ALTAI RESOURCES INC.

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

FOR THE YEAR ENDED DECEMBER 31, 2009 **Dated 23 April, 2010**

The selected consolidated financial information set out below and certain comments which follow are based on and derived from the audited consolidated financial statements of Altai Resources Inc. (the "Company" or "Altai") for the years ended December 31, 2009 and 2008 and should be read in conjunction with them.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on Altai's website at www.altairesources.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 natural resource property.

1) Altai's properties in Canada, all in the Quebec Province as following, were maintained in good standing as at December 31, 2009 and to date:–

a) the 50% owned Malartic gold property (named "Blackcliff gold property" by property joint-venture partner) of 3 claims of 120 hectares (300 acres), in the Val d'Or area of Quebec,
b) the **100% owned Sorel-Trois Rivieres natural gas property, St. Lawrence Lowlands,** of **7** (at December 31, 2009 there were 14 permits covering the same area) **oil and gas and reservoir permits of 114,344 Ha (282,544 acres)** (excluding the permit of 13,290 Ha (32,840 acres) in which Talisman Energy Canada has 100% working interest and Altai has 15% gross royalty), and
c) the 100% owned Sept-Iles gas property, Sept-Iles, of 24,042 hectares (59,408 acres).

2) Malartic gold property, Quebec

a) The Malartic gold property was optioned to C2C Gold Corporation Inc. ("C2C" and name changed to Key Gold Holding Inc. in March 2010) effective September 2007. All cash, shares and royalties to be received under the terms of the option agreement were shared equally by the Company and Globex Mining Enterprises Inc. (jointly the Optionors"). To December 31, 2008, C2C had paid the Optionors $175,000 cash and 600,000 C2C shares.

In late October 2009, the Agreement was terminated by the Optionors due to C2C's failure to fulfil its obligations per the Agreement. C2C did not earn any interest in the property.

In 2008, C2C drilled 4,055 meters at the near surface extension of the No. 2 gold vein zone of the property (where a historical non NI 43-101 compliant resource of 222,433 tonnes grading 7.06 g/t Au was reported in 1988) and reported that numerous shallow mineralized intersections of significant grade and/or thickness were encountered.

3) Sorel-Trois Rivieres natural gas property, St. Lawrence Lowlands, Quebec

a) Altai owns 100% of the Sorel-Trois Rivieres natural gas property ("Property") of 7 oil and gas and reservoir permits of 114,344 Ha (282,544 acres) and 15% gross royalty in the permit of 13,290 Ha (32,840 acres) in which Talisman Energy Canada ("Talisman") has 100% working interest ("Talisman Permit") and which is contiguous to the Altai permits.

Altai's 100% owned property is the largest uncommitted (not farmed-out) contiguous land block of 282,544 acres (among the junior public companies) in the St. Lawrence Lowlands Utica Shale Gas Fairway. Including the 15% gross royalty in the Talisman Permit, the Company holds varying interests in a land package consisting of **315,380 acres located about 5 km west of the Forest Oil Corporation discovery wells in the St. Lawrence Lowlands.**

(i) In April 2008 Forest Oil announced a gas discovery in Utica Shales (Ordovician age) five kilometers east of the Altai Permits. The discovery generated significant market and industry interest in the gas potential of St. Lawrence Lowlands. The initial enthusiasm diminished somewhat due to decrease in natural gas prices.

St. Lawrence Lowlands is an emerging major gas play aggregating to approximately 1.5 million acres. In the last four years about 25 wells were drilled in the play all with gas discoveries. Utica shales (about 150 meters or thicker) and overlying Lorraine shales-siltstones (500 to 2,000 meters) contain gas and both formations are amenable to fracture stimulation for enhanced gas flow. Approximately 220,000 acres of Altai lands are in Tier 2 area (west of Yamaska Fault) where the depth to Utica is less than 1,000 meters. The remainder (60,000 acres) are in Tier 1 area where Utica is at a depth of 1,100 to 1,500 meters. Forest Oil, which controls the lands adjacent to Altai lands to the east, north and south, estimates (in 2008) that recoverable gas potential of the Utica Formation in its land is 93 billion cubic feet (Bcf) per section (640 acres). Talisman (in 2008) puts the recoverable gas potential of Utica at 25 to 160 Bcf per section and that of Lorraine at 50 to 190 Bcf per section.

