

ALTAI RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (FORM 51-102F1)

FOR THE YEAR ENDED DECEMBER 31, 2003

Dated April 23, 2004

The selected consolidated financial information set out below and certain comments which follow are based on and derived from the consolidated financial statements of Altai Resources Inc. (the "Company" or "Altai") for the year ended December 31, 2003 and should be read in conjunction with them.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This discussion includes forward-looking statements and assumptions respecting the Company's strategies, future operations, commodity prices and discusses certain issues, risks and uncertainties that can be expected to impact on any of such matters.

By their nature, forward-looking statements are subject to numerous risks and uncertainties that can significantly affect future results. Actual future results may differ materially from those assumed or described in such forward-looking statements as a result of the impact of issues, risks and uncertainties whether described herein or not, which the Company may not be able to control. The reader is therefore cautioned not to place undue reliance on such forward-looking statements.

The Company disclaims any intention or obligation to update or revise these forward-looking statements, as a result of new information, future events or otherwise.

OVERVIEW

The Company is a junior natural resource exploration company with its properties in Canada and the Philippines and at the present time does not have a producing mineral property.

Altai's three properties in Canada, all in the Quebec Province— the 50% owned Malartic gold property, the 53.369% owned (as at December 31, 2003) Lac St. Pierre natural gas property and the 53.369% owned (as at December 31, 2003) Sorel natural gas property, were maintained in good standing in 2003. The two permits of the Sorel property were acquired in 2003.

In 2003, the Company has done little exploration work on its properties in the Philippines (owned by Altai Philippines Mining Corporation ("Altai Philippines") of which Altai owns 40% equity interest), but Altai Philippines has done some exploration work on the properties. Altai Philippines is in discussion with a major company from the Far East on possible joint venture/sale of its Sibuyan Island lateritic nickel-cobalt property.

PROPOSED TRANSACTION

With the strategy of focusing on mineral exploration and mining in the future and for the further exploration and development of its Lac St. Pierre natural gas and gas storage property, the Company has been pursuing efforts in 2003 for off balance sheet financing for that property. In April 2004, the Company and its joint venture partner in the property, Petro St-Pierre Inc., have signed an agreement with Bolcar Energie Inc. ("Bolcar"), a Montreal based capital pool company listed on the TSX Venture Exchange ("TSE Venture"), to sell the Lac St. Pierre property to Bolcar for approximately C\$7.9 million in Bolcar common shares at \$0.25 per share. The sale price is based on the adjusted fair market value before tax for the property acceptable to the Quebec Securities Commission. The transaction is subject to the approvals of all applicable regulators and TSX Venture for Altai and Bolcar, Bolcar being listed on TSX Venture as a Tier 2 issuer on or before the transaction closing which has to occur no later than six months from the signature date of the agreement, and Bolcar having obtained minimum additional equity financing of C\$1.2 million.

The President of the Company is also a shareholder and a director of the Board of Bolcar. He owns 340,000 Bolcar shares as at April 23, 2004. As at that date, the number of issued and outstanding shares of Bolcar was 5,583,332.

OUTLOOK FOR 2004 AND BEYOND

The Company has currently adequate cash (from option anniversary payment and stock options) and marketable securities to keep its properties in good standing and fund its administrative expenses for at least two years. If the sale of the Lac St. Pierre natural gas property to Bolcar Energie Inc. closes and Bolcar becomes a viable entity, the Company will be financially sound for at least six to seven years.

Over the proceeding twelve months, the Company's efforts will be focused on three main endeavours:

1. Off balance sheet financing for the Sorel natural gas property in Quebec;
2. Trying to obtain value for the extensive property holdings in the Philippines which, with the exception of the Negros Island sulfur property, are not contributing any tangible returns at present. This will be done basically through:
 - a) selling some properties, e.g. the Ticao limestone property, and selling or optioning some other properties, e.g. the Lahuy gold property and the Sibuyan Island nickel property; and
 - b) using part of the proceeds from 2a) above to finance exploration work in the Mabulao copper-gold property, and the Bulan and Samar gold properties.
3. Acquisition of new properties. The Company receives a steady stream of property submittals from other companies. Altai favours the acquisition of base metal deposits of value and preferably open pit gold deposits. New financing will be required for new acquisitions.

