the Series 30 Jig is capable of producing separation results comparable in efficiency to those of the Series 12 Jig for zircon concentrates. The Series 30 Jig, however, is designed to be capable of processing 500 tons of solids per day, or more than four times the throughput capacity of the Series 12 Jig. The volumes of solids per day that the Series 30 and Series 12 Jigs are actually capable of processing on a

sustained commercial basis have not been established. We have also begun design work for a larger jig that would have over twice the processing capacity of the Series 30 Jig. Such increased capacity would enhance the jig's commercial potential for high volume applications such as coal washing and recovery of iron ore fines.

The jig has multiple operating parameters, primarily rotational speed, pulsing pressure, and screen characteristics, which must be adjusted to fit the processing requirements of the particular feed stream being treated. More extensive testing is needed to identify the most efficient operating parameters for specifically identified applications. Furthermore, demonstration of sustained operation is critical to marketing efforts. We are assessing our options for furthering development of the jig and may consider selling the jig technology or licensing it to others. In the meantime, we plan to continue development work on a limited basis utilizing available resources. We expect that such development work will focus on equipment design and amenability testing of mineral ores using Series 12 and Series 30 Jigs located in Northern Florida and our test facility in Reno, Nevada. We also intend to incorporate the jig into the pilot plant testing process at our Tennessee mineral property for use in the recovery of titanium and zircon.

Jig Technology and Proprietary Rights. Initial patents related to the concept of the jig as a whole were issued in the United States, South Africa, United Kingdom, Australia and Canada. These patents expired on various dates between May 1999 and December 2000. A series of second patents with respect to the process by which water is pulsed through the cylindrical screen on the jig, a critical component differentiating the jig from competing products, have been issued in the United States, South Africa, Japan, Europe, Australia, Canada, United Kingdom, Germany and France. These patents expire on various dates between January 2010 and January 2011. A third series of patents with respect to an efficiency enhancing component of the jig have been issued in the United States, Europe, Australia, Japan, South Africa, Canada and Brazil. These patents have expiration dates between April and November 2018.

Competition for the Jig. Various mineral processing technologies perform many functions similar or identical to those for which the jig is designed. Minerals processing technologies are generally predicated on the physical and chemical characteristics of the materials being processed. A minerals processor may exploit contrasts in size, specific gravity, hardness, magnetic susceptibility, electrical conductivity, and similar characteristics to selectively extract and concentrate mineral constituents. Minerals processors also exploit variations in chemical reactivity and molecular affinity to selectively separate minerals.

The jig competes in an arena in which particle specific gravity is the primary criteria for particle segregation and capture. Competing technologies and product include the following:

Spirals and Cones. To separate out valuable particles with a spiral or cone, a mineral processor runs a sand-size feed slurried in water through a tilted trough (spiral) or over a convex surface (cone). In this process, fine-sized particles tend to "float" and not settle as quickly as larger particles. The difference in settling speed permits the mineral processor to separate out and extract the more valuable heavy particles. Spirals and cones are most effective in feed sizes larger than 150 mesh.

Froth Flotation Devices. To separate minerals using a froth floatation device, a processor introduces chemical agents into a pool of mixed

particles, which agents attach to certain sulfides. Once attached to the chemical agents, the sulfides float to the surface. The froth flotation method can be effective on particles 200 mesh or smaller in size.

Heavy Media Separation. Heavy media separation is a process in which a feed containing both dense and light particles is fed into a solution whose specific gravity is midway between the particles to be separated. The light particles float to the surface of the solution, while the heavy particles sink. Heavy media separation is effective primarily in the removal of ash from coal and in small-scale analytic laboratory applications.

Jig-Like Products. The jig currently faces several forms of competition in the commercial segregation of dense particles contained in feeds between 150 and 400 mesh, including the Kelsey jig, Falcon concentrators and the Knelsen batch concentrator unit, which are currently being used worldwide.

- The Kelsey jig was developed in Australia and, although more complicated than the jig, incorporates similar centrifugal and jig technologies. According to the Kelsey jig's manufacturer, Geo Logics Pty. Ltd., Kelsey jigs are in service at 25 plants worldwide.

- The Falcon concentrator was developed in Canada and is used mainly for pre-concentration and scavenging. A centrifugal device, its applications to date has been in the gold and tantalum industries.

- The Knelsen Bowl was developed in Canada and is a batch concentrator rather than a jig. (A batch concentrator differs from the jig in that it process a finite "batch" of material, is completely emptied, and then processes a completely new finite batch, while the jig processes a continuous flow of materials). Our understanding is that the Knelsen Bowl is best suited to small volumes. Knelsen Bowls have been installed in various mining applications, primarily gold, throughout the world.

Long term testing needs to be completed to accurately define operating costs and operating efficiencies associated with the jig as compared to competing products. Results from further tests or actual operations may reveal that these alternative technologies and products are better adapted to any or all of the uses for which the jig is intended. Moreover, regardless of test results, consumers may view any or all of such alternative technologies as technically superior to, or more cost effective than, the jig.

Altair is a small player in an industry comprised of major mining companies possessing tremendous capital resources and we are an insignificant competitive factor in the industry. There is no assurance that competitors, many of whom may have significant capital and resources, will not develop or are not now in the process of developing competitive equipment that may be functionally or economically superior to our equipment.

Future Development of the Jig. We have concluded that, in the foreseeable future, our limited human and financial resources can most effectively be utilized in the development of the titanium processing assets and titanium processing technology and the Tennessee mineral property. Consequently, we are assessing our options for furthering the development of the jig and may consider selling the jig technology or licensing it to others who have adequate

resources to complete development of the jig, establish marketing and distribution channels and initiate manufacturing. In the meantime, we expect to continue development work, primarily equipment design, on a limited basis.

Subsidiaries.

Altair International Inc.1 was incorporated under the laws of the province of Ontario, Canada in April 1973.

Fine Gold was acquired by Altair in April 1994. Fine Gold has received no operating revenues earned to date. Fine Gold acquired the intellectual property associated with the jig in 1996. Another wholly-owned subsidiary, formerly known as Carlin Gold Company, is now operated under the name Mineral Recovery Systems, Inc. Altair intends that Fine Gold will hold and maintain jig technology rights, including patents.

MRS was incorporated by Altair in April, 19872. MRS previously has been involved in the exploration for minerals on unpatented mining claims in Nevada, Oregon and California. All mining claims have now been abandoned. MRS currently holds, directly or indirectly, all of Altair's interest in the Tennessee mineral property, and Altair intends that MRS will continue to lease or acquire and explore mineral properties in the future, particularly properties that contain minerals that may be processed with the jig.

1 The Company was incorporated in April 1973 under the name Diversified Mines Limited, which was subsequently changed to Tex-U.S. Oil & Gas Inc. in February 1981, then to Orex Resources Ltd. in November 1986, then to Carlin Gold Company Inc. in July 1988, to Altair International Gold Inc. in March 1994, and to Altair International Inc. in November 1996.

2 MRS was formerly known as Carlin Gold Company. The name change was effective in June 1996.

Altair Technologies, Inc. was incorporated in 1998 as a wholly-owned subsidiary of MRS and holds all of the Company's interest in our titanium pigment processing technology and related assets. The remaining 100% owned subsidiaries do not presently have any assets or operations.

Government Regulation and Environmental Concerns.

Government Regulation. Our exploration of the Tennessee mineral property, testing of the jig, and operation of the titanium pigment processing facility are, and any future testing, operation, construction or mining activities of Altair will be, subject to a number of federal, state, and local laws and regulations concerning mine and machine safety and environmental protection. Such laws include, without limitation, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response Compensation Liability Act. Such laws require that we take steps to, among other things, maintain air and water quality standards, protect threatened, endangered and other species of wildlife and vegetation, preserve certain cultural resources, and reclaim exploration, mining and processing sites.

Compliance with federal, state, or local laws or regulations represents a small part of our present budget; nevertheless, continued compliance may be extremely costly, especially if we actually commence extraction operations on the Tennessee mineral property. If we fail to comply with any such laws or regulations, a government entity may levy a fine on us or require us to take costly measures to ensure compliance. Any such fine or expenditure may adversely

affect our development.

We are committed to complying with and, to our knowledge, are in compliance with all governmental regulations. We cannot, however, predict the extent to which future legislation and regulation could cause us to incur additional operating expenses, capital expenditures, and/or restrictions and delays in the development of our products and properties.

Environmental Regulation and Liability. Any proposed mining or processing operation on the Tennessee mineral property, at the titanium pigment processing facility or any other property acquired by us will be subject to federal, state, and local environmental laws. Under such laws, we may be jointly and severally liable with prior property owners for the treatment, cleanup, remediation, and/or removal of substances discovered on the Tennessee mineral property or any other property used by us, which are deemed by the federal and/or state government to be toxic or hazardous ("Hazardous Substances"). Courts or government agencies may impose liability for, among other things, the improper release, discharge, storage, use, disposal, or transportation of Hazardous Substances. We might use Hazardous Substances and, although we intend to employ all reasonably practicable safeguards to prevent any liability under applicable laws relating to Hazardous Substances, companies engaged in mineral exploration and processing are inherently subject to substantial risk that environmental remediation will be required.

Employees.

The business of Altair is currently managed by Dr. William P. Long, President and Chief Executive Officer of the Company and Mr. C. Patrick Costin, Vice President of the Company and President of MRS and Fine Gold. In addition, we employ a Chief Financial Officer, a President of Altair Technologies, Inc. and 21 additional employees. Aside from Dr. Long, Mr. Costin, the Chief Financial Officer, and the President of Altair Technologies, Inc., we have no employment agreements with any of our personnel.

On January 1, 2001, we hired fourteen former BHP employees who had been involved in developing the titanium processing technology, and we also hired a general counsel. During 2001, we expect to hire sales, marketing and production employees for the titanium pigment processing business. The quantity and timing of new hires will be dependent on business activity. We do not otherwise anticipate that the number of Company employees will significantly increase until we have sufficient sales and business activity to warrant it.

Where You Can Find More Information

We file annual, quarterly, and current reports, proxy statements, and other information with the SEC. You may read and copy any reports, statements, or other information that we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet site (http://www.sec.gov) that makes available to the public reports, proxy statements, and other information regarding issuers, such as Altair, that file electronically with the SEC.

Our common shares are quoted on the Nasdaq National Market. Reports, proxy statements and other information concerning Altair can be inspected and copied

at the Public Reference Room of the National Association of Securities Dealers, 1735 K Street, N.W., Washington, D.C. 20006.

Enforceability of Civil Liabilities Against Foreign Persons.

We are an Ontario corporation, and a majority of our directors are residents of Canada. In addition, certain of our experts (including Canadian legal counsel) are located in Canada. As a result, investors may be unable to effect service of process upon such persons within the United States and may be unable to enforce court judgments against such persons predicated upon civil liability provisions of the United States securities laws. It is uncertain whether Canadian courts would (i) enforce judgments of United States courts obtained against us or such directors, officers or experts predicated upon the civil liability provisions of United States securities laws or (ii) impose liability in original actions against Altair or its directors, officers or experts predicated upon United States securities laws.

Glossary of Terms.

Amenability means responsiveness of an ore deposit to processing.

Anatase means one of three naturally occurring mineral phases of TiO2 (along with rutile and brookite). Anatase particles have a tetragonal crystal structure.

Anode catalyst means the substance that activates the oxidizing reaction at the negative electrode (fuel side) of a solid oxide fuel cell.

Ash means inorganic residue remaining after coal combustion. Ash is an undesirable component of coal because it reduces thermal value and produces a waste product after combustion.

Beneficiate means to improve the grade of ore by processing.

Cathode catalyst means the substance that activates the reducing reaction at the positive electrode (air side) of a solid oxide fuel cell.

Centrifugal force means the component of force on a body in curvilinear motion that is directed away from the axis of rotation.

Coal washing means processing of pulverized coal to remove ash and pyrite.

Ductility means the property of solid material that undergoes more or less plastic deformation before it ruptures.

Environmental remediation means removal of harmful mineral particles from a site previously altered by human activities.

Heavy minerals sands means beach or dune sands which contain a small fraction of heavy particles. Heavy mineral sands are commercially mined to produce titanium minerals and zircon.

Ilmenite means a titanium-bearing oxide mineral containing variable

percentages of iron and used as a raw material in the production of titanium pigments.

Iron ore fines means particles of iron ore, usually less than 1 millimeter in diameter.

Lithium titanate is a compound of lithium, titanium and oxygen.

Mesh means one of the openings or spaces in a screen. The value (size) of the mesh is given as the number of openings per linear inch.

Micron means one millionth of a meter. One micron equals 1000 nanometers.

Mill means a building with machinery for processing ore. Dry mill refers to heavy minerals sand processing of dry materials. Wet mill refers to heavy minerals sand process of material that are mixed with water in slurry.

Placer means deposits of sand, gravel and other detrital or residual material containing a valuable mineral which has accumulated through weathering and natural mechanical concentration processes. A placer mine is an operation that recovers certain valuable minerals based on differences in specific gravity.

Photocatalytic means a process by which light frequencies activate the catalytic nature of a substrate.

Pyrite means a yellowish-brown mineral sulfide containing iron and sulphur. Pyrite is an undesirable component of coal because sulphur dioxide gas is released when it is burned with coal.

Rutile means one of three naturally occurring mineral phases of TiO2 (along with anatase and brookite). Rutile particles have a tetragonal crystal structure.

Specific gravity means the ratio of the mass of a solid or liquid to the mass of an equal volume of water at a specified temperature.

Suite means an assemblage of minerals which naturally occur together (i.e. a mineral suite).

Tails or tailings means those portions of washed ore that are regarded as too poor to be treated further, as distinguished from material (concentrates) that is to be smelted or otherwise utilized.

Tantalum is rare metal that is ductile, easily fabricated, highly resistant to corrosion by acids, and a good conductor of heat and electricity and has a high melting point. The major use for tantalum, as tantalum metal powder, is in the production of electronic components, mainly tantalum capacitors. Major end uses for tantalum capacitors include portable telephones, pagers, personal computers, and automotive electronics.

Yettrium is an element on the periodic table.

Forward-looking Statements.

This Form 10-K contains various forward-looking statements. Such statements can be identified by the use of the forward-looking words

"anticipate," "estimate," "project," "likely," "believe," "intend," "expect," or similar words. These statements discuss future expectations, contain projections regarding future developments, operations, or financial conditions, or state other forward-looking information. When considering such forward-looking statements, you should keep in mind the risk factors noted in the following section and other cautionary statements throughout this Form 10-K and our other filings with the Commission. You should also keep in mind that all forward-looking statements are based on management's existing beliefs about present and future events outside of management's control and on assumptions that may prove to be incorrect. If one or more risks identified in this Form 10-K or any other applicable filings materializes, or any other underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected, or intended.

