ALTAI RESOURCES INC.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2008 **Dated August 19, 2008**

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 six months ended June 30, 2008 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, 2007 ("2007 Annual MD&A") dated April 14, 2008 are relevant for the period under review and therefore readers are advised to read this with the 2007 Annual MD&A.

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 – the 50% owned Malartic gold property (named "Blackcliff gold property" by property joint-venture partner) of 3 claims of 120 hectares (300 acres), and the **62.89% owned (as at June 30, 2008) Sorel-Trois Rivieres natural gas property** of 7 oil and gas and reservoir permits **of 114,252 hectares (282,317 acres)** (at June 30, 2008 there were 9 permits of the same acreage) (excluding the permit of 13,290 Ha (32,840 acres) in which Talisman Energy Canada has 100% working interest and Altai has 8.03% gross royalty) were maintained in good standing as at June 30, 2008 and to date.

2) Malartic gold property, Quebec

Effective September 2007, the Company and Globex Mining Enterprises Inc. ("Globex") (jointly the "Optionors") have optioned 100% interest in the Malartic gold property to C2C Inc. and Animiki Mining Corporation (jointly the "Optionees"). All cash, shares and royalties to be received under the terms of the option agreement are to be shared equally by the Optionors. To date C2C has paid the Optionors $75,000 cash and 400,000 C2C shares. $100,000 cash and 200,000 shares payments are due from the Optionees upon the first agreement anniversary, and $200,000 cash and 200,000 shares upon each of the second and third anniversaries. $5,000,000 of work must be completed by the end of the fourth year of the option. The Company and Globex will retain a 3% (three percent) gross metal royalty on any mineral production from the property and a 10% (ten percent) net profits royalty. Upon the sixth anniversary, the Optionees must commence an annual advance royalty payment of $50,000.

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

a) Altai owns 62.89% (as at June 30, 2008) of the Sorel-Trois Rivieres natural gas property ("Property") of 7 oil and gas and reservoir permits of 114,252 hectares (282,317 acres) (at June 30, 2008 there were 9 permits of the same acreage). Altai has also 8.03% gross royalty in a 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. **The test well Talisman drilled in that Permit has good Utica shale gas showings.** Therefore the Company holds varying interests in a substantial land package consisting of **315,000 acres located about 2 km west of the Forest Oil Corporation discovery wells in the St. Lawrence Lowlands.**

(i) In January 2008 Altai carried out a seismic reflection survey in the property orientated to deep gas targets. Altai is awaiting analysis results of the survey.

(ii) On April 1, 2008, **Forest Oil Corporation**, a US oil and gas company with a market capitalization of $5 Billion, announced in its press release a significant gas discovery in the Utica shale of the St. Lawrence Lowlands:

QUOTE

"Over the last two years, Forest has accumulated approximately 269,000 net acres, under lease or farmout, in the St. Lawrence Lowlands in Quebec, Canada. Two vertical pilot wells were drilled in 2007, testing the Utica Shale, to a total depth of approximately 4,800 feet. Production rates tested up to 1 Million cfe/d. Although the play is still in the early stages, Forest believes the initial results are encouraging due to the following factors:
- Shallow depth of the shale
- Rock properties are comparable to other more established shale plays
- High-quality natural gas with minimal impurities
- Infrastructure in place with nearby access to major pipelines
- Premium natural gas pricing to NYMEX makes the economics compelling

Forest plans to drill three horizontal wells in 2008 to refine its drilling and completion techniques………………………. First production is expected in 2009 with the potential for a full scale drilling program in 2010 and beyond."

UNQUOTE

(iii) According to the independent consultant, the main target in the three permits in Altai's property, and the Permit which is now 100% working interest owned by Talisman with Altai holding 8.03% gross royalty, is a NE trending collapse zone 34 kilometers long averaging one kilometer in width. It may extend further SE within Altai permits. The zone appears as a depression at the top of Trenton formation of Ordovician age at a depth of about 750 meters. The depression is interpreted 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. In addition to Trenton formation, the stratigraphically lower Chazy, Beekmantown and Potsdam formations have gas showings elsewhere in the Appalachians. When the consulting report was done (2004) no attention was paid to gas potential of Utica and overlying Lorraine Formations.