Gas in St. Lawrence Lowlands enjoys price advantage for producers compared to Western Canadian gas due to its proximity to user markets in Quebec and Eastern United States. To date there is no producing module in the Lowlands, hence precise economics of this emerging gas play are not known.

(ii) A carbonate gas target has been delineated. The target is a NE trending fault zone 34 kilometers long averaging one kilometer in width, all on land. The zone appears as a depression (a graben) at the top of Trenton formation of Ordovician age. The depression is interpreted by Paul Laroche, P.Eng., Consultant, to have been caused by hydrothermal dolomitization of fractured limestones (hydrothermal dolomite reservoir facies). Targets in similar geological setting along former shoreline of Cambro-Ordovician craton have produced large quantities of gas and oil in Ohio, Michigan, New York State, West Virginia and elsewhere in the Appalachians. Such targets are long and narrow. In 2006 Talisman Energy Canada drilled one well in one Altai permit aimed at the collapse zone at the top of Trenton-Black River. No gas was found at the target but “good gas shows” were present in the stratigraphically higher Utica Shales. In addition to the Trenton formation, the stratigraphically lower Chazy, Beekmantown and Potsdam formations have gas showings elsewhere in the Appalachians. Altai’s deep gas target (the depression) may extend for another 20 kilometers to the SW, all in Altai’s permits.

Altai’s land package is adjacent and central to the properties of Gastem Inc., Questerre Energy Corporation and Junex Inc most of which are optioned either to Forest Oil or Talisman Energy.

(iv) Development of a gas storage site or sale of storage rights is also one of the important aims of the Sorel-Trois Rivieres property for Altai.

In 2009 the Company completed an additional seismic survey mostly in the eastern part of Permits 2009PG537 and 2009PG538. The survey results were interpreted by Paul Laroche, P. Eng. and P. Geologist, consultant to the Company who was also in charge of the quality control during the field survey. He concluded that **60,000 acres of the survey area are in Tier 1 area east of Yamaska Fault**, hence in the “Utica Fairway”. He estimated the depth to Utica varying from 1,150 meters to about 1,500 meters and its thickness at 195 to 220 meters. The overlying lower Lorraine Shales, 180 meters in thickness, are considered by the consultant, to be prospective for gas.

This seismic survey together with seismic surveys carried out earlier by the Company are adequate for the planning of a first phase drilling program of at least two wells, one in each of Tier 1 and Tier 2 areas.

4) Sept-Iles Gas Property, Sept-Iles, Quebec North

(1) Altai owns 100% interest in a gas permit of 24,042 hectares (59,408 acres) (“Property”) at Sept-Iles, Quebec North which is approximately 750 km north-east of the Company’s Sorel-Trois Rivieres gas property.

The Property covers a gas well drilled in 1970 that encountered gas in recent sediments at a depth of 270 feet (90 meters) and was plugged and abandoned. As the underlying rocks are part of the Canadian Shield, the gas is probably seepage gas from Paleozoic Sediments under the St. Lawrence estuary.

(2) The 2008 Farmin Option Agreement (“Agreement”) with RJK Explorations Ltd. (“RJK”) on the Property was terminated by RJK in May 2009 with RJK failing to fulfill all its obligations per Agreement and not earning any interest in the Property.

(3) In June-July 2009, Altai completed a resistivity survey over the area of previous gas discovery. The resistivity survey was aimed at mapping the extent, if any, of the gas bearing strata. The gas in recent unconsolidated sediments are in sands and gravels with clay cover. The resistivity survey suggests that in the area of gas showing the clay layer directly overlies the Precambrian basement, hence the gas potential of the property is thought to be low. No work has been planned for the near future.

5) Altai Philippines Mining Corporation (“Altai Philippines”)

The Company has a 40% equity interest in Altai Philippines Mining Corporation (“Altai Philippines”) and has a direct 10% Net Smelter Return (NSR) royalty interest in all properties in which Altai Philippines has an interest. Alternatively, the Company may elect to give up its 10% NSR interest in return for building and owning 80% of the ore processing facilities; in such event, the Company will buy the ore from Altai Philippines by paying a royalty equal to 10% of the direct mining costs of the ore delivered to the processing facilities. Altai Philippines will subsequently have 20% ownership of the processing plant.