Among the key factors that may have a direct bearing on our operating results are risks and uncertainties described under "Factors That May Affect Future Results," including those attributable to the absence of operating revenues or profits, uncertainties regarding the development and commercialization of the jig, uncertainties regarding the quality, quantity and grade of minerals on the Tennessee mineral property, risks related to our proposed development and exploitation of our titanium processing technology and titanium processing assets and uncertainties regarding our ability to obtain capital sufficient to continue our operations and pursue our proposed business strategy.

Factors that May Affect Future Results.

We have not generated any operating revenues and may not ever generate significant revenues.

To date, we have not generated revenues from operations. We have not generated revenues from the jig and are scaling back development efforts in the near future. We have had only one sale of our TiO2 nanoparticles and have not completed exploration of the Tennessee mineral property. We can provide no assurance that we will ever generate revenues from the jig or the Tennessee mineral property or that we will generate significant revenues from the titanium processing technology.

We may continue to experience significant losses from operations.

We have experienced a loss from operations in every fiscal year since our inception. Our losses from operations in 1999 were $3,729,534 and our losses from operations for in 2000 were $6,647,367. We will continue to experience a net operating loss until, and if, the titanium processing technology, the jig and/or the Tennessee mineral property begin generating significant revenues. Even if any or all such products or projects begin generating significant revenues, the revenues may not exceed our costs of production and operating expenses. We may not ever realize a profit from operations.

We may not be able to raise sufficient capital to meet future obligations.

As of March 31, 2001, we had $703,796 in unrestricted cash and $4,056,348 in restricted cash that is securing a letter of credit and is scheduled to be released as the outstanding principal balance is reduced. We

believe that the unrestricted cash we currently possess is sufficient to fund our basic operations through June 30, 2001. In the absence of significant revenue, this amount of capital will likely prove insufficient to complete the testing and additional development work necessary to place the titanium processing technology into continuous operation. In addition, we will likely need additional capital for testing and development of the jig or exploration of the Tennessee mineral property. If we determine to construct and operate a mine on the Tennessee mineral property, we will need to obtain a significant amount of additional capital to complete construction of the mine and commence operations.

We may not be able obtain the amount of additional capital needed or may be forced to pay an extremely high price for capital. Factors affecting the availability and price of capital may include the following:

|X| market factors affecting the availability and cost of capital generally;
|X| our financial results;
|X| the amount of our capital needs;
|X| the market's perception of mining, technology and/or minerals stocks;
|X| the economics of projects being pursued;
|X| industry perception of our ability to recover minerals with the jig or titanium processing technology or from the Tennessee mineral property; and
|X| the price, volatility and trading volume of our common shares.

If we are unable to obtain sufficient capital or are forced to pay a high price for capital, we may be unable to meet future obligations or adequately exploit existing or future opportunities, and may be forced to discontinue operations.

Our competitors may be able to raise money and exploit opportunities more rapidly, easily and thoroughly than we can.

We have limited financial and other resources and, because of our early stage of development, have limited access to capital. We compete or may compete against entities that are much larger than we are, have more extensive resources than we do and have an established reputation and operating history. Because of their size, resources, reputation, history and other factors, certain of our competitors may have better access to capital and other significant resources than we do and, as a result, may be able to exploit acquisition and development opportunities more rapidly, easily or thoroughly than we can.

The common shares issued upon exchange of the Exchangeable Term Note may dilute existing shareholders.

We do not presently have the capital to redeem the monthly payments required by the 10% Asset-Backed Exchangeable Term Note dated December 15, 2000 (the "Exchangeable Term Note"). If we do not redeem such monthly payments, the holder of the Exchangeable Term Note has the right to exchange the monthly payment amounts into common shares at an exchange price equal to the lesser of $3.00 (subject to adjustment) and the average of the lowest three daily trading prices of the common shares during the 15 trading days ending on the day before an exchange right is exercised. Because the exchange price is tied to the market price of our common shares, the number of shares issuable upon exercise of exchange rights increases significantly as the market price of our common shares falls below $3.00 and would approach infinity if the market price of our common shares approached zero. For example, if the market price of our common shares

were to drop to $.50 and remain at that level throughout the term of the Exchangeable Term Note, the holder would receive approximately 15,458,332 common shares (or approximately 44.5% of the common shares that would be outstanding after the issuance) upon exercise of all exchange rights accruing under the Exchangeable Term Note.

The exercise of exchange rights under the Exchangeable Term Note may place downward pressure on the market price of our common shares and encourage short selling.

The exchange of the monthly payment amount under the Exchangeable Term Note and subsequent sale of the common shares issuable upon such exchange may place downward pressure on the market price of our common shares. Speculative traders may anticipate the exercise of exchange rights under the Exchangeable Term Note and, in anticipation of a decline in the market price of our common shares, engage in short sales of our common shares. Such short sales could further negatively affect the market price of our common shares.

We have pledged substantial assets to secure the Exchangeable Term Note.

We have pledged all of the intellectual property and common stock of Altair Technologies, Inc., our second-tier wholly-owned subsidiary, to secure repayment of the Exchangeable Term Note. Altair Technologies, Inc. owns and operates the titanium processing technology we acquired from BHP Minerals in 1999. The Exchangeable Term Note is also secured by a pledge of the common stock of Mineral Recovery Systems, Inc., which owns and operates our leasehold interests in the Camden, Tennessee area. If we default on the Exchangeable Term Note, severe remedies will be available to the holder of the Exchangeable Term Note, including immediate seizure and disposition of all pledged assets.

Operations using the titanium processing technology, the jig or the Tennessee mineral property may lead to substantial environmental liability.

Virtually any proposed use of the titanium processing technology, the jig or the Tennessee mineral property would be subject to federal, state and local environmental laws. Under such laws, we may be jointly and severally liable with prior property owners for the treatment, cleanup, remediation and/or removal of any hazardous substances discovered at any property we use. In addition, courts or government agencies may impose liability for, among other things, the improper release, discharge, storage, use, disposal or transportation of hazardous substances. We might use hazardous substances and, if we do, we will be subject to substantial risks that environmental remediation will be required.

Certain of our experts and directors reside in Canada and may be able to avoid civil liability.

We are an Ontario corporation, and a majority of our directors and our Canadian legal counsel are residents of Canada. As a result, investors may be unable to effect service of process upon such persons within the United States and may be unable to enforce court judgments against such persons predicated upon civil liability provisions of the United States securities laws. It is uncertain whether Canadian courts would (i) enforce judgments of United States

courts obtained against us or such directors, officers or experts predicated upon the civil liability provisions of United States securities laws or (ii) impose liability in original actions against Altair or its directors, officers or experts predicated upon United States securities laws.

We are dependent on key personnel.

Our continued success will depend to a significant extent on the services of Dr. William P. Long, our President and Chief Executive Officer, and Mr. C. Patrick Costin, our Vice President and President of Fine Gold and MRS. The loss or unavailability of Dr. Long or Mr. Costin could have a material adverse effect on us. We do not carry key man insurance on the lives of Dr. Long or Mr. Costin.

We may issue substantial amounts of additional shares without stockholder approval.

Our Articles of Incorporation authorize the issuance of an unlimited number of common shares. All such shares may be issued without any action or approval by our stockholders. In addition, we have two stock option plans which have potential for diluting of the ownership interests of our stockholders. The issuance of any additional common shares would further dilute the percentage ownership of Altair held by existing stockholders. Additional common shares could be issued at a lower price per share than the price you are being offered.

The market price of our common shares is extremely volatile.

Our common shares have been listed on the Nasdaq National Market since January 26, 1998. Trading in our common shares has been characterized by a high degree of volatility. Trading in our common shares may continue to be characterized by extreme volatility for numerous reasons, including the following:

|X| Uncertainty regarding the viability of the titanium processing technology, the jig or the Tennessee mineral property;

|X| Continued dominance of trading in our common shares by a small number of firms;

|X| Positive or negative announcements by us or our competitors;

|X| Industry trends, general economic conditions in the United States or elsewhere, or the general markets for equity securities, minerals, or commodities; and

|X| Speculation by short sellers of our common shares or other persons (such as the holders of the Exchangeable Term Note) who stand to profit from a rapid increase or decrease in the price of our common shares.

Future sales of currently restricted securities or common shares subject to outstanding options may affect the market price of our common shares.

In general, Rule 144 of the Securities Act provides that outstanding restricted common shares of Altair may be sold subject to certain conditions beginning one year after issuance and, unless held by an affiliate of Altair,

may be sold without limitation beginning two years after issuance. Future sales of currently restricted securities may have a negative effect on the market price of our common shares.

In addition, shares issued upon exercise of options granted pursuant to our employee stock option plans are presently registered under the Securities Act. Subject to certain restrictions on resale by affiliates, such shares may be sold without restriction. The sale of any substantial number of common shares may have a depressive effect on the market price of our common shares.

We have never declared, and are currently prohibited from declaring, a dividend.

We have never declared or paid dividends on our common shares. We currently intend to retain any future earnings, if any, for use in our business and, therefore, do not anticipate paying dividends on our common shares in the foreseeable future. In addition, under the terms of the Exchangeable Term Note, we are prohibited from declaring or paying any dividends until the Exchangeable Term Note is paid in full.

We may not be able to sell nanoparticles produced using the titanium processing technology.

In the short run, we plan to use the titanium processing technology to produce titanium dioxide ("TiO2") nanoparticles. TiO2 nanoparticles are TiO2 crystals that are approximately one-tenth the size of conventional pigmentary TiO2 particles. Because of their small size, photocatalytic and ultraviolet shielding capabilities and other unique characteristics, TiO2 nanoparticles sell at a much higher price than conventional TiO2 particles and are used in products such as specialty surface coatings, UV protectant cosmetics and battery components.

TiO2 nanoparticles and other products we intend to initially produce with the titanium processing technology generally must be customized for a specific application working in cooperation with the end user. We are still testing and customizing our TiO2 nanoparticle products for various applications and have no long-term agreements with end users to purchase any of TiO2 nanoparticle products. If we are unable to customize our TiO2 nanoparticle products to the satisfaction of customers or otherwise unable to obtain any long-term commitments from end-users of our TiO2 nanoparticle products, we may be unable to recoup our investment in the titanium processing technology and titanium processing equipment.

In addition, the uses for such nanoparticles are limited, and the market for such nanoparticles is small, estimated at 3,800 tons per annum. In light of the small size of the market, we may not be able to profitably market any proposed nanoparticle products for any of the following reasons:

- there may be insufficient demand for such products;
- despite strong initial demand for any such products, the market for such products may contract as a result of a decrease in demand for goods incorporating such products or other event;
- the increased supply of such products as a result of our entrance into the market may cause the price to drop, reducing or eliminating profitability; and

- competing entities may begin producing, or increase their production of nanoparticles, causing the price to drop or displacing potential sales.

Our costs of production may be so high as to prevent us from becoming profitable.

We have not produced any mineral products using the processing technology and equipment on a commercial basis. Our actual costs of production may exceed those of competitors and, even if our costs of production are lower, competitors may be able to sell TiO2 and other products at a lower price than is economical for Altair.

In addition, even if our initial costs are as anticipated, the titanium processing equipment may break down, prove unreliable or prove inefficient in a commercial setting. If so, related costs, delays and related problems may cause production of TiO2 nanoparticles and related products to be unprofitable.

Pending patent applications may be denied or may provide inadequate protection.

BHP Minerals has filed patent applications with the United States Patent and Trademark Office with respect to the titanium processing technology and has transferred the rights to such applications to Altair. Such applications are being reviewed by the Patent and Trademark Office, and no patents with respect to the titanium processing technology have been issued to date. If the applications for any patents related to the titanium processing technology are denied, the value of the titanium processing technology, and any competitive advantage gained from our ownership of the titanium processing technology, will be substantially diminished. We can provide no assurance that pending patent applications will be granted. Even if pending patent applications are issued, we may have insufficient resources to pay legal costs associated with enforcing any patents.

We have not developed a production model of the jig and are presently focusing our resources on other projects.

We have not developed a production model of any series of the jig. We do not expect to develop a production model of the jig during the coming year and have determined to focus most of our limited resources on the titanium processing technology and the Tennessee mineral property. We may never develop a production model of the jig.

Even if we complete development of the jig, the jig may prove unmarketable and may not perform as anticipated in a commercial operation.

The designed capacity of the Series 12 jig is too small for coal washing, heavy minerals extraction, and most other intended applications of the jig, except use in small placer gold mines or similar operations. Even if the Series 12 jig is completed and performs to design specifications in subsequent tests or at a commercial facility, we believe that, because of its small capacity, the potential market for the Series 12 jig is limited.

If we complete development of and begin marketing a production model of the Series 30 jig, it may not prove attractive to potential end users, may be

rendered obsolete by competing technologies or may not recover end product at a commercially viable rate. Even if technology included in the jig initially proves attractive to potential end users, performance problems and maintenance issues may limit the market for the jig.

The jig faces competition from other jig-like products and from alternative technologies.

Various jig-like products and alternative mineral processing technologies perform many functions similar or identical to those for which the jig is designed. Results from further tests or actual operations may reveal that these alternative products and technologies are better adapted to any or all of the uses for which the jig is intended. Moreover, regardless of test results, consumers may view any or all of such alternative products and technologies as technically superior to, or more cost effective than, the jig.

Certain patents for the jig have expired, and those that have not expired may be difficult to enforce.

All of the initial patents issued on the jig have expired, and we are unable to prevent competitors from copying the technology once protected by such patents. Additional patents related to the process through which water is pulsed through the cylindrical screen on the jig expire beginning in 2010, and patents for an efficiency-enhancing aspect of the cylindrical screen expire during 2018. The cost of enforcing patents is often significant, especially outside of North America. Accordingly, we may be unable to enforce even our patents that have not yet expired.

We have not completed examining the feasibility of mining the Tennessee mineral property.