In the opinion of Altai, there is very good exploration potential located along this feature on these permits and in all Altai's other permits based on recent developments in the St. Lawrence Lowlands. Apart from shale gas, Altai's permits host other potential gas targets mainly Trenton-Black River, Beekmantown and gas deposits in recent gravels.

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. The underlying prospective Utica Shale extends onto Altai's property.

b) In June 2008, Altai entered into an agreement to acquire Petro St-Pierre Inc. ("PSP"), the minority joint venture partner of the Altai Property and a private Montreal company. PSP holds 37.11% interests (as at June 30, 2008) in the Property and 6.97% gross royalty in the Talisman Permit.

In consideration for acquiring 100% of the outstanding 2,225,060 shares of PSP, Altai would issue 8.2 million Altai common shares and pay cash of approximately $350,000 to the existing PSP shareholders and assume PSP's debt of approximately $250,000.

This transaction is subject to the completion of satisfactory due diligence by Altai, the execution of a definitive agreement and approvals of all applicable regulatory authorities and TSX Venture Exchange.

Upon the completion of this transaction, Altai Resources Inc. will then have a large 100% owned land position of 114,252 hectares (282,317 acres) in the heart and main area of interest of the St. Lawrence Lowlands shale gas play contiguous to the Utica shale gas discovery reported by Forest Oil on April 1, 2008. These landholdings are the largest uncommitted (not farmed-out) contiguous block in the St. Lawrence Lowlands gas play among the junior public companies. In addition, Altai will also hold a 15% gross royalty in the 13,290 hectares (32,840 acres) Talisman Permit.

The Company considers combining the joint venture interests under the roof of Altai as a positive move and is a win-win situation for the shareholders of both Altai and PSP. With a 100% interest in a large land package in a strategic location, Altai will be in a better position to further evaluate the various options available to us to develop our gas property.

To date, the Company has received TSX Venture Exchange's conditional approval of the transaction.

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

4) Sept-Iles Oil and Gas Permit, Sept-Iles, Quebec North

(1) In June 2008, Altai acquired an oil and gas permit of 24,042 hectares (59,408 acres) ("Permit") at Sept-Iles, Quebec North which is approximately 750 km north-east of the Company's Sorel-Trois Rivieres gas property.

The Permit 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) At end of July, 2008 Altai signed an Earn-in Option Letter of Intent (the "Letter of Intent") with RJK Explorations Ltd. ("RJK") on this Permit. Terms for RJK to earn 100% interest in the Permit from Altai are:

– RJK to issue 500,000 RJK shares to Altai on signature of Letter of Intent;
– RJK to drill a minimum of 1,200 meters in the Permit within 180 days from signature date of Letter of Intent;
– Altai and RJK to enter into an option agreement within 60 days from signature date of Letter of Intent;
– RJK to issue a further 500,000 shares to Altai if RJK wishes to earn 100% interest in the Permit after drilling;
– Altai retains a 15% gross royalty if and when RJK earns 100% interest in the Permit; and
– Transaction subject to approvals of Altai Board and applicable regulatory authorities.

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 40% to Altai Philippines. After recovery of the Company's expenditures, proceeds will be shared equally.

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

i) The Company and Altai Philippines are examining different alternatives to develop the Negros Island sulfur property.

ii) As at June 30, 2008 and to date, the option agreement that Altai Philippines signed with a consortium headed by Sunshine Gold Pty Ltd. of Australia in late 2004 for the sale of Altai Philippines' lateritic nickel-cobalt property on Sibuyan Island, has not yet closed as the Mineral Production Sharing Agreement application for the property has not yet been approved.