In the event that properties are joint-ventured, leased or sold to a third party interest(s), 60% of residual proceeds will accrue to the Company until it recovers its expenditures and outlays and 40% to Altai Philippines. After recovery of the Company’s expenditures, proceeds will be shared equally.

The properties of Altai Philippines are Sibuyan Island lateritic nickel-cobalt property, Negros Island sulfur property and Lahuy Island gold property.

i) In November 2004, Altai Philippines entered into an option agreement with a consortium headed by Sunshine Gold Pty Ltd (“Sunshine”) of Australia on Altai Philippines’ nickel laterite property on Sibuyan Island (“Sibuyan property”). Under the option agreement, Sunshine would have ninety days from the date of Altai Philippines obtaining approval of the Mineral Production Sharing Agreement (MPSA) application for the property to exercise the option to purchase the Sibuyan property for C$1.3 million. Sunshine was to fund the expenses for the MPSA application. As at December 31, 2009 and to date, the transaction has not yet been closed.

ii) In June 2008, Altai Philippines entered into an agreement to grant an option to buy its Negros Island sulphur property to a private Philippine company (the “Optionee”) for US$1,500,000 payable in three instalments over a maximum of 6 years (US$500,000 every two years or less) subject to certain approvals of the Philippine Government. As at December 31, 2009 and to date, no instalment payment has been made by the Optionee.

Though there are outstanding sale option agreements on two of the three properties of Altai Philippines, there is uncertainty in the timing of the transaction closings, if any. Therefore at end of 2008 the Company wrote down its investment in and its note receivable from Altai Philippines to $1 each.

ADOPTION OF NEW ACCOUNTING POLICIES

(a) **Credit risk**

In January 2009, the CICA’s Emerging Issues Committee concluded that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The application of incorporating credit risk into the fair value should result in entities re-measuring the financial assets and financial liabilities as at the beginning of the period of adoption. This abstract should be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. Retrospective application with restatement of prior periods is also permitted. The adoption of this standard did not impact the position or earnings of the Company.

(b) **Goodwill and intangible assets**

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. As a result, start-up costs must be expensed as incurred. CICA Handbook Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. The adoption of this standard did not impact the financial position or earnings of the Company.

(c) **Financial instruments - disclosures**

In June 2009, the Canadian Accounting Standards Board ("AcSB") issued the amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures, which reflect the corresponding amendments made by the International Accounting Standards Board to IFRS 7, Financial Instruments: Disclosures, in March 2009.

The amendments require that all financial instruments measured at fair value be presented into one of the three hierarchy levels set forth below for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.

(i) Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets.
(ii) Level 2: Valuation models which utilize predominately observable market inputs.
(iii) Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments. The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk. The adoption of the amendments did not impact the Company's financial position or results of operations.

(d) **Mining exploration costs**

On March 27, 2009, the Emerging Issues Committee of the CICA issued an abstract EIC-174, "Mining Exploration Costs", which provides further guidance on the interpretation of capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract by the Company had no impact on its financial statements.

OUTLOOK FOR 2010 AND BEYOND

In 2008, the Company raised $5.853 million mainly from private placements. These funds significantly boost the Company's general working capital even after the Company having paid the cash portion ($600,000) of the consideration in its 2008 acquisition of Petro St-Pierre Inc. for its minority interest in the Sorel-Trois Rivieres gas property.

Due to the low natural gas price, the share price of the Company remained relatively low throughout 2009. Recent positive results of various drilled wells at the St. Lawrence Lowlands Utica Shale Fairway have somewhat lifted the share price.

As major oil and gas companies are still affected by the slow economic recovery and relatively low natural gas price, they remain more reluctant to commit and take on new projects or joint ventures in yet to be proven gas plays. The recent purchases and joint ventures of major companies in the US plays, together with the increased well drilling, both vertical and horizontal wells, by Talisman and other players in the St. Lawrence Lowlands Utica Shale Gas Fairway have increased interest in the Quebec shale gas plays.