We are currently in the process of conducting feasibility testing of the Tennessee mineral property. Because we are at an early stage of testing, we are unable to provide any assurance that mining of the Tennessee mineral property is feasible or to identify all processes that we would need to complete before we could commence a mining operation on the Tennessee mineral property. To the extent early feasibility testing yields positive results, we expect feasibility testing to involve, among other things, the following:

- operating a pilot mining facility to determine mineral recovery efficiencies and the quality of end products;
- additional drilling and sampling in order to more accurately determine the quantity; quality and continuity of minerals on the Tennessee mineral property;
- examining production costs and the market for products produced at the pilot facility,
- designing any proposed mining facility;
- identifying and applying for the permits necessary for any proposed full-scale mining facility; and
- attempting to secure financing for any proposed full-scale mining facility.

Our test production at the pilot plant, economic analysis and additional exploration activities may indicate any of the following:

- that the Tennessee mineral property does not contain heavy minerals of

a sufficient quantity, quality or continuity to permit any mining;
- that production costs exceed anticipated revenues;
- that end products do not meet market requirements or customer expectations;
- that there is an insufficient market for products minable from the Tennessee mineral property; or o that mining the Tennessee mineral property is otherwise not economically or technically feasible.

Even if we conclude that mining is economically and technically feasible on the Tennessee mineral property, we may be unable to obtain the capital, resources and permits necessary to mine the Tennessee mineral property. Market factors, such as a decline in the price of, or demand for, minerals recoverable at the Tennessee mineral property, may adversely affect the development of mining operations on such property. In addition, as we move through the testing process, we may identify additional items that need to be researched and resolved before any proposed mining operation could commence.

We cannot forecast the life of any potential mining operation located on the Tennessee mineral property.

We have not explored and tested the Tennessee mineral property enough to establish the existence of a commercially minable deposit (i.e. a reserve) on such property. Until such time as a reserve is established (of which there can be no assurance), we cannot provide an estimate as to how long the Tennessee mineral property could sustain any proposed mining operation.

We may be unable to obtain necessary environmental permits and may expend significant resources in order to comply with environmental laws.

In order to begin construction and commercial mining on the Tennessee mineral property, we must obtain additional federal, state and local permits. We will also be required to conform our operations to the requirements of numerous federal, state and local environmental laws. Because we have not yet commenced design of a commercial mining facility on the Tennessee mineral property, we are not in a position to definitively ascertain which federal, state and local mining and environmental laws or regulations would apply to a mine on the Tennessee mineral property. Nevertheless, we anticipate having to comply with and/or obtain permits under the Clean Air Act, Clean Water Act and Resource Conservation and Recovery Act, in addition to numerous state laws and regulations before commencing construction or operation of a mine on the Tennessee mineral property. We can provide no assurance that we will be able to comply with such laws and regulations or obtain any such permits. In addition, obtaining such permits and complying with such environmental laws and regulations may be cost prohibitive.

The market for commodities produced using the jig or at the Tennessee mineral property may significantly decline.

If the jig is successfully developed and manufactured on a commercial basis, we intend to use the jig, or lease the jig for use, to separate and recover valuable, heavy mineral particles. Active international markets exist for gold, titanium, zircon and many other minerals potentially recoverable with the jig. Prices of such minerals fluctuate widely and are beyond our control. A significant decline in the price of minerals capable of being extracted by the jig could have significant negative effect on the value of the jig. Similarly, a significant decline in the price of minerals expected to be produced on the Tennessee mineral property could have a significant negative effect on the viability of a mine or processing facility on such property.

Item 2. Properties

We maintain a registered office at 56 Temperance Street, Toronto, Ontario M5H 3V5. We do not lease any space for, or conduct any operations out of, the Toronto, Ontario registered office. In addition, we lease 900 square feet of office space at 1725 Sheridan Avenue, Suite 140, Cody, Wyoming 82414, which serves as the corporate headquarters for Altair and its subsidiaries. Our lease for the Cody, Wyoming office space may be terminated by either party on 30 days' prior written notice.

Altair Technologies Inc. leases 15,000 square feet of production, laboratory, testing and office space at 204 Edison Way, Reno, Nevada, 89502. The initial term of the lease expired on December 31, 2000, but is subject to automatic renewal for six-month periods at inflation-adjusted rent until terminated by Altair. The lease grants us a right of first refusal in the event BHP proposes to sell the building and property subject to the lease and includes an agreement to negotiate in good faith with respect to our possible purchase of such building and property.

Fine Gold and MRS lease 5,700 square feet of office space at 230 South Rock Boulevard, Suite 21, Reno, Nevada 89502. The lease for the Reno, Nevada offices expires on January 31, 2002. MRS leases approximately 1,550 square feet of laboratory space at 7950 Security Circle, Reno, Nevada 89506, for its jig testing operations. The test facility lease may be terminated by either party upon eight weeks prior written notice. We believe that the existing offices and test facilities of Altair and its subsidiaries are adequate for our current needs. In the event that alternative or additional office space is required, we believe we could obtain additional space on commercially acceptable terms.

The Tennessee mineral property consists of approximately 14,000 acres of real property located near Camden, Tennessee, which MRS leases (or has binding commitments to lease) from multiple owners of the real property. Such leases grant MRS certain exclusive rights, including the right to explore, test, mine, extract, process, and sell any minerals or other materials found on the land, in exchange for the payment of minimum annual advanced royalty payments prior to commencement of production on the properties (or after commencement of production, to the extent production royalty payments do not equal nominal royalty payments) and, thereafter, production royalty payments in an amount equal to a percentage of the value of minerals mined and sold from the property. See the Notes to the Consolidated Financial Statements for information regarding present and future minimum advanced royalty payments. The leases typically are for a minimum term of ten years, and may be extended indefinitely at MRS' option, provided Altair is actively conducting exploration, development, or mining operations. The leases are cancelable by MRS at any time, and are cancelable by the lessor in the event MRS breaches the terms of the lease. The minerals on the Tennessee mineral property has not yet proven to be a reserve, and our operations and proposed plan with respect to it are exploratory in nature. See "Item 1. Business--Tennessee Mineral Property." The Tennessee mineral property is accessed by public roads and, to our knowledge, has not been used in prior mining operations.

Item 3. Legal Proceedings

We are from time to time involved in routine litigation incidental to the conduct of our business. We are currently not involved in any suit, action or other legal proceedings, nor are we aware of any threatened suit, action or other legal proceedings which management believes will materially and adversely affect the business or operations of Altair or its subsidiaries.

Item 4. Submission of Matters to a Vote of Security Holders

We did not submit any matters to a vote of security holders during the fourth quarter of the 2000 fiscal year.

PART II

Item 5. Market for the Common Shares and Related Shareholder Matters

Market Price

Our common shares are traded on the Nasdaq National Market under the symbol "ALTI." The following table sets forth, for the periods indicated, the high and low bid quotations for our common shares, as reported on the Nasdaq National Market.

Fiscal Year Ended December 31, 1999	Low	High
1st Quarter	$6.063	$10.188
2nd Quarter	4.000	6.875
3rd Quarter	3.531	5.094
4th Quarter	3.375	5.188

Fiscal Year Ended December 31, 2000	Low	High
1st Quarter	$3.563	$9.250
2nd Quarter	2.000	5.375
3rd Quarter	1.000	4.469
4th Quarter	0.688	3.375

The quotations set forth above reflect inter-dealer prices, without retail mark-up, mark down or commission and may not represent actual transactions. The last sale price of our common shares, as reported on the Nasdaq National Market, on March 15, 2001 was $2.75 per share.

Outstanding Shares and Number of Shareholders.

As of March 15, 2001, the number of common shares outstanding was 19,510,488 held by 456 holders of record. In addition, as of the same date, we have reserved 5,411,700 common shares for issuance upon exercise of options that have been, or may be, granted under our employee stock option plans.

Dividends

We have never declared or paid dividends on our common shares. Moreover, we currently intend to retain any future earnings for use in our business and, therefore, do not anticipate paying any dividends on our common shares in the foreseeable future.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common shares is Equity Transfer Services, Inc., Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3.

Canadian Taxation Considerations

Dividends paid on common shares owned by non-residents of Canada are subject to Canadian withholding tax. The rate of withholding tax on dividends under the Income Tax Act (Canada) (the "Act") is 25%. However, Article X of the reciprocal tax treaty between Canada and the United States of America (the "Treaty") generally limits the rate of withholding tax on dividends paid to United States residents to 15%. The Treaty further generally limits the rate of withholding tax to 5% if the beneficial owner of the dividends is a U.S. corporation which owns at least 10% of the voting shares of the Company.

If the beneficial owner of the dividend carries on business in Canada through a permanent establishment in Canada, or performs in Canada independent personal services from a fixed base in Canada, and the shares of stock with respect to which the dividends are paid is effectively connected with such permanent establishment or fixed base, the dividends are taxable in Canada as business profits at rates which may exceed the 5% or 15% rates applicable to dividends that are not so connected with a Canadian permanent establishment or fixed base. Under the provisions of the Treaty, Canada is permitted to apply its domestic law rules for differentiating dividends from interest and other disbursements.

A capital gain realized on the disposition of common shares by a person resident in the United States ("a non-resident") will be subject to tax under the Act if the shares held by the non-resident are "taxable Canadian property." In general, common shares will be taxable Canadian property if the particular non-resident used (or in the case of a non-resident insurer, used or held) the Common Stock in carrying on business in Canada or, pursuant to proposed amendments to the Act, where at any time during the five-year period immediately preceding the realization of the gain, not less than 25% of the issued and outstanding shares of any class or series of shares of the Company were owned by the particular non-resident, by persons with whom the particular non-resident did not deal at arms' length, or by any combination thereof. If common shares constitute taxable Canadian property, relief nevertheless may be available under the Treaty. Under the Treaty, gains from the alienation of common shares owned by a non-resident who has never been resident in Canada generally will be exempt from Canadian capital gains tax if the shares do not relate to a permanent establishment or fixed base which the non-resident has or had in Canada, and if not more than 50% of the value of the shares was derived from real property (which includes rights to explore for or to exploit mineral deposits) situated in Canada.

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial information with respect to the Company and its subsidiaries for the periods indicated. The data is derived from financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The selected financial data should be read in conjunction with the

section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes included herein. All amounts are stated in U.S. dollars.

For the Year Ended December 31,	2000	1999	1998	1997	1996
STATEMENTS OF OPERATIONS					
Revenues from operations	$ --	$ --	$ --	$ --	$
Operating expenses	6,647,367	3,729,534	3,842,441	2,885,043	1,75
Interest expense	215,216	1,966	959,612	43,497	1
Interest income	(83,440)	(134,811)	(335,037)	(70,059)	(2
(Gain) loss on foreign exchange	(864,669)	160,619	17,109	123,612	(
Gain on forgiveness of debt	--	(67,442)	(25,805)	--	(70
Loss on redemption of convertible debentures	--	--	193,256	--	
Net Loss	$ 5,914,474	$ 3,689,866	$ 4,651,576	$ 2,982,093	$ 1,03
Basic and diluted net loss per common share from operations	$ 0.34	$ 0.24	$ 0.31	$ 0.21	$
Cash dividends declared per common share	$ --	$ --	$ --	$ --	$
Deficit, beginning of year	$ 15,691,904	$ 12,002,038	$ 7,350,462	$ 4,368,369	$ 3,33
Net loss	5,914,474	3,689,866	4,651,576	2,982,093	1,03
Deficit, end of year	$ 21,606,378	$ 15,691,904	$ 12,002,038	$ 7,350,462	$ 4,36
BALANCE SHEET DATA					
Working capital	$ 234,714	$ (5,931,717)	$ 3,008,789	$ 7,480,153	$ 2,97
Total assets	16,651,770	13,365,848	7,103,267	12,956,079	7,86
Long-term obligations	2,689,493	--	31,091	4,774,420	26
Current liabilities	3,741,366	7,578,083	222,431	712,810	30
Net shareholders' equity	10,220,911	5,787,765	6,849,745	7,468,849	7,29

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto.

Overview

From inception through the end of 1993, our business consisted principally of the exploration of mineral properties for acquisition and exploration. During 1994, our focus changed as we became engaged in the acquisition, development and testing of mineral processing equipment for use in the recovery of fine, heavy mineral particles including gold, titanium, zircon and environmental contaminants. Since that time, we have continued exploring mineral properties on which we might use our patented mineral processing equipment.

In 1996, we acquired all patent rights to the Campbell Centrifugal Jig, since modified and renamed the Altair Centrifugal Jig. Since April 1996, we have acquired mineral leaseholds on approximately 14,000 acres of land in Tennessee. A prefeasibility study issued in July 1998 confirmed the existence of heavy minerals and suggests that the property warrants further exploration. Based on the results of these independent studies, we have initiated additional feasibility testing.

In November 1999, we acquired all patent applications and technology related to a hydrometallurgical process developed by BHP primarily for the production of titanium dioxide products from titanium bearing ores or concentrates (i.e., the "titanium processing technology") and all tangible equipment and other assets (i.e., the "titanium processing assets") used by BHP to develop and implement the titanium processing technology.

Results of Operations.

We have earned no revenues to date. Operating losses before extraordinary items totaled $5,914,474 ($0.34 per share) for the 2000 fiscal year, $3,757,308 ($0.24 per share) for the 1999 fiscal year, and $4,484,125 ($0.30 per share) for the 1998 fiscal year. Principal factors contributing to the losses during these periods were the absence of revenues coupled with the incurrence of operating expenses.

Fiscal Year 2000 vs. 1999

During 2000, we began construction of a mineral processing pilot plant at the Tennessee mineral property. In connection with such construction, we incurred $413,000 of costs for permitting, design and construction of the plant site and ancillary facilities, and $388,000 for design and fabrication of the processing equipment. The equipment was installed and testing at the facility began during the first quarter of 2001. During 2000, we also incurred $417,000 of ongoing costs for exploration work and maintenance of our mineral leaseholds. The costs associated with the Tennessee mineral property are recorded as mineral exploration expenses.

Since acquiring the titanium processing technology and titanium processing assets from BHP in November 1999, we have directed our efforts toward the production and marketing of TiO_2 nanoparticles. Our acquisition of the titanium processing technology and titanium processing assets in late 1999, and our subsequent production and marketing efforts during 2000, have caused a significant increase in our operating expenses for the year ended December 31, 2000 when compared to the year ended December 31, 1999.

In connection with the acquisition, we entered into a services agreement with BHP wherein BHP agreed to provide, through December 31, 2000, certain services necessary to continue development and testing of the titanium processing technology and operation of the titanium processing assets. The costs associated with this service agreement were approximately $1,368,000 for the year ended December 31, 2000 and were recorded as testing, research and development expense. Our comparable expense during the year ended December 31, 1999 was $171,000.

