

ALTAI RESOURCES INC. DISCOVERS DEEP GAS TARGET IN ITS LAC ST. PIERRE GAS AND GAS STORAGE PROPERTY IN QUEBEC

Altai Resources Inc. (ATI, TSE; US Sec. Rule 12g3-2(b) File # 82-2950) has received the report on a recently completed deep seismic survey on its 50.51% owned Lac St. Pierre natural gas property, Pierreville area, Quebec. The property is located half way between Montreal and Quebec City in the industrial heartland of Quebec. The survey indicates the possible presence of a gas reservoir at a depth of 1,000 meters with a potential volume of 2 to 5 billion cubic feet. It is the first time that Altai conducted a seismic survey for deep targets in this property of 85,400 hectares (211,000 acres). Recently a deep gas deposit was discovered in the same geological formation a few kilometers East of our property.

To date, approximately half of the property was covered by seismic surveys orientated to shallow (less than 150 meters deep), high porosity and high permeability gas reservoirs. The previously announced surveys and two wells already drilled by Altai indicate a potential of 33 billion cubic feet of gas (which at the current prices, is worth about C\$260 Million in ground.). There is significant potential to increase shallow gas reservoirs by further work. The potential for deep (deeper than 150 meters) gas deposits in the property remains largely untested to date, but the results of the above mentioned survey are very encouraging.

Altai believes the greater value of the property is in its use for gas storage. A combination of the shallow, high porosity and high permeability reservoirs suitable for peak shaving gas storage and the deep high-pressure reservoirs for seasonal gas storage will significantly enhance the economics of this well located property (5 kilometers South of Transcanada Pipeline) as a natural gas storage site. Furthermore, with the recent increase in the price of natural gas to record highs, the sweet clean gas to be produced from this property should fetch premium prices.

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Date: November 28, 2000