In 2009 the combination of the above two factors has slowed down the Company's plan in the development of the Sorel-Trois Rivieres gas property in the St. Lawrence Lowlands, Quebec. However we believe that in the long run, if and when (hopefully in the near future) oil and gas are proven in Quebec and in Altai's Property, our Property will be in a much more favourable position compared to projects in much more remote parts of North America due to its proximity to the Pipelines and the user markets, especially Quebec.

Preservation of the capital remains a priority of the Company. Yield on low risk short term papers remains very low due to the all time low interest rates throughout most parts of the world versus the much higher yield for the much more risky papers. Despite that, the Company prefers and continues to invest the greater part of its cash in secured short term papers which offer very low yields. In 2009 the interest income generated from this investment venue had been low.

Since July 2009 the Company has invested part of its cash in shares of Canadian major banks and relatively stable companies which are liquid and regularly pay dividends or interests. As such, the Company's marketable securities investment is liquid and reasonably safe. The income from these investments are higher than that of the secured short term papers.

The Company continually monitors the investment environment and the availability of low risk investment opportunities for its cash investment purpose.

Since Altai does not have any debt nor committed capital expenditures, has relatively low administration expenses and liquid investment, the Company will have no liquidity issues in the next few years.

In view of the economic conditions since late 2008, the Company has extended in March 2009, the warrant term by one year to May 4, 2010 for the 1,000,000 common share purchase warrants issued pursuant to the private placement of 2,000,000 common share units at $0.95 per unit closed on May 5, 2008 with warrant exercise price of $1.25 per common share and original one year warrant expiry date of May 4, 2009. All other terms and conditions of the warrants remain the same.

600,000 and 3,500,000 share purchase warrants with respective warrant exercise prices of $0.60 per common share and $0.65 per common share, all with expiry date of April 10, 2010, have expired without being exercised.

Over the next twelve months, the Company's efforts will remain focused on exploring and developing the Sorel-Trois Rivieres natural gas property in the St. Lawrence Lowlands, which has been significantly enhanced by Forest Oil's discovery referred to in their press release of April 1, 2008 and those of Talisman Energy Canada and other players in the Fairway. In order to accomplish this task, the Company will upgrade its management by hiring new personnel and adding further capabilities to its board. Altai intends to drill, frac and test at least two wells, one in each of Tier 1 and Tier 2 areas, over the next period. The Company will also carry out resistivity surveys in thick overburden area to the west of city of Trois Rivieres orientated to gas targets in recent sands and gravels. Such targets, similar to those found in Altai permits under the Lake St. Pierre to the south constitute excellent pic-shaving gas storage reservoirs similar to the adjacent Intragas facilities to the west.

The Company intends to raise funds for its Sorel-Trois Rivieres gas property exploration work through equity financing.

OFF-BALANCE SHEET TRANSACTIONS

The company does not have any off-balance sheet arrangements.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS FOR 2009

a) In 2009, the Company had a net loss of $41,156. Total expenses of $98,611 ($75,273 administrative expenses and $23,338 non-cash expenses) were partly offset by $57,455 investment and miscellaneous income.
b) The marketable securities held by Altai comprising shares of Canadian major banks and relatively stable companies denominated in Canadian currency are liquid. A small portion of the marketable securities are shares received by the Company pursuant to previous option agreements. The overall market value of the marketable securities has increased by approximately 10% over the total cost. All shares have been adjusted to their fair market values as at December 31, 2009.

RESTATEMENT OF CONSOLIDATED FINACIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

The Company discovered an error relating to its consolidated financial statements for the year ended December 31, 2008. In those previously released consolidated financial statements, the Company had not properly recognized the following: (1) the future income tax liability related to its acquisition of Petro St-Pierre Inc. and (2) the Company incorrectly accounted for the tax effect of the change in the fair value of its available for sale investments as an income tax expense and a reduction to accumulated other comprehensive income (loss). These consolidated financial statements have been restated to give effect to the adjustment to the purchase price allocation and the related future income tax liability arising from this acquisition and the tax adjustment relating to the change in the fair value of its available for sale investments. The value attributed to the underlying natural gas interests and related exploration expenditures, on the allocation of the purchase price has been increased by $7,448,211 to reflect a future tax liability totaling $7,448,211. This non-cash adjustment has no impact on the net loss for the year ended December 31, 2008, the net cash flows or cash balances as previously reported. The tax adjustment relating to the change in the fair value of its available for sale investments decreased net loss and deficit by $24,150 and increased accumulated other comprehensive income by $24,150. All amounts included within these consolidated financial statements and accompanying notes have been adjusted to reflect this restatement.