We also entered into a lease agreement with BHP to lease the space occupied by the titanium processing assets at a BHP facility in Reno, Nevada. The lease cost was $180,000 for the year ended December 31, 2000 and is included in general and administrative expenses in the Consolidated Statements of

Operations. We incurred $22,500 of comparable lease costs for the year ended December 31, 1999. General and administrative expenses also increased by $80,000 due to the recognition of expense associated with options and warrants, by $75,000 due to the addition of one new employee, by $20,000 due to insurance costs for coverages on the titanium processing assets and by $34,000 due to additional Nasdaq listing fees in connection with the issuance of common shares.

Professional services for the year ended December 31, 2000 increased over the comparable period of 1999 due to legal costs associated with patent reviews and trademark filings related to the titanium processing technology and consulting costs for marketing and production management related to TiO2 nanoparticle products.

We are depreciating the costs of the titanium processing technology and titanium processing assets acquired from BHP at approximately $61,000 per month. This amount (approximately $732,000 for the year ended December 31, 2000) represents the increase in depreciation expense for the year ended December 31, 2000 over the same period in 1999.

The purchase price for the titanium processing technology and titanium processing assets was 15,000,000 Australian dollars ("AUD$") (U.S.$9,625,500) and was payable in four equal installments. The first installment was paid at closing in November 1999, the second and third installments were paid on May 12, 2000 and the remaining payment was paid on August 1, 2000. Since the purchase price was payable in Australian dollars, the liability to BHP was subject to exchange rate fluctuations. From December 31, 1999 to March 31, 2000, the American dollar strengthened significantly against the Australian dollar, resulting in a gain on foreign exchange of approximately $559,000. From April 1, 2000 through June 30, 2000, the American dollar strengthened further, resulting in a gain on foreign exchange of approximately $237,000. When the final payment was paid on August 1, 2000, an additional foreign exchange gain of approximately $69,000 was realized, resulting in a total foreign exchange gain on the purchase of the titanium processing technology and titanium processing assets of approximately $865,000 for the year ended December 31, 2000.

Interest on long-term debt increased by $79,000 in the year ended December 31, 2000 over the comparable period of 1999 due to interest paid in connection with the rescheduling of the second installment due BHP from February 15, 2000 to May 15, 2000. It further increased by $129,000 due to interest charges associated with a $7,000,000 Asset-Backed Exchangeable Term Note which we issued in December 2000 (see "Liquidity and Capital Resources" for discussion of this note).

Interest income in 2000 decreased from 1999 as we had lower cash balances available for investment during most of the year.

Fiscal Year 1999 vs. 1998

Prior to the acquisition of the titanium processing technology and titanium processing assets, our principal business activities centered around the exploration of the Tennessee mineral property and development of the jig. During 1998, we increased the amount of testing and development work on the Series 30/16 Jig, began testing of potential new applications for it, initiated the preliminary design work for a larger capacity jig, and increased our exploration efforts in Tennessee. In order to support this higher level of activity, we increased the number of employees in our Reno, Nevada office from four to eight personnel and expanded into new leased office space. The full-year effect of the costs associated with this additional staffing and office space are reflected in increased research and development expenses and general and

administrative expenses in 1999.

Mineral exploration costs decreased by approximately $80,000 in 1999 due to a reduction in the exploration expenditures in the Little Benton area of the Tennessee mineral property. We explored the Little Benton area in 1998, incurring costs for sampling and other test work, and discovered additional heavy mineral sands.

In 1998, we completely amortized the balance of costs associated with certain jig license agreements. As a result, depreciation and amortization expense declined in 1999 from 1998.

In August 1998, we redeemed $2,250,000 of convertible debentures, incurring a redemption premium of $193,256. Interest expense in 1998 includes approximately $927,000 related to the convertible debentures. Of this amount, $390,000 represents premium and accretion on conversions of convertible debentures and $537,000 represents issuance costs written off as a result of the redemption of the debentures.

Interest income declined in 1999 from 1998 as a result of the redemption of the convertible debentures which decreased cash balances available for investment.

We incurred a $161,000 loss on foreign exchange in 1999 in connection with the purchase of the titanium processing technology and titanium processing assets. The purchase price was stated in Australian dollars, which strengthened in relation to U.S. dollars from the date of the purchase through December 31, 1999.

In connection with our acquisition of the rights to the Altair Centrifugal Jig, we assumed certain liabilities associated with the jig. During 1999 and 1998, we extinguished certain of such accounts payable and notes payable at less than the book amounts of such debt. The net of such forgiveness of debt was $67,442 in 1999, and $25,805 in 1998, with neither amount having a material effect on earnings per share.

Carrying Value of Assets

We have recorded our investments in the titanium processing technology and titanium processing assets and the centrifugal jig at actual cost. We depreciate such assets using the straight-line method over their estimated useful life. The asset carrying value is the actual costs less accumulated depreciation. We assess the carrying values of these assets on a quarterly basis by comparing the undiscounted cash flows expected to be generated by the assets to the carrying costs of the assets. In order to determine the cash flows related to these assets, we use the information and feedback obtained from prospective customers together with general information as to product markets, competitive forces and our production capability to arrive at assumptions with respect to sales volumes and pricing. We next estimate costs of sales based on engineering analysis and actual experience. Operating margins are then calculated based on these assumptions and compared to the carrying cost of the assets. Delays in revenue generation may make the recoverability of our assets less likley.

When we acquired the titanium processing technology and titanium processing assets from BHP, the core technology for producing titanium dioxide nanoparticles was completely developed. A pilot plant was under construction, and we believed the titanium processing technology and titanium processing assets had near-term commercial value. We expected to complete the pilot plant

as a processing facility and begin generating sales revenues through nanoparticle product sales in 2000. We completed construction of the processing facility during 2000, and, to date, we have filled 130 requests for samples of nanoparticle products from the 230 companies that have contacted us. However, we underestimated the length of time required for sample analysis and product acceptance by these prospective customers and by their customers and, as a result, we were able to make only a single, small sale of nanoparticles in 2000. We presently estimate that significant nanoparticle sales will begin during the second half of 2001 and that cash flows from future nanoparticle sales will be in excess of the carrying value of the assets. The delay in sales, combined with cash outlays for construction and operation, has affected our cash position and financing plans as more fully described in "Liquidity and Capital Resources" below.

We intend to use our centrifugal jig to enhance recovery of heavy minerals at our Tennessee mineral property, and it also has the potential to be sold or licensed to others on a commercial basis. Marketing efforts for the jig have focused on large volume applications such as coal cleaning, heavy mineral sand separations and iron ore processing. Such applications require potential jig purchasers to make significant capital investments and reengineering of plant processes. As a result, potential purchasers in this arena require lengthy equipment evaluations and long testing periods. During 2000, we redirected company resources, staff and liquid assets, to support the titanium processing technology and Camden exploration efforts and away from marketing the jig to others. We continue to discuss some of the iron ore and heavy mineral sand applications with potential jig purchasers but most recently have entered into discussions with potential jig manufacturers and distributors for marketing the jig to a wider array of market applications under licensing and/or distributorship agreements. We retain ownership of the fundamental technical characteristics of the jig through patent protections.

Liquidity and Capital Resources.

We have earned no revenues from operations and have incurred recurring losses. At December 31, 2000, our accumulated deficit was $21,606,378, or an increase of $5,914,474 over the accumulated deficit at December 31, 1999. This increase was due to the net loss for the year.

Our cash and short-term investments increased from $153,580 at December 31, 1999 to $3,585,729 at December 31, 2000, principally as a result of two financing transactions which are described below.

On December 15, 2000, we and an investor entered into a Securities Purchase Agreement pursuant to which we issued to the investor a $7,000,000 Asset-Backed Exchangeable Term Note (the "Note") and a Warrant to purchase 350,000 common shares at an initial exercise price of $3.00, at any time on or before December 15, 2005 (the "Warrant"). The Note, Warrant and related rights were sold to the investor in exchange for $7,000,000 (less financing fees). Among certain other covenants, we have agreed to maintain a letter of credit in favor of the investor in an amount equal to 57.15% of the principal balance of the Note until certain conditions are met, after which the required amount will be reduced to 50% of the principal balance of the Note. The letter of credit is currently secured by cash proceeds from issuance of the Note equal to the face amount of the letter of credit. Such cash proceeds are reflected as restricted cash in the Consolidated Balance Sheets.

The Note is in the principal amount of $7,000,000 and bears interest at a rate of 10% per annum. Under the Note, we are required to make monthly

payments on or before the 15th day of each calendar month in the principal amount of $291,667 plus accrued interest (the "Monthly Payment Amount"). The Note is due and payable in full on December 15, 2003.

We may redeem the Monthly Payment Amount in cash. In addition, we may pay accrued interest in cash at any time throughout the term and may prepay the Note in $250,000 increments at any time throughout the term at a price equal to 115% of the sum of outstanding principal and accrued interest.

If we elect not to redeem the Monthly Payment Amount, on each due date, the holder of the Note automatically will receive the right to exchange (immediately or at any later date during the term) the Monthly Payment Amount into common shares at the applicable "Exchange Price." The Exchange Price for any date is the lesser of (a) a fixed exchange price of $3.00 as adjusted, or (b) the average of the lowest three daily trading prices of the common shares during the 15 trading days ending on the day before an exchange right is exercised. The Note is secured by a pledge of the intellectual property and common stock of Altair Technologies, Inc., and by a pledge of the common stock of Mineral Recovery Systems, Inc.

On March 31, 2000, we and a private equity fund entered into a Common Stock Purchase Agreement and related agreements, pursuant to which the equity fund purchased 1,251,303 common shares of the Company for an aggregate purchase price of $6,000,000; however, the number of shares received by the equity fund in exchange for $6,000,000 was subject to "repricing" adjustments if the lowest average closing price for any ten days during each of four 30-day "repricing" periods did not meet a certain threshold. Prior to December 15, 2000, the equity fund repriced 750,782 of the initial shares it purchased under the Common Stock Purchase Agreement and received an additional 1,003,626 common shares.

Pursuant to an Assignment and Agreement dated December 15, 2000, in exchange for $1,650,000, the equity fund transferred all of its remaining rights under the Common Stock Purchase Agreement, including its right to reprice the remaining 500,521 of the initial 1,251,303 shares, to the investor that

purchased the Note. On December 15, 2000, pursuant to the Securities Purchase Agreement, the investor that purchased the Note exercised its right to reprice approximately 70,928 of the initial shares and received 247,678 common shares. Simultaneously with such exercise, in exchange for approximately $1,650,000, the investor terminated all remaining rights under the Common Stock Purchase Agreement, including all remaining repricing rights.

During 2000, we paid the remaining $7,363,600 due BHP in connection with the purchase of the titanium processing technology and titanium processing assets.

At December 31, 2000, we had unrestricted cash and cash equivalents of $1,335,729, an amount which, together with $561,300 of stock subscriptions receivable at December 31, 2000 that were collected during the first quarter of 2001, is sufficient to fund the Company's basic operations through June 30, 2001. In connection with the issuance of the Note, we are required to file a registration statement registering the common shares which may be exchanged under the Note. We are also required to maintain a letter of credit in favor of the lender in an amount equal to 57% of the Note balance, reducing to 50% when the registration statement is effective and the market price of our common shares closes at or above $2.25 for five consecutive days. After the registration statement is effective, and as payments are made on the Note, we have the right to draw against the restricted cash securing the letter of credit

as long as the letter of credit amount meets the specified percentage of the Note balance. We presently anticipate that the Monthly Payment Amount will be satisfied through the exchange of common shares during the year 2001 and that draws against the restricted cash, together with cash from anticipated revenues and potential sales of common stock, will be sufficient to fund operations during the remainder of the year.

Item 8. Financial Statements and Supplementary Data.

The financial statements required by this Item appear on pages F-1 through F-18 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Previously reported on Amendment No. 1 to Current Report on Form 8-K filed with the SEC on March 28, 2001.

Part III

Item 10. Directors and Executive Officers of the Registrant

Set forth below is certain information regarding each of the directors of the Company:

William P. Long, 54, has been the President and a director of the Company since 1988, and an officer and director of Fine Gold Recovery Systems, Inc. ("Fine Gold"), a wholly-owned subsidiary of the Company, since February 1996. Dr. Long has been an executive officer of Mineral Recovery Systems, Inc. ("MRS"), since its formation in April 1987 and is also a director. In addition, he is a director of Altair Technologies, Inc., a wholly-owned subsidiary of MRS. From 1987 to 1988, Dr. Long was a mineral and energy consultant, providing

various services to clients in the mining and energy industries, including arranging precious metal property acquisitions, supervising mineral evaluations, and providing market analyses. From 1980 to 1986, Dr. Long served as the Executive Vice President and Chief Financial Officer of Thermal Exploration Corporation. From 1974 to 1980, Dr. Long was employed by Amax Exploration, Inc. in various capacities, including Systems Engineer, Business Analyst and Business Manager. Dr. Long is affiliated with the American Institute of Chemical Engineers and the American Institute of Mining Engineers. He obtained a bachelors degree in Chemical and Petroleum Refining Engineering and a Ph.D. in Mineral Economics from the Colorado School of Mines in 1969 and 1974, respectively.

James I. Golla, 68, has been a director of the Company since February, 1994. He also currently serves as a director of Apogee Minerals Ltd, Rally Energy Corp. and Barton Bay Resources Inc. Mr. Golla was a journalist with the Globe and Mail, Canada's national newspaper, from 1954 until his retirement early in 1997.

George E. Hartman, 52, was elected a director of the Company in March 1997. From 1995 until 1998, Mr. Hartman served as President of Planvest Pacific Financial Corp. ("Planvest Pacific"), a Vancouver-based financial planning firm with U.S. $1 billion of assets under management. Mr. Hartman also served on the

board of directors of Planvest Capital Corp., the parent of Planvest Pacific. From 1998 until 2000, Mr. Hartman was Senior Vice President of Financial Concept Group until the firm's sale to Assante Corporation, a North American financial services industry consolidator. Mr. Hartman continues as President of Hartman & Company, Inc., a firm he founded in 1991 which provides consulting services to the financial services industry. Mr. Hartman is the author of Risk is a Four-Letter Word--The Asset Allocation Approach to Investing, a Canadian best-seller published in 1992, and is the author of its sequel, Risk is STILL a Four Letter Word, released in 2000.