OVERALL PERFORMANCE, RESULTS OF OPERATIONS

In 2003, the Company incurred a net loss of \$80,574 including its share (\$14,718) of the net loss of equity investment in Altai Philippines. The loss is mainly on administrative and corporate expenses which are considered to be relatively low for a junior public company.

During the year, the major sources of funding for its exploration work in the Lac St. Pierre natural gas property (\$71,500) and other properties and for administration expenses came from a private placement of C\$75,000 for 750,000 Altai common shares (of which 300,000 shares were flow-through shares) by an accredited investor in February, \$21,000 from exercise of stock options, and receipt in December 2002 of its share (US\$30,000) of the anniversary payment by Crew Gold Corporation on the latter's option on the Negros Island sulfur property in the Philippines.

The marketable securities held by Altai, the main current asset of the Company and comprising mostly of Canadian major bank shares denominated in Canadian currency, are liquid and have increased in market value in 2003 compared to 2002 year end.

In March 2003 the note receivable from Altai Philippines plus its total interest (all denominated in Canadian currency) has reached its cap of three times of the note principal. Therefore both the note interest income and the corresponding provision for doubtful accounts for 2003 have been reduced to \$53,195 compared to \$242,163 for 2002.

SELECTED ANNUAL INFORMATION

	December. 31, 2003	December. 31, 2002	December. 31, 2001
Total revenue	\$ 62,736	\$ 245,629	\$ 257,295
Net loss	80,574	116,574	2,049,969
Loss per share (Basic)	0.003	0.005	0.114
Loss per share (Diluted)	0.003	0.005	0.106
Total assets	3,688,045	3,671,322	3,788,953
Long term debt	Nil	Nil	Nil
Dividend paid	Nil	Nil	Nil
Weighted average number of shares outstanding			
Basic	23,703,444	22,926,650	18,043,556
Diluted	25,156,773	24,949,622	19,258,834

SUMMARY OF QUARTERLY RESULTS

2003	Three Months Ended			
	December 31	September 30	June 30	March 31
Revenue	\$ 6,439	\$ 1,084	\$ 1,189	\$ 54,024
Net loss	(53,925)	(290)	(2,694)	(23,665)
Net loss per share (Basic and diluted)	\$ (0.002)	\$ (0.000)	\$ (0.000)	\$ (0.001)
Weighted average number of shares				
Basic	23,703,444	23,703,444	23,650,184	23,610,732
Diluted	25,156,773	26,391,773	26,761,513	26,389,622

2002	Three Months Ended			
	December 31	September 30	June 30	March 31
Revenue	\$ 67,804	\$ 64,347	\$ 57,041	\$ 56,437
Net income (loss)	447	(32,264)	(52,907)	(31,850)
Net loss per share (Basic and diluted)	\$ 0.00	\$ 0.002	\$ 0.002	\$ 0.001
Weighted average number of shares				
Basic	22,926,650	22,926,650	22,926,650	22,918,554
Diluted	24,949,622	24,939,595	24,939,595	24,501,554

LIQUIDITY AND CAPITAL RESOURCES

The Company has no long term debt.

There is a lease on office rental renewable annually. The estimated total obligations for 2004 is \$9,600.

RELATED PARTY TRANSACTIONS

Consulting services were provided by the two officers of the Company. Fees for such services amounted to \$39,000 in 2003 compared to \$72,000 in 2002.

FOURTH QUARTER OF 2003

During the quarter ended December 31, 2003, the Company disposed part of its marketable securities for a gain of \$5,405.

OUTSTANDING SHARES

As of April 23, 2004, Altai's share capital is as following:

	Basic	Weighted average
Issued and outstanding common shares	24,043,554	24,014,865
Share option	1,633,000	1,633,000
Common shares fully diluted	25,676,554	25,647,865