The following is a summary of the effects of the aforementioned adjustments on the consolidated financial statements:

	As previously Reported December 31, 2008 (a) $	Adjustment $	As restated December 31, 2008 $
Natural gas interests	23,903,965	7,448,211	31,352,176
Future tax liabilities	–	7,448,211	7,448,211
Net loss	(1,609,807)	24,150	(1,585,657)
Deficit	(7,442,092)	24,150	(7,417,942)
Accumulated other comprehensive (loss)	(28,252)	(24,150)	(52,402)

(a) As previously disclosed in the December 31, 2008 financial statements filed with regulators in April 2009.

SELECTED ANNUAL INFORMATION

	December 31, 2009 $	Restated December 31, 2008 $	December 31, 2007 $
Total revenue	57,455	152,860	25,642
Net income (loss)	(41,156)	(1,585,657)	48,092
Income (loss) per share (Basic and Diluted)	(0.00)	(0.04)	0.00
Total assets	38,080,320	37,988,034	4,505,982
Long term debt	Nil	Nil	35,100
Dividend paid	Nil	Nil	Nil

Weighted average number of shares outstanding			
Basic	49,498,484	39,602,138	28,856,554
Diluted (including share options and warrants)	55,301,224	43,767,329	31,063,554

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended			
2009	December 31 $	September 30 $	June 30 $	March 31 $
Revenue	29,380	7,440	12,193	8,442
Net income (loss)	(16,864)	33,391	(28,473)	(29,210)
Net loss per share (Basic and Diluted*)	(0.00)*	0.00	(0.00)*	(0.00)*
Weighted average number of shares				
Basic	49,498,484	49,498,484	49,498,484	49,498,484
Diluted (including share options and warrants)	55,301,224	55,301,224	55,301,224	55,401,224

	Three Months Ended			
2008 (Restated)	December 31 $	September 30 $	June 30 $	March 31 $
Revenue	87,078	36,512	24,711	4,559
Net loss	(502,461)	(97,005)	(974,887)	(11,304)
Net loss per share (Basic and Diluted*)	(0.01)*	(0.00)*	(0.03)*	(0.00)*
Weighted average number of shares				
Basic	39,602,138	37,697,767	37,697,767	28,856,554
Diluted (including share options and warrants)	43,767,329	41,862,958	41,852,794	31,053,554

* Due to the loss in all quarters of 2008 and in the first, second and fourth quarters of 2009, the diluted weighted average number of shares used to calculate the diluted net loss per share in the respective periods is the same as the basic weighted average number of shares as the inclusion of outstanding share options and warrants would be anti-dilutive.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a 5 year office lease starting from July 1, 2008. The basic rent per month is $1,218 and the 2009 additional rent per month was approximately $1,621 to April 30, 2009 and $1,487 effective May 1, 2009. The lease includes a 12 months Rent Free Period spread over the first three years of the lease.

RELATED PARTY TRANSACTIONS

a) Consulting services were provided by two officers. Fees for such services amounted to $78,000 (2008 – $48,000). These fees have been allocated to administrative expenses ($3,245) and resource properties ($74,755).

b) The fifth (final) instalment ($35,100) of the $175,500 consulting charge payable in 5 equal annual instalments to an officer of the Company per agreement signed in 2004, had been paid in the first quarter of 2009.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND MD&A

Management, including the President and the Secretary-Treasurer, have reviewed the annual financial statements and annual MD&A (the “annual filings”) for the financial year ended December 31, 2009.

Based on the knowledge of the President and the Secretary-Treasurer, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

Based on the knowledge of the President and the Secretary-Treasurer, having exercised reasonable diligence, the annual financial statements together with other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented in the annual filings.

OUTSTANDING SHARES

As of April 23, 2010, the Company’s share capital is as following:

	Basic	Weighted average
Issued and outstanding common shares	49,513,552	49,513,552
Stock options	1,220,000	1,148,765
Warrants	1,000,000	1,000,000
Common shares fully diluted	51,733,552	51,662,317