Robert Sheldon, 78, has been a director of the Company since June 1997. He also currently serves as a director of Aspen Exploration Corporation. Since his retirement in 1988, Mr. Sheldon has performed consulting work for several clients, including Newmont Exploration of Canada Limited. Mr. Sheldon served as President of Newmont Exploration of Canada Limited and Vice President of Newmont Mines Limited from 1975 until 1988 when he retired. Mr. Sheldon was responsible for mineral exploration, appraisals and development of mining properties throughout Canada for Newmont Mining Corporation, a natural resource company with worldwide operations. Mr. Sheldon obtained a bachelors degree in Geological Engineering from the University of British Columbia in 1948. He is a member of the Association of Professional Engineers of British Columbia, the American Institute of Mining and Metallurgy, the Canadian Institute of Mining and Metallurgy, the Society of Mining Engineers, the British Columbia and Yukon Chamber of Mines (past president) and the Engineers Club, Vancouver, British Columbia (past president).

The executive officers of the Company are William Long, C. Patrick Costin, and Edward H. Dickinson. Certain information regarding Mr. Long is set forth above. Certain information regarding Messrs. Costin and Dickinson follows.

C. Patrick Costin, 58, was appointed a Vice President of the Company in June 1996 and currently serves as the President and a director of Fine Gold and MRS and Vice President of Altair Technologies, Inc. Mr. Costin also served as the President of the wholly-owned subsidiary of the Company formerly known as Mineral Recovery Systems, Inc. from March 1995 until its merger with and into Fine Gold in June 1996. Mr. Costin is the chief executive officer of Costin and Associates, a minerals consulting organization founded by Mr. Costin in 1992 which specializes in identification and evaluation of North American mine and mineral deposit acquisition opportunities. From 1982 to 1992, Mr. Costin served as the manager of U.S. exploration for Rio Algom Ltd. Mr. Costin's additional experience in the mining and minerals industry includes Senior Mineral Economist

for the Stanford Research Institute from 1977 to 1982, Senior Geologist for Chevron Resources from 1975 to 1976, Senior Geologist for Newmont Mining Corporation of Canada from 1967 to 1975, and Geologist for United Keno Hill Mines Ltd. from 1965 to 1967. Mr. Costin obtained a bachelors degree in Geological Engineering and a masters degree in Minerals Economics from the Colorado School of Mines in 1965 and 1975, respectively.

Edward H. Dickinson, 54, was appointed Chief Financial Officer of the Company in March 2000 and Secretary of the Company in April 2001 and also currently serves as Secretary, Treasurer and a director of MRS and Secretary and Treasurer of Altair Technologies, Inc. Mr. Dickinson had previously served as Director of Finance of the Company since August 1996. From 1994 to 1996, Mr. Dickinson was employed by the Southern California Edison Company as a negotiator of non-utility power generation contracts. Mr. Dickinson was Vice President and Director of Geolectric Power Company during 1993 and 1994; and from 1987 through 1992 was the Director of Finance and Administration for OESI Power Corporation.

Prior to 1987, Mr. Dickinson held various accounting and program management positions in the United States Department of Energy. Mr. Dickinson, who is a Certified Public Accountant, obtained a Masters degree in Accounting from California State University, Northridge in 1978.

Compliance with Section 16(a) of the United States Exchange Act

Section 16(a) of the Exchange Act requires the Company's officers and directors to file reports concerning their ownership of Common Shares with the SEC and to furnish the Company with copies of such reports. Based solely upon the Company's review of the reports required by Section 16 and amendments thereto furnished to the Company, the Company believes that all reports required to be filed pursuant to Section 16(a) of the Exchange Act with respect to its 2000 fiscal year were filed with the SEC on a timely basis, except for the following: A Form 4 with respect to 125,000 common shares and 125,000 warrants to purchase common shares purchased by the MBRT Trust on August 4, 2000 was due on September 10, 2000 but was not filed until April 30, 2001. The MBRT Trust is an irrevocable trust established by William P. Long, President of the Company, and is administered by an independent trustee for the benefit of the children of Mr. Long. Mr. Long disclaims any beneficial interest in the common shares owned by the MBRT Trust.

Item 11. Executive Compensation

Compensation of Officers

The following table sets forth all annual and long-term compensation for services rendered in all capacities to the Company for the fiscal years ended December 31, 2000, December 31, 1999 and December 31, 1998 in respect of William P. Long who was, at December 31, 2000, the President of the Company and C. Patrick Costin who was, at December 31, 2000, the Vice President of the Company. The Company had no other executive officer whose total salary and bonuses during the fiscal year ended December 31, 2000 exceeded U.S. $100,000.

Summary Compensation Table

		Annual Compensation (1)			Long Term Compensation	
Name and Title	Fiscal Year Ended Dec. 31,	Salary (2) (U.S.$)	Bonus(2) (U.S. $)	Other Annual Compensation (U.S.$)	Restricted Shares or Restricted Share Units (#)	Securiti Under Options Granted (#)
William P. Long, President and Director	2000	91,200	9,120	Nil	Nil	Nil
	1999	91,200	9,120	Nil	Nil	Nil
	1998	91,200	Nil	Nil	Nil	50,000(3
C. Patrick Costin, Vice President	2000	100,320	Nil	Nil	Nil	Nil
	1999	95,160	Nil	Nil	Nil	Nil
	1998	90,000	Nil	Nil	Nil	50,000(3

(1) All compensation paid is stated in United States dollars.
(2) Bonus and salary amounts reflect amounts accrued and payable to Dr. Long and Mr. C fiscal year in accordance with the terms of their employment agreements with the "Executive Compensation - Employment Contracts". Amounts actually paid to Dr. Long i 2000, 1999 and 1998 were U.S. $100,320, U.S. $100,320, and U.S. $235,232, respect 1998, the Company paid Dr. Long U.S. $144,032 in addition to his salary of U.S. amount represents salary, bonus and interest on such amounts (calculated at 10% pe were accrued and unpaid in previous years.
(3) Options to purchase Common Shares granted pursuant to the 1998 Plan.

Option Grants in 2000

There were no stock options or stock appreciation rights granted to Dr. Long or Mr. Costin during the year ended December 31, 2000.

Aggregated Option Exercises and Year-end Option Values

The following table provides information regarding options held by Dr. Long and Mr. Costin as at December 31, 2000 and options exercised by them during the year ended December 31, 2000:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized	Unexercised Options at December 31, 2000 Exercisable (#)	Unexercisable (#)	Value In-the- Dec Exercisab
William P. Long, President and Director	Nil	Nil	250,000 100,000 50,000	Nil Nil Nil	Nil Nil Nil
C. Patrick Costin, Vice President	Nil	Nil	125,000 100,000 50,000	Nil Nil Nil	Nil Nil Nil

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Compensation of Directors

Directors who are not officers of the Company are paid U.S. $1,000 per meeting for their services as directors. During the year ended December 31, 2000, U.S. $5,000 was paid to directors of the Company for attending meetings. Directors who are not officers are entitled to receive compensation to the extent that they provide services to the Company at rates that would be charged by such directors for such services to arm's length parties. No such amounts were paid to directors during the year ended December 31, 2000 other than amounts paid to Dr. Long set forth herein.

Directors of the Company and its subsidiaries are also entitled to

participate in the 1996 Plan and the 1998 Plan. As at April 15, 2001, the Company had outstanding options to purchase 1,175,000 Common Shares under the 1996 Plan, 435,000 of which have been granted to directors, and options to purchase 2,431,700 Common Shares under the 1998 Plan, 210,000 of which have been granted to directors.

Employment Contracts, Termination of Employment and Change-in-Control Arrangements.

William P. Long, President of the Company, has entered into an employment agreement with the Company dated January 1, 1998. The term of the agreement commenced on January 1, 1998 and, unless earlier terminated, expires on December 31, 2007. Pursuant to the agreement, Dr. Long is paid a salary of U.S. $7,600 per month and an annual bonus, determined by the board of directors of the Company, of not less than 10% of Dr. Long's annual compensation. In the event the voting control of over 35% of the issued and outstanding Common Shares is acquired by an individual or group (a "Change of Control") and Dr. Long's employment agreement is terminated by the Company or Dr. Long within 180 days before the Change of Control or at any time thereafter, Dr. Long is entitled to be issued 200,000 Common Shares. Absent a Change of Control, if Dr. Long's employment agreement is terminated for any reason except by Dr. Long, by mutual consent, by the Company for cause, or at the end of the term, Dr. Long is entitled to be issued 200,000 Common Shares.

Compensation Committee Interlocks and Insider Participation

The Company's executive compensation program is administered by the board of directors of the Company as the Company does not have an independent compensation committee. The board of directors of the Company currently consists of William Long, Robert Sheldon, James Golla and George Hartman. In addition to evaluating and approving employment contracts for key employees throughout the year, the board of directors formally considered compensation issues five times during the 2000 fiscal year in connection with the authorization of grants of options to purchase Common Shares. Dr. Long is the President of the Company. None of the other directors is an officer or employee of the Company. Although certain members of the board are executive officers, none participates in the determination of his own salary or bonus.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Set forth below is information with respect to beneficial ownership of Common Shares as of April 15, 2001 by persons known to the Company to own more than 5% of the outstanding Common Shares, each of the Company's current executive officers and directors, and by all current officers and directors of the Company as a group. Unless otherwise indicated, each of the shareholders named in the table has sole voting and investment power with respect to the Common Shares identified as beneficially owned. The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)

Common	William P. Long (President, Chief Executive Officer & Director) 57 Sunset Rim Cody, Wyoming 82414	2,659,029(3)
Common	C. Patrick Costin (Vice president) 1850 Aquila Avenue Reno, Nevada 89509	1,083,333(4)
Common	Edward H. Dickinson (Chief Financial Officer) 2595 Sagittarius Drive Reno, Nevada 89509	379,700(5)
Common	James L. Golla (Director) 829 Terlin Boulevard Mississauga, Ontario L5H 1T1	55,000(6)
Common	George Hartman (Director) 404-168 Chadwick Court North Vancouver, B.C. V7M 3L4	50,000(7)
Common	Robert Sheldon (Director) 3720 Creery Avenue West Vancouver, British Columbia V7V 2M1	45,000(8)
Common	Louis Schnur (Significant Shareholder) 6941 South Western Ave. Chicago, IL 60613	1,246,070(9)
Common	All Directors and Officers as a Group (6 persons)	3,989,562(10)

* Represents less than 1% of the outstanding Common Shares.

(1) Includes all Common Shares issuable pursuant to the exercise or conversion of options and warrants that are exercisable within 60 days.

(2) Based on 19,244,318 Common Shares outstanding as of April 15, 2001. Common Shares underlying options or other convertible securities are deemed to be outstanding for purposes of calculating the percentage ownership of the owner of such securities, but not for purposes of calculating any other person's percentage ownership.

(3) Includes 46,000 Common Shares held by Dr. Long's daughter, 47,500 Common Shares held by Dr. Long's minor son, 287,500 Common Shares held by the MBRT Trust, an irrevocable trust for the benefit of the minor children of Dr. Long, and 125,000 Common Shares subject to warrants held by the MBRT Trust. Dr. Long disclaims any beneficial interest in such 506,000 Common Shares. Also includes 350,000 Common Shares subject to presently exercisable options granted to Dr. Long pursuant to the 1996 Altair International Inc. Stock Option Plan (the "1996 Plan") and

150,000 Common Shares subject to presently exercisable options granted to Dr. Long pursuant to the 1998 Altair International Inc. Stock Option Plan (the "1998 Plan").

(4) Includes 225,000 Common Shares subject to presently exercisable options granted to Mr. Costin pursuant to the 1996 Plan and 50,000 Common Shares subject to presently exercisable options granted to Mr. Costin pursuant to the 1998 Plan.

(5) Includes 250,000 Common Shares subject to presently exercisable options granted to Mr. Dickinson pursuant to the 1996 Plan and 129,700 Common Shares subject to presently exercisable options granted to Mr. Dickinson pursuant to the 1998 Plan.

(6) Includes 35,000 Common Shares subject to presently exercisable options granted to Mr. Golla pursuant to the 1996 Plan and 20,000 Common Shares subject to presently exercisable options granted to Mr. Golla pursuant to the 1998 Plan.

(7) Includes 25,000 Common Shares subject to presently exercisable options granted to Mr. Hartman pursuant to the 1996 Plan and 20,000 Common Shares subject to presently exercisable options granted to Mr. Hartman pursuant to the 1998 Plan.

(8) Includes 25,000 Common Shares subject to presently exercisable options granted to Mr. Sheldon pursuant to the 1996 Plan and 20,000 Common Shares subject to presently exercisable options granted to Mr. Sheldon pursuant to the 1998 Plan.

(9) Includes 420,833 presently exercisable warrants to purchase Common Shares.

(10) Includes 910,000 Common Shares subject to presently exercisable options granted to officers and directors pursuant to the 1996 Plan, 389,700 Common Shares subject to presently exercisable options granted to officers and directors pursuant to the 1998 Plan, and 125,000 Common Shares subject to warrants held by the MBRT Trust.

Item 13. Certain Relationships and Related Transactions

Certain Relationships and Related Transactions

The Corporation has entered into a consulting agreement with SRI Consulting ("SRI") under which SRI has agreed to make available to the Corporation the services of Dr. Eugene Thiers, a specialist on titanium and titanium dioxide, to provide advice on global tehnoeconomic and market issues. The aggregate amount paid by the Corporation to SRI under the consulting agreement during the year ended December 31, 2000 was $40,000. Dr. Thiers serves as a member of the board of directors of Altair Technologies, Inc., a wholly-owned subsidiary of the Corporation, for which he has received options to purchase 250,000 Common Shares.

William P. Long, President of the Company, has entered into an employment agreement with the Company dated January 1, 1998. The term of the agreement commenced on January 1, 1998 and, unless earlier terminated, expires on December 31, 2007. Pursuant to the agreement, Dr. Long is paid a salary of U.S. $7,600 per month and an annual bonus, determined by the board of directors of the Company, of not less than 10% of Dr. Long's annual compensation. In the event the voting control of over 35% of the issued and outstanding Common Shares is acquired by an individual or group (a "Change of Control") and Dr. Long's employment agreement is terminated by the Company or Dr. Long within 180 days before the Change of Control or at any time thereafter, Dr. Long is entitled to be issued 200,000 Common Shares. Absent a Change of Control, if Dr. Long's employment agreement is terminated for any reason except by Dr. Long, by mutual consent, by the Company for cause, or at the end of the term, Dr. Long is entitled to be issued 200,000 Common Shares.

Indebtedness of Officers and Directors to the Company

No officer or director of the Company was indebted to the Company, as at December 31, 2000 or as at the date of this Amendment.