ADOPTION OF NEW ACCOUNTING POLICIES

a) CICA Section 3862 "Financial instruments – disclosures"
Effective January 1, 2008, the Company adopted this standard which relates to the disclosure of financial instruments. CICA Section 3863 "Financial instruments – presentation" must be adopted at the same time, replacing CICA Section 3861 "Financial instruments – disclosure and presentation".

b) CICA Section 3863 "Financial instruments – presentation"
Effective January 1, 2008, the Company adopted this standard which relates to the presentation of financial instruments. CICA Section 3862 "Financial instruments – presentation" must be adopted at the same time, replacing CICA Section 3861 "Financial instruments – disclosure and presentation".

c) CICA Section 1535 "Capital disclosures"
Effective January 1, 2008, the Company adopted this standard which relates to the disclosure of capital management strategies.

d) CICA Section 3031 "Inventories"
Effective January 1, 2008, the Company adopted this standard which relates to the measurement and disclosure of inventories. The adoption of this standard has no impact on the Company's financial statements for the six months ended June 30, 2008.

OUTLOOK FOR 2008 AND BEYOND

The balance of the proceeds from the flow-through share units private placement made in late 2006 has provided funds for the Company to carry out targeted exploration work on its oil and gas and reservoir permits for the January 2008 work program, whereas the proceeds from the common share units private placement made at the same time, together with the cash payments received in early 2008 from the option of the Marlatic gold property and the cash payments anticipated to be received in September 2008 and beyond, increase the general working capital of the Company.

In April and May 2008, the Company has raised a total of $5.853 million consisting of $5.18M from three private placements (including $2M made by Sprott Asset Management Inc. and $0.8M by MMCAP International Inc SPC), $630,000 from exercise of share purchase warrants, and $131,380 from exercise of stock options. These funds significantly boost the Company's general working capital and will enable Altai to explore/develop the oil and gas project and other mineral exploration projects to higher levels.

Over the next twelve months, the Company's efforts will be focused on exploring and developing the Sorel-Trois Rivieres natural gas property. Altai's gas property in the St. Lawrence Lowlands has been significantly enhanced by Forest Oil's discovery referred to in their press release of April 1, 2008.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2008

a) For the first six months of 2008, the Company had a net loss of $986,191 including its share ($3,950) of the net loss of equity investment in Altai Philippines. The big loss was mainly due to the stock-based compensation cost (a non-cash item) of $978,000 recorded in the second quarter. The administration expenses remained low at $23,575 for the period which was covered by the investment income of $29,271.

b) In the first quarter of 2008, the major sources of funding for the Company's exploration work in the Sorel-Trois Rivieres natural gas property, and the fourth installment payment of a long term consulting charge payable mainly came from the proceeds of the 2006 flow-through share units and the common share units private placements.

The 5.9 million proceeds from the 3 private placements and exercise of share purchase warrants and stock options done in the second quarter of the year boost significantly the general working capital of the Company and funds for exploration of Altai's properties.

c) The marketable securities held by Altai comprising mostly of Canadian major bank shares denominated in Canadian currency, are liquid but have decreased further in value in the six months of 2008.The 200,000 common shares of C2C Inc. received per Malartic gold property agreement have also decreased in their market value as at June 30, 2008. All shares have been adjusted to their fair market value as at June 30, 2008.

DISCLOSURE CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that material information is generated and reported to management, including the President and the Secretary-Treasurer, as appropriate to permit timely decisions and to permit timely and accurate public disclosure.

Management, including the President and the Secretary-Treasurer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2008. Based on this evaluation, the President and the Secretary-Treasurer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under applicable Canadian Securities Legislation is recorded, processed, summarized and reported within the time limits specified in such rules.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and the Secretary-Treasurer of the Company are responsible for designing and continually maintaining and reviewing internal controls over financial reporting or causing them to be designed and maintained under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

The President and the Secretary-Treasurer have evaluated whether there were changes to its internal controls over financial reporting during the six months ended June 30, 2008 that have materially affected, or that are reasonably likely to materially affect its internal controls over financial reporting. No such changes were identified through their evaluation.

OUTSTANDING SHARES

As of August 19, 2008, the Company's share capital is as following:

	Basic	Weighted average
Issued and outstanding common shares	41,213,554	37,697,767
Stock options	700,000	499,453
Warrants	5,100,000	3,627,049
Common shares fully diluted	47,013,554	41,824,269