

ALTAI RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (FORM 51-102F1) FOR THE THREE MONTHS ENDED MARCH 31, 2005

Dated April 22, 2005

The selected consolidated financial information set out below and certain comments which follow are based on and derived from the unaudited consolidated financial statements of Altai Resources Inc. (the "Company" or "Altai") for the three months ended March 31, 2005 and should be read in conjunction with them. Some of the items discussed in the Management's Discussion and Analysis for the year ended December 31, 2004 ("2004 Annual MD&A") dated April 12, 2004 are relevant for the quarter under review and therefore readers are advised to read this with the 2004 Annual MD&A.

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 53.496% owned (as at December 31, 2004) Lac St. Pierre natural gas property and the 53.496% owned (as at December 31, 2004) Sorel natural gas property, were maintained in good standing in 2004.

The proposed transaction with Bolcar Energy Inc. re the sale of the Lac St. Pierre and Sorel gas permits by the Company and Petro St-Pierre Inc. announced in 2004 did not close. The agreement is null and void effective February 11, 2005. The Company is actively pursuing venues to sell/option the properties.

OVERALL PERFORMANCE, RESULTS OF OPERATIONS

In the three months ended March 31, 2005, the Company incurred a net earnings of \$47,580 including its share (\$280) of the net loss of equity investment in Altai Philippines. The earnings are mainly due to the sale of some marketable securities.

During the three months, the major sources of funding for its exploration work in the Lac St. Pierre and Sorel natural gas properties came from the receipt in January 2005 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 and a flow-through private placement of \$80,000 made by an accredited investor.

The marketable securities held by Altai comprising mostly of Canadian major bank shares denominated in Canadian currency, are liquid and have increased in market value in 2005 to date compared to 2004 year end.

OUTSTANDING SHARES

As of April 22, 2005, the Company's share capital is as following:

| | <u>Basic</u> | <u>Weighted average</u> |
|--------------------------------------|--------------|-------------------------|
| Issued and outstanding common shares | 24,933,554 | 24,802,047 |
| Share options | 793,000 | 793,000 |
| Common shares fully diluted | 25,726,554 | 25,595,047 |