Interest of Insiders in Material Transactions

Except as otherwise disclosed in this Amendment, no insider of the Company has any interest in material transactions involving the Company.

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents Filed

1. Financial Statements. The following Consolidated Financial Statements of the Company and Auditor's Reports are filed as part of this Annual Report on Form 10-K:

- Independent Auditors' Report of McGovern Hurley, Hurley, Cunningham, LLP
- Independent Auditors' Report of Deloitte & Touche LLP
- Consolidated Balance Sheets, December 31, 2000 and 1999
- Consolidated Statements of Operations for Each of the Three Years in the Period Ended December 31, 2000 and for the Period from April 9, 1973 (Date of Inception) to December 31, 2000
- Consolidated Statements of Shareholders' Equity from April 9, 1973 (Date of Inception) to December 31, 2000
- Consolidated Statements of Cash Flows for Each of the Three Years in the Period Ended December 31, 2000 and for the Period from April 9, 1973 (Date of Inception) to December 31, 2000
- Notes to Consolidated Financial Statements

2. Financial Statement Schedule. Not applicable.

3. Exhibit List

Exhibit No.	Exhibit	Incorporated by Referenc
3.1.1	Articles of Incorporation of the Registrant	Incorporated by reference t Statement on Form 10-SB fil Commission on November 25,
3.1.2	Amendment to Articles of Incorporation of the Registration dated November 6, 1996	Incorporated by reference t To Registration Statement o With the Commission on Dece

Exhibit No.	Exhibit	Incorporated by Referenc
3.2	Bylaws of the Registrant	Incorporated by reference to Statement on Form 10-SB fil Commission on November 25,
4.1	Form of Common Stock Certificate	Incorporated by reference t Statement on Form 10-SB fil Commission on November 25,
4.2	Amended and Restated Shareholder Rights Plan dated October 15, 1999, between the Company and Equity Transfer Services, Inc.	Incorporated by reference t Current Report on Form 8-K Commission on November 19,
4.3	Form of Doral Warrant	Incorporated by reference t Current Report on Form 8-K Commission on December 26,
4.4	Asset-backed Exchangeable Term Note dated December 15, 2000	Incorporated by reference t Current Report on Form 8-K Commission on December 26,
10.1	Employment Agreement between Altair International Inc. and William P. Long dated January 1, 1998	Incorporated by reference t Annual Report on Form 10-K Commission on March 31, 199 Amendment No. 1 to Annual R 10-K/A filed on May 15, 199
10.2	Employment Agreement between Fine Gold Recovery Systems Inc. and C. Patrick Costin dated August 15, 1994	Incorporated by reference t Statement on Form 10-SB fil Commission on November 25,
10.3	Altair International Inc. Stock Option Plan adopted by shareholders on May 10, 1996	Incorporated by reference t Registration Statement on F the Commission on July 11,
10.4	1998 Altair International Inc. Stock Option Plan adopted by Shareholders on June 11, 1998	Incorporated by reference t Definitive Proxy Statement with the Commission on May
10.5	Form of Mineral Lease	Incorporated by reference t Annual Report on Form 10-K Commission on March 31, 199 Amendment No. 1 to Annual R 10-K/A filed on May 15, 199
10.6	Lease dated November 15, 1999, between the Company and BHP Minerals International Inc.	Incorporated by reference t Current Report on Form 8-K Commission on November 19,
10.7	Asset Purchase and Sale Agreement dated November 15, 1999, between the Company and BHP Minerals International Inc	Incorporated by reference t Current Report on Form 8-K Commission on November 19,

10.8	Securities Purchase Agreement dated December 15, 2000.	Incorporated by reference t Current Report on Form 8-K Commission on December 26,
10.9	Registration Rights Agreement dated December 15, 2000.	Incorporated by reference t Current Report on Form 8-K Commission on December 26,
10.10	Stock Pledge Agreement dated December 15, 2000 (Mineral Recovery Systems common stock).	Incorporated by reference t Current Report on Form 8-K Commission on December 26,

Exhibit No.	Exhibit	Incorporated by Referenc
10.11	Stock Pledge Agreement dated December 15, 2000 (Altair Technologies common stock).	Incorporated by reference t Current Report on Form 8-K Commission on December 26,
10.12	Assignment and Agreement dated December 15, 2000.	Incorporated by reference t Current Report on Form 8-K Commission on December 26,
10.13	Research Agreement dated August 1, 2000	Incorporated by reference t Amendment No. 1 on Form 10- the Commission on April 17,
23	Auditor's Consent	Filed herewith.
24	Power of Attorney	Included on the Signature P

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K on December 26, 2000, in which it reported (i) the issuance of a $7 million Asset-Backed Exchangeable Term Note together with a Warrant to purchase 350,000 common shares at an initial exercise price of $3.00, and (ii) the assignment and termination of repricing rights under a March 31, 2000 Common Stock Purchase Agreement.

(c) Exhibits

Exhibits to this Report are attached following page F-19 hereof.

(d) Financial Statement Schedule

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 4 to Annual Report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized, on June 7, 2001.

ALTAIR INTERNATIONAL INC.

By: /s/ William P. Long
William P. Long,
President, Chief Executive Officer

ADDITIONAL SIGNATURES

Signature	Title	Date
/s/ William P. Long William P. Long	President and Chief Executive Officer and Director (Principal Executive Officer)	June 7, 2001
/s/ Edward Dickinson Edward Dickinson	Chief Financial Officer (Principal Financial and Accounting Officer)	June 7, 2001
/s/ James I. Golla* James I. Golla	Secretary and Director	June 7, 2001
/s/ George Hartman* George Hartman	Director	June 7, 2001
/s/ Robert Sheldon* Robert Sheldon	Director	June 7, 2001

* By: /s/ William P. Long
William P. Long, Attorney-in-Fact

ALTAIR INTERNATIONAL INC. AND SUBSIDIARIES
(AN EXPLORATION STAGE COMPANY)

Consolidated Financial Statements as of December 31, 2000 and 1999 and for

Each of the Three Years in the Period Ended December 31, 2000 and for the Period from April 9, 1973 (Date of Inception) to December 31, 2000 and Independent Auditors' Report

ALTAIR INTERNATIONAL, INC. AND SUBSIDIARIES
(An Exploration Stage Company)

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Letterhead of McGovern, Hurley, Cunningham, LLP]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Altair International Inc.

We have audited the consolidated statements of operations, stockholders' equity

and cash flows of Altair International Inc. and subsidiaries (a development stage company) for the period from April 9, 1973 (date of inception) to December 31, 1997 (these financial statements are not presented separately herein). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Altair International Inc. and subsidiaries (a development stage company) for the period from April 9, 1973 (date of inception) to December 31, 1997 in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements referred to above have been prepared assuming that the Company will continue as a going concern. The Company is a development stage enterprise engaged in developing mineral processing equipment, producing titanium dioxide products, and exploring and developing mineral properties. As discussed in Note 1 to the consolidated financial statements, the Company's operating losses raise substantial doubt about its ability to continue as a gong concern. Management's plans concerning these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

We consent to the incorporation by reference of this report in the Registration Statements on Form S-3, file Nos. 333-54092, 333-36462 and 333-45511 and the Registration Statements on Form S-8, file Nos. 333-64495 and 333-33481 filed by Altair International Inc.

McGOVERN, HURLEY CUNNINGHAM, LLP

By: /s/ McGovern, Hurley Cunningham, LLP

McGovern, Hurley Cunningham, LLP
Chartered Accounts

TORONTO, Canada
February 17, 2000

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Altair International, Inc.
Reno, Nevada

We have audited the accompanying consolidated balance sheets of Altair

International, Inc. (an exploration stage company) and subsidiaries (collectively referred to as the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000, and for the period from April 9, 1973 (date of inception) to December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Company's consolidated financial statements for the period from April 9, 1973 (date of inception) to December 31, 1997 were audited by other auditors whose report, dated February 17, 2000 expressed an unqualified opinion on those statements. The other auditors' report has been furnished to us and our opinion, insofar as it related to the amounts included for such prior periods, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, and for the period from April 9, 1973 (date of incorporation) to December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company is a development stage enterprise engaged in developing mineral processing equipment, producing titanium dioxide products, and exploring and developing mineral properties. As discussed in Note 1 to the consolidated financial statements, the Company's operating losses raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

By: /s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Salt Lake City, Utah
March 30, 2001

ALTAIR INTERNATIONAL INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

(Expressed in United States Dollars)

ASSETS	2000	1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,335,729	$ 153,580
Restricted cash	2,250,000	--
Other current assets	390,351	1,492,786
Total current assets	3,976,080	1,646,366
RESTRICTED CASH	1,750,000	--
PROPERTY AND EQUIPMENT, Net	6,601,917	7,093,569
PATENTS AND RELATED EXPENDITURES, Net	4,111,740	4,625,913
OTHER ASSETS	212,033	--
TOTAL ASSETS	$ 16,651,770	$ 13,365,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 158,642	$ 214,483
Notes payable - current portion	3,500,004	7,363,600
Capital lease obligations - current portion	24,763	--
Deferred revenue	57,957	--
Total current liabilities	3,741,366	7,578,083
NOTES PAYABLE, Long-term portion	2,687,181	--
CAPITAL LEASE OBLIGATIONS, Long-term portion	2,312	--
COMMITMENTS AND CONTINGENCIES (Notes 1, 3, 6, 7, 8, 9, 10, and 12)		
SHAREHOLDERS' EQUITY:		
Common stock, no par value, unlimited shares authorized; 19,325,488 and 15,474,915 shares issued and outstanding at December 31, 2000 and 1999	32,388,589	21,479,669
Stock subscription receivable	(561,300)	--
Deficit accumulated during the development stage	(21,606,378)	(15,691,904)

See notes to the consolidated financial statements.

ALTAIR INTERNATIONAL INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2000 AND

FOR THE PERIOD FROM APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

	Year Ended December 31,		
	2000	1999	1998
REVENUES	None	None	None
OPERATING EXPENSES:			
Mineral exploration and development	$ 1,217,966	$ 714,893	$ 793,249
Research and development	1,555,472	354,462	259,630
Professional services	366,275	252,337	236,549
General and administrative expenses	2,271,250	1,899,759	1,867,420
Depreciation and amortization	1,236,404	508,083	685,593
Total operating expenses	6,647,367	3,729,534	3,842,441
LOSS FROM OPERATIONS	6,647,367	3,729,534	3,842,441
OTHER (INCOME) EXPENSE:			
Interest expense	215,216	1,966	959,612
Interest income	(83,440)	(134,811)	(335,037)
(Gain) loss on foreign exchange	(864,669)	160,619	17,109
Total other (income) expense, net	(732,893)	27,774	641,684
LOSS BEFORE EXTRAORDINARY ITEMS	5,914,474	3,757,308	4,484,125
EXTRAORDINARY ITEMS:			
(Gain) on forgiveness of debt	--	(67,442)	(25,805)
Loss on redemption of convertible debentures	--		193,256
Total extraordinary items	--	(67,442)	167,451
NET LOSS	$ 5,914,474	$ 3,689,866	$ 4,651,576
LOSS BEFORE EXTRAORDINARY ITEMS PER COMMON SHARE:			
Basic and diluted	$ 0.34	$ 0.24	$ 0.30
EFFECT OF EXTRAORDINARY ITEMS ON EARNINGS PER SHARE:			
Basic and diluted	0.00	(0.01)	0.01
LOSS PER COMMON SHARE -			
Basic and diluted	$ 0.34	$ 0.23	$ 0.31
WEIGHTED AVERAGE SHARES -			
Basic and diluted	17,371,214	15,472,075	15,175,743

See notes to the consolidated financial statements.

ALTAIR INTERNATIONAL, INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

	Common Stock		Stock	Deficit Accumulat
	Shares	Stated Amount	Subscription Receivable	During th Developme Stage
APRIL 9, 1973 (DATE OF INCEPTION)	None	None	None	None
Common stock issued	101,668	$ 387,073	$ --	$ --
Net loss	--	--	--	(361,572
BALANCE, DECEMBER 31, 1984	101,668	387,073	--	(361,572
Common stock issued	40,000	240,770	--	--
Common stock issued for management fees	1,280	7,004	--	--
Net loss	--	--	--	(78,606
BALANCE, DECEMBER 31, 1985	142,948	634,847	--	(440,178
Common stock issued for property	3,333	18,058	--	--
Acquisition of subsidiary	780,000	44,551	--	--
Common stock issued for underwriter bonus	4,000	1	--	--
Net loss	--	--	--	(210,667
BALANCE, DECEMBER 31, 1986	930,281	697,457	--	(650,845
Common stock issued for property	6,667	8,027	--	--
Flow through shares	298,650	463,301	--	--
Common stock issued for rights offering	257,822	253,947	--	--
Net loss	--	--	--	(696,642
BALANCE, DECEMBER 31, 1987	1,493,420	1,422,732	--	(1,347,487
Common stock issued for services	16,667	14,592	--	--
Common stock issued	16,667	14,592	--	--
Common stock issued in settlement of debt	233,333	51,073	--	--
Net loss	--	--	--	(149,316
BALANCE, DECEMBER 31, 1988	1,760,087	1,502,989	--	(1,496,803
Common stock issued	127,500	75,058	--	--
Common stock issued in settlement of lawsuit	41,667	22,800	--	--
Net loss	--	--	--	(151,372
BALANCE, DECEMBER 31, 1989	1,929,254	1,600,847	--	(1,648,175

ALTAIR INTERNATIONAL, INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

	Common Stock		Stock	Deficit Accumul
	Shares	Stated Amount	Subscription Receivable	During Develop Stage
BALANCE, DECEMBER 31, 1989	1,929,254	$ 1,600,847	$ --	$(1,648
Common stock issued	133,333	218,882	--	
Exercise of stock options	33,333	18,240	--	
Common stock issued for property	11,666	11,674	--	
Common stock issued for services	13,333	21,888	--	
Net loss	--	--	--	(230
BALANCE, DECEMBER 31, 1990	2,120,919	1,871,531	--	(1,878
Common stock issued	266,667	196,994	--	
Common stock issued for property	28,333	17,146	--	
Net loss	--	--	--	(258
BALANCE, DECEMBER 31, 1991	2,415,919	2,085,671	--	(2,136
Common stock issued	1,086,753	443,237	--	
Common stock issued for property	115,000	49,249	--	
Common stock issued for settlement of debt	55,177	24,155	--	
Net loss	--	--	--	(353
BALANCE, DECEMBER 31, 1992	3,672,849	2,602,312	--	(2,490
Common stock issued	48,000	36,393	--	
Common stock issued for property	46,667	55,012	--	
Net loss	--	--	--	(193
BALANCE, DECEMBER 31, 1993	3,767,516	2,693,717	--	(2,683
Common stock issued	600,000	131,329	--	
Common stock issued for shares of subsidiary	750,000	257,187	--	
Common stock issued for royalties	83,333	33,641	--	
Net loss	--	--	--	(227
BALANCE, DECEMBER 31, 1994	5,200,849	3,115,874	--	(2,911
Common stock issued	2,700,000	875,529	--	
Exercise of stock options	247,000	53,553	--	

Exercise of stock warrants	350,000	171,458	--	
Net loss	--	--	--	(424
BALANCE, DECEMBER 31, 1995	8,497,849	4,216,414	--	(3,335

ALTAIR INTERNATIONAL, INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

	Common Stock		Stock	D A D
	Shares	Stated Amount	Subscription Receivable	D
BALANCE, DECEMBER 31, 1995	8,497,849	$ 4,216,414	$ --	$
Common stock issued	554,027	1,637,307	--	
Exercise of stock options	702,000	526,850	--	
Exercise of stock warrants	3,012,463	2,471,219	--	
Stock options issued to non-employees	--	285,503	--	
Common stock issued for acquisition of TMI	1,919,957	2,521,469	--	
Net loss	--	--	--	
BALANCE, DECEMBER 31, 1996	14,686,296	11,658,762	--	
Exercise of stock options	362,500	1,530,406	--	
Stock options issued to non-employees	--	528,555	--	
Stock options issued to employees	--	62,800	--	
Exercise of stock warrants	443,949	1,038,788	--	
Net loss	--	--	--	
BALANCE, DECEMBER 31, 1997	15,492,745	14,819,311	--	
Stock options issued to non-employees	--	841,944	--	
Stock options issued to employees	--	15,420	--	
Common stock cancelled	(723,065)	--	--	
Common stock issued for convertible debenture	387,735	3,061,444	--	
Exercise of stock options	17,500	113,664	--	
Net loss	--	--	--	
BALANCE, DECEMBER 31, 1998	15,174,915	18,851,783	--	
Stock options issued to non-employees	--	765,386	--	
Common stock issued	300,000	1,862,500	--	
Net loss	--	--	--	

BALANCE, DECEMBER 31, 1999	15,474,915	21,479,669	--	
Stock options issued to non-employees	--	424,063	--	
Stock subscription receivable	--	--	(561,300)	
Stock warrants issued	--	1,245,050	--	
Exercise of stock options	71,300	335,778	--	
Common stock issued	3,779,273	8,904,029	--	
Net loss	--	--	--	
BALANCE, DECEMBER 31, 2000	19,325,488	$ 32,388,589	$ (561,300)	$

See notes to consolidated financial statements.

ALTAIR INTERNATIONAL INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2000 AND
FOR THE PERIOD FROM APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

	Year Ended December 31,		
	2000	1999	1998
CASH FLOWS FROM DEVELOPMENT ACTIVITIES:			
Net loss	$ (5,914,474)	$ (3,689,866)	$ (4,651,5
Adjustments to reconcile net loss to net cash used in development activities:			
Depreciation and amortization	1,236,404	508,083	685,5
Shares issued for services	--	--	--
Shares issued for settlement of debt	--	--	--
Shares issued for property	--	--	--
Issuance of stock options to non-employees	424,063	765,386	841,9
Issuance of stock options to employees	--	--	15,4
Issuance of stock warrants	420,182	--	--
Amortization of discount on note payable	12,052	--	--
Loss on redemption of convertible debenture	--	--	193,2
Gain on forgiveness of debt	--	(67,442)	(25,8
Loss on disposal of fixed assets	--	--	1,9
Loss (gain) on foreign currency translation	(864,669)	160,619	17,1
Deferred financing costs written off	--	--	515,8
Changes in assets and liabilities (net of effects of acquisition):			
Restricted cash	(4,000,000)	--	--
Other current assets	990,579	172,512	(95,1
Other assets	(169,606)	--	10,1

Accounts payable and accrued liabilities	(75,161)	48,734	65,1
Deferred revenue	57,957	--	--
Net cash used in development activities	(7,882,673)	(2,101,974)	(2,426,0
CASH FLOWS FROM INVESTING ACTIVITIES:			
Asset acquisition (see Note 3)	--	(2,422,417)	--
Purchase of property and equipment	(226,612)	(207,048)	(146,2
Purchase of patents and related expenditures	--	(76,135)	(169,8
Net cash used in investing activities	(226,612)	(2,705,600)	(316,0
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common shares for cash, net of share issue costs	8,904,029	1,862,500	--
Issuance of convertible debenture	--	--	--
Proceeds from exercise of stock options	335,778	--	113,6
Proceeds from exercise of warrants	--	--	--
Issuance of notes payable	7,000,000	--	--
Payment of notes payable	(6,498,931)	(6,191)	(177,5
Purchase of call options	(449,442)	--	--
Redemption of convertible debentures	--	--	(2,250,9
Net cash provided by (used in) financing activities	9,291,434	1,856,309	(2,314,8
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,182,149	(2,951,265)	(5,056,9
CASH AND CASH EQUIVALENTS, Beginning of period	153,580	3,104,845	8,161,7
CASH AND CASH EQUIVALENTS, End of period	$ 1,335,729	$ 153,580	$ 3,104,8

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ALTAIR INTERNATIONAL INC. AND SUBSIDIARIES
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998,
AND THE PERIOD FROM APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

	Year Ended December 31,		
	2000	1999	1998
SUPPLEMENTAL DISCLOSURES:			
Cash paid for interest	$85,929	$1,966	$32,165
Cash paid for income taxes	None	None	None

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

For the year ended December 31, 2000:

- We entered into a capital lease obligation of $46,395 for laboratory equipment.

- We issued 1,003,626 shares of common stock as part of a repricing agreement (see Note 9).

- We recorded a stock subscription receivable for 165,000 shares of common stock with an investor.

- In conjunction with the Doral 18, LLC note (see Note 6), we issued warrants to purchase 350,000 common shares at $3.00 per share. The warrants had an estimated fair value of $824,900.

For the year ended December 31, 1999:

- On November 16, 1999, we acquired certain assets from BHP Minerals International, Inc. Liabilities assumed in the acquisition are as follows:

Fair value of assets purchase	$9,625,500
Cash paid	None
Note payable denominated in U.S. dollars (15,000,000 Austrailian dollars)	$9,625,500

For the year ended December 31, 1998:

- Convertible debentures having a principal amount of $2,750,000 and accrued interest of $66,528 were converted into 387,735 shares of common stock with a fair market value of $3,061,444.

See notes to consolidated financial statements. (Concluded)

ALTAIR INTERNATIONAL INC. and subsidiaries
(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998,
AND FOR THE PERIOD APRIL 9, 1973 (DATE OF INCEPTION) TO DECEMBER 31, 2000
(Expressed in United States Dollars)

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1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business - Altair International Inc. is incorporated in the province of Ontario, Canada and is engaged in the business of (1) producing titanium dioxide products, (2) exploring mineral properties in the United States, and (3) developing mineral processing equipment for use in the recovery of fine and heavy mineral particles, including titanium, zircon, gold and environmental contaminants. Our authorized capital stock is comprised of an unlimited number of common shares with no par value.

Prior to fiscal year 1998, we prepared our financial statements in accordance with accounting principles generally accepted in Canada. Due to substantially all of our operations being located in the United States, we have elected to present our financial statements in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation - The consolidated financial statements include the accounts of Altair International Inc. and its subsidiaries which include (1) Mineral Recovery Systems, Inc. (MRS), (2) Fine Gold Recovery Systems, Inc. (FGRS), (3) Altair Technologies, Inc. (ATI), (4) California Recovery Systems, Inc. (CRS), (5) Tennessee Valley Titanium, Inc. (TVT), and (6) 660250 Ontario Limited (OL) (collectively referred to as the "Company"), all of which are 100% owned. Intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation - Our accompanying consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the consolidated statements of operations, we have not yet achieved profitable operations. We incurred a net loss of $5,914,474, $3,689,866, and $4,651,576 for the years ended December 31, 2000, 1999, and 1998, respectively, and a cumulative loss of $21,606,378 for the period April 9, 1973 (date of inception) to December 31, 2000. In addition, development of the titanium processing technology, further exploration of the Tennessee mineral property, and development the centrifugal jig will require additional financing or capital. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis and ultimately to develop commercially viable products and processes and then attain successful operations. We are in the process of developing the titanium processing technology, exploring the Tennessee mineral property, and developing the centrifugal jig. We have financed operations primarily through the issuance of equity securities (common stock, convertible debentures, stock options and warrants), and by the issuance of a $7 million term note as discussed in Note 6. Additional funds will be required to complete exploration activities on the Tennessee mineral property and development of the Titanium processing technology and the jig. We believe that current working capital, cash receipts from anticipated sales, and funding through sales of common stock will be sufficient to enable us to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the following useful lives:

Furniture and office equipment	3 - 7 years
Vehicles	5 years

Centrifugal jig equipment	7 years
Jig testing equipment	7 years
Pigment production equipment	5 - 10 years

Patents and Related Expenditures - Patents related to the pigment production technology and centrifugal jig technology are carried at cost and amortized on a straight-line basis over their estimated useful lives, which range from 3 to 17 years.

Exploration - Expenditures incurred in the search for mineral deposits and the determination of the commercial viability of such deposits are charged to expense as incurred.

Research and Development Expenditures - Research and development expenditures are charged to expense as incurred.

Foreign Currency Translation - Asset and liability accounts, which are originally recorded in the appropriate local currencies, are translated into U.S. dollars at year-end exchange rates. Revenue and expense accounts are translated at the average exchange rates for the period. Transaction gains and losses are included in the accompanying consolidated statements of operations. Substantially all of our assets are located in the United States of America.

Stock-Based Compensation - We have elected to follow the accounting provisions of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees for Stock-Based Compensation, and to furnish the pro forma disclosures required under Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation.

Long-Lived Assets - We evaluate the carrying value of long-term assets including intangibles when events or circumstance indicate the existence of a possible impairment, based on current and anticipated undiscounted cash flows, and recognize impairment when such cash flows will be less than the carrying values. Measurement of the amounts of impairments, if any, is based upon the difference between carrying value and fair value. Events or circumstances that could indicate the existence of a possible impairment include obsolescence of the technology, an absence of market demand for the product, and/or continuing technology rights protection.

Net Loss Per Common Share - Basic net loss per common share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. The existence of stock options, warrants, and convertible debentures affects the calculation of loss per share on a fully diluted basis. When a net loss is reported, the number of shares used for basic and diluted net loss per share is the same since the effect of including the additional common stock equivalents would be antidilutive. During the three years in the period ended December 31, 2000, because the exercise price of the options and warrants (see Note 7) was equal to or greater than the fair market value of the stock, the warrants and options would be antidilutive and excluded from fully diluted loss per share. See Notes 8 and 9 for a summary of convertible securities that potentially could effect the fully diluted loss per share.

Recent Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, as amended, Accounting for Derivative Instruments and Hedging Activities, and established standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. We adopted the standard on January 1, 2001. The adoption of SFAS No. 133 did not have any effect on us.

On September 29, 2000, the Financial Accounting Standards Board issued SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A Replacement of FASB Statement No. 125. SFAS 140 is effective for transfers occurring after March 31, 2001 and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. We do not expect that the adoption of this statement will have a material impact on our financial statements.

Effective the fourth quarter of fiscal year 2000, we adopted Staff Accounting Bulletin (SAB) 101. The adoption of this standard had no effect on our consolidated financial statements.

Comprehensive Income - We classify components of other comprehensive income by their nature in the consolidated financial statements and display the accumulated balance of other comprehensive income as a separate component of shareholders' equity in the consolidated balance sheets. There were no other components of comprehensive income other than the net loss.

Deferred Income Taxes - We use an asset and liability approach for financial accounting and reporting for income taxes. Deferred income taxes are provided for temporary differences in the bases of assets and liabilities as reported for financial statement purposes and income tax purposes. We have recorded a valuation allowance against all deferred tax assets.

Extraordinary Items - As a result of a 1994 merger with TransMar, Inc. (TMI), FGRS assumed all of TMI's liabilities. During 1999, 1998, and 1996, FGRS extinguished certain of TMI's liabilities at less than the recorded amounts of such debt. The forgiveness of debt totaled $67,442, $25,805, and $702,725 in 1999, 1998, and 1996, respectively.

During 1998, we redeemed $2,250,000 of the convertible debentures, incurring a redemption premium of $193,256.

Deferred Revenue - We entered into a sales contract on October 5, 2000 with a customer for titanium dioxide nanoparticles under which the total contract amount was prepaid. Product delivery dates are not fixed but are anticipated to be during 2001. We will recognize revenue as the product is shipped.

Financial Instruments - Our financial instruments, when valued using market interest rates, would not be materially different from the amounts presented in the consolidated financial statements.

3. ACQUISITION OF CERTAIN ASSETS

On November 16, 1999, we entered into an Asset Purchase and Sale Agreement with BHP Minerals International Inc. (BHP), an Australian company, pursuant to which we purchased all tangible equipment and other assets related to a hydrometallurgical process developed by BHP primarily for the production of titanium dioxide products from titanium bearing ores or concentrates (the "Technology"), in process patent applications and the use of the services of certain BHP personnel involved in the development of the Technology for a period of one year.

The purchase price for the assets and technology was 15,000,000 Australian dollars (AUD$), or $9,625,500 U.S. dollars (US$), and was payable in four equal installments. The first installment was paid at closing on November 16, 1999, the second and third installments were paid on May 12, 2000 and the remaining installment was paid on August 1, 2000. The installments due in AUD$ were translated into US$ at the date of payment and the related foreign currency gain (loss) was recorded as other income or expense. We are also required to pay to BHP, until the earlier of (1) November 15, 2014 or (2) the date we have paid an aggregate royalty of 105,000,000 AUD$, a quarterly royalty of from 1.5% to 3% of

certain titanium dioxide products produced and 3% of other products sold. As we have not yet entered commercial production with this technology, no royalties are due under this agreement.

In connection with the Asset Purchase Agreement, we entered into a lease with BHP pursuant to which we lease approximately 20,000 square feet of laboratory and testing space at BHP's testing facility in Reno, Nevada for a monthly rent of $15,000. The lease is subject to automatic renewal for six-month periods at inflation-adjusted rent until terminated by us. The lease grants us a right of first refusal in the event BHP intends to sell the building and property subject to the lease.

The acquisition was accounted for as a purchase. The assets (consisting of property and equipment, service agreement, and technology) have been recorded at their estimated fair values at the date of acquisition. The amount of the purchase price allocated to property and equipment was $6,568,839, service agreement was $1,538,985, and technology was $1,517,736. The technology is being amortized using the straight-line method over seventeen years, which approximates the remaining life of the patents pending. Subsequent to the acquisition, we applied for four United States patents related to the technology acquired from BHP.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2000 and December 31, 1999:

	2000	1999
Furniture and office equipment	$ 82,582	$ 76,228
Vehicles	125,031	125,031
Centrifugal jig equipment	644,632	644,632
Jig testing equipment	91,521	45,128
Pigment production equipment	6,776,286	6,568,839
Total	7,720,052	7,459,858
) Less accumulated depreciation	(1,118,135)	(366,289)
Total property and equipment	$ 6,601,917	$ 7,093,569

Depreciation expense for the years ended December 31, 2000, 1999, and 1998 totaled $751,846, $169,234, and $76,934, respectively.

5. PATENTS AND RELATED EXPENDITURES

Patents and related expenditures consisted of the following at December 31, 2000 and December 31, 1999:

	2000	1999
Pigment production patent applications	$ 1,523,670	$ 1,553,286
Centrifugal jig patents	4,210,987	4,223,800
Royalty agreement	424,881	424,881
Mineral recovery technology rights	243,000	243,000

	6,402,538	6,444,967
Less accumulated amortization	(2,290,798)	(1,819,054)
Total patents and related expenditures	$ 4,111,740	$ 4,625,913

6. NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS

Notes payable consisted of the following at December 31, 2000 and 1999:

	2000	1999
Note payable to Doral 18, LLC	$ 7,000,000	--
Note payable to BHP Minerals International, Inc. (amount reported herein is reflected in U.S. dollars; however, actual payments were made in Australian dollars)	--	$ 7,363,600
Total	7,000,000	7,363,600
Less current portion	(3,500,004)	(7,363,600)
Less discount resulting from allocation of debt proceeds to warrant	(812,815)	--
Long-term portion of notes payable	$ 2,687,181	None

On December 15, 2000, pursuant to a securities purchase agreement, we sold to Doral 18, LLC a $7 million 10% Asset-Backed Exchangeable Term Note (the Note) and detachable warrants to purchase 350,000 common shares (the "Common Shares") at $3.00 per share. At the same time, we acquired call options on 247,678 shares of our common stock held by Doral 18, LLC (see Note 9).

Net proceeds of $4 million from the Note were placed in a restricted bank account to secure a letter of credit and are scheduled to be released as principal payments are made. Under the Note, we are required to make monthly payments on or before the 15th day of each calendar month in the principal amount of $291,667 plus accrued interest. The Note is due and payable in full on December 15, 2003.

We may redeem the monthly payment amounts in cash at any time throughout the term of the Note and may prepay the Note in $250,000 increments at any time at a price equal to 115% of the sum of outstanding principal and accrued interest. If we elect not to redeem the monthly payment amount in cash, on each due date, the holder of the Note automatically will receive the right to exchange (immediately or at any later date during the term) the monthly payment amount into common shares at the applicable exchange price. The exchange price

for any date is the lesser of (a) a fixed exchange price of $3.00, subject to adjustment, and (b) the average of the lowest three daily trading prices of the common shares during the 15 trading days ending on the day before an exchange right is exercised. Because this is a contingent embedded beneficial conversion feature, no amounts have been allocated to the beneficial conversion feature until the contingency is resolved.

The Note is secured by a pledge of the equipment, intellectual property and common stock of ATI, and by a pledge of the common stock of MRS.

The warrants have an exercise price of $3.00, and are exercisable at any time on or before the earlier of (a) December 15, 2005, and (b) the date 60 days after we provide notice to the holder that the market price of the Common Shares has been equal to or greater than $12.00 for five consecutive days. The exercise price is subject to reduction pursuant to a formula set forth in the warrant. The warrants have an estimated fair value of $824,900, as determined using the Black-Scholes pricing model. The proceeds of the debt were allocated between the debt and the warrants based on relative fair values on the date of issuance. The portion allocated to the warrants resulted in a discount on the note payable which is being accreted to interest expense over the term of the debt agreement.

Upon the occurrence of a default or specified major corporate event, the holder of the Note has the right to exchange the entire principal balance of the Note for common shares. Upon the occurrence of other specified events, we may be required to redeem the monthly payment amount in cash at 120% of face value. As of December 31, 2000, we had no occurrences of default or corporate events.

We have long-term capital leases related to the acquisition of equipment. Long-term capital lease obligations as of December 31, 2000 are as follows:

Year ending December 31:	
2001	$ 28,235
2002	2,352
Subtotal	30,587
Less amounts representing interest	(3,512)
Less current portion	(24,763)
Total	$ 2,312

At December 31, 2000, the gross book value of equipment under capital leases was $46,395. There were no capital leases at December 31, 1999. The amortization expense associated with these capital leases is included in depreciation expense.

7. STOCK OPTIONS AND WARRANTS

Stock Options - We have stock option plans administered by the Board of Directors that provide for the granting of options to employees, officers, directors and other service providers of the Company. Options granted under the plans generally are granted with an exercise price equal to the market value of a common share at the date of grant, have two- to five-year terms and typically vest over periods ranging from immediately to three years from the date of grant.

Stock option activity for the years ended December 31, 2000, 1999 and 1998 is summarized as follows:

	2000	1999	
	Weighted Average	Weighted Average	

	Shares	Exercise Price	Shares	Exercise Price	
Outstanding at beginning of year	3,060,000	$ 5.92	1,965,000	$ 6.61	
Granted during the year	420,000	3.86	1,550,000	5.74	1
Cancelled	(450,000)	7.80	(455,000)	8.30	
Exercised	(71,300)	4.71	--	--	
Outstanding at end of year	2,958,700	$ 5.37	3,060,000	$ 5.92	1
Options exercisable at year end	2,153,700	$ 5.45	1,835,000	$ 5.64	1
Weighted average fair value of options granted during year		$ 3.24		$ 2.83	

The following table summarizes information about stock options outstanding at December 31, 2000:

	Stock Options Outstanding				
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price		Nu Exer
$2.00 to $4.00	670,000	1.5	$ 2.83		6
$4.38 to $4.75	915,000	4.0	4.39		3
$4.94 to $7.50	908,700	2.5	6.64		8
$8.00 to $10.00	465,000	2.6	8.69		3
	2,958,700	4.6	$ 5.37		2,1

We have elected to follow the measurement provisions of APB Opinion No. 25, under which no recognition of expense is required in accounting for stock options granted to employees for which the exercise price equals or exceeds the fair market value of the stock at the grant date. Generally stock options are granted at an option price at or greater than fair market value on the date of grant. We recorded compensation expense of $15,420 for stock options granted to employees for which the fair market value exceeded the exercise price of the stock at the grant date for the year ended December 31, 1998. We recorded compensation expense of $424,063, $765,386, and $841,944 for stock options granted to non-employees for the years ended December 31, 2000, 1999, and 1998, respectively.

We have adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS 123"). To estimate compensation expense that would be recognized under SFAS 123, we have used the modified Black-Scholes option pricing model. If we had accounted for our stock options using the accounting method prescribed by SFAS 123, our net loss and loss per share would be as follows:

	2000	1
Net loss (both basic and diluted):		
As reported	$ 5,914,474	$3,689,
Pro forma	9,637,609	4,628,
Loss per common share (both basic and diluted):		
As reported	0.34	0
Pro forma	0.56	0

In calculating pro forma compensation, the fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted average assumptions:

	2000	1999	1998
Dividend yield	None	None	None
Expected volatility	93 %	75 %	77 %
Risk-free interest rate	6.40 %	5.80 %	5.43 %
Expected life (years)	4.6	5.0	4.9

Warrants - As of December 31, 2000, there were 1,883,672 warrants issued and outstanding for the purchase of our common shares. The warrants were issued in conjunction with debt offerings, issuance of common stock, and payment for outside services. The warrants have a weighted average exercise price of $5.175 per share and expire on various dates ranging from March 2002 to January 2006. Most warrants contain provisions whereby the expiration date is accelerated if our common shares close at or above specified prices ranging from $6.00 to $14.00 per share.

8. CONVERTIBLE DEBENTURES

On December 29, 1997, we issued $5,000,000 in convertible subordinated debentures due December 29, 2001 (the "Debentures") bearing interest at 5% per annum payable in cash or common shares either annually or upon conversion or maturity, at our discretion. Subject to certain restrictions during the first 180 days after closing, the Debentures were convertible by holders into common shares at a conversion rate equal to the lesser of (a) 92% of the average price of the common shares for the five trading days prior to submission of a notice of conversion by the holder, or (b) $14.36875 per share. The purchasers of the Debentures also received transaction warrants entitling the holders to purchase 75,000 common shares on or before December 29, 1999 at a price of $16.7188 per share. In addition, the placement agent received 105,000 placement warrants entitling the agent to purchase 105,000 common shares at $16.7188 per share on or before December 29, 1999. The proceeds of the debt were allocated between the debt, the warrants and the beneficial conversion feature based upon fair values. The amount allocated to the beneficial conversion feature and warrants was accreted to interest expense in 1998 when the debentures were converted and/or retired.

During the period May 20, 1998 through July 31, 1998, the holders of the Debentures elected to convert $2,750,000 of the principal amount of the Debentures and $66,528 of accrued interest. These conversions resulted in the

issuance of 387,735 common shares. On August 28, 1998, we elected to redeem the remaining $2,250,000 of Debentures using cash previously invested in short-term instruments. The total cash of $2,550,938, required to redeem the Debentures, included a redemption premium of $193,256 and accrued interest of $107,682. In conjunction with this redemption, we wrote off deferred financing costs totaling $515,842.

9. OTHER TRANSACTIONS

On March 31, 2000, we entered into a common stock purchase agreement with a private equity fund pursuant to which the equity fund purchased 1,251,303 common shares of Altair for an aggregate purchase price of $6,000,000; however, the number of shares received by the equity fund in exchange for $6,000,000 was subject to repricing adjustments if the lowest average closing price for any ten days during each of four 30-day repricing periods did not meet a certain threshold. Prior to December 15, 2000, the equity fund repriced 750,782 of the initial shares it purchased under the common stock purchase agreement and received an additional 1,003,626 common shares.

Pursuant to an assignment and agreement dated December 15, 2000, the equity fund referred to in the preceding paragraph transferred all of its remaining rights under the common stock purchase agreement, including its right to reprice the remaining 500,521 of the initial 1,251,303 shares, to Doral 18, LLC (Doral) (see Note 6). Pursuant to this purchase agreement, Doral exercised its right to reprice approximately 70,928 of the initial shares and received 247,678 common shares. In exchange for approximately $1,650,000, we bought from Doral and terminated all remaining rights under the common stock purchase agreement, including all remaining repricing rights. In conjunction with this buyout, Doral granted us a call option to purchase 247,678 common shares for a nominal exercise price. At the option of Doral, the number of shares subject to such option may be reduced at fair market value in lieu of our making payments of interest and principal. From December 15, 2000 through December 31, 2000, 19,222 of such common shares were used to satisfy accrued interest on the $7 million 10% Asset-Backed Exchangeable Term Note. Accordingly, the call option is valued at the fair value of the underlying stock (228,456 shares) subject to call, and totaled $342,684 and is included in other current assets as of December 31, 2000.

10. LEASES

Operating Leases - We lease certain premises and equipment under operating leases. Future minimum lease payments under non-cancelable operating leases as of December 31, 2000 are as follows:

Year ending December 31:	
2001	$ 154,980
2002	5,415
Total	$ 160,395

Lease expense for the years ended December 31, 2000, 1999, and 1998 totaled $283,964, $104,622, and $79,471, respectively.

Mineral Leases - Our subsidiary, MRS, has entered into various mineral leases for a 100% interest in approximately 14,000 acres of land in the state of Tennessee, United States with minimum annual advance royalty payments as follows:

Year ending December 31:

2001	$ 152,306
2002	194,704
2003	212,479
2004	424,227
2005	430,623
Thereafter	1,137,661

The mineral leases are subject to a production royalty; however, MRS will receive a credit against production royalties for all advance royalties paid. The lessors can only terminate the leases upon failure of MRS to make the minimum payments as required by the leases. As of December 31, 2000, we are current on revenue payments to lessors.

11. INCOME TAXES

Because of the net operating losses and a valuation allowance on deferred tax assets, there was no provision for income taxes recorded in the accompanying consolidated financial statements for the three years in the period ended December 31, 2000.

A reconciliation of the federal statutory income tax rate and our effective income tax rates is as follows:

	Year Ended December		
	2000	1999	1998
Federal statutory income taxes	$(2,010,921)	$(1,254,554)	$(1,581,536)
Meals and entertainment	1,824	2,349	3,013
Valuation allowance	2,009,097	1,252,205	1,578,523
Total	None	None	None

The components of the deferred tax assets consisted of the following as of December 31, 2000 and 1999:

	2000	1999
Deferred tax assets:		
Net operating loss carryforward	$ 3,349,475	$ 1,412,607
Unrealized loss	24,312	--
Total deferred tax assets	3,373,787	1,412,607
Deferred tax liabilities - basis difference in assets	(725,740)	(773,597)
Valuation allowance	(2,648,047)	(639,010)
Total deferred tax assets	None	None

The net operating loss carryforwards expire at various dates beginning in 2001 through 2020.

12. COMMITMENTS AND CONTINGENCIES

Employment Agreement - Under the current employment agreement between Altair and our president, Dr. William P. Long, Dr. Long is entitled to receive 200,000 common shares in the event (i) voting control of over 35% of the issued stock is acquired in a merger, takeover or similar transaction (a "change of control") and Dr. Long's employment agreement is terminated within 180 days before or at any time after such change of control, or (ii) absent a change of control, if Dr. Long's employment agreement is terminated for any reason except by Dr. Long, by mutual consent, by Altair for cause, or at the end of the term.

Litigation - We are currently not aware of any investigations, claims, or lawsuits which we believe could have a material adverse effect on our consolidated financial position or on our consolidated results of operations.