ALTAI RESOURCES INC.

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

FOR THE YEAR ENDED DECEMBER 31, 2007 **Dated April 14, 2008**

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 year ended December 31, 2007 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 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 **59.40% owned (as at December 31, 2007) Sorel-Trois Rivieres natural gas property** of 13 oil and gas and reservoir permits **of 114,252 hectares (282,317 acres)** (excluding the permit of 13,290 Ha (33,000 acres) earned 100% equity interest by Talisman Energy Canada in 2006 in which Altai has 8% gross royalty) were maintained in good standing as at December 31, 2007 and to date (effective March 19, 2008 there are 10 oil and gas and reservoir permits with the same area (282,317 acres) as before that 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. C2C paid the Optionors $25,000 cash and 400,000 C2C shares in December 2007, and a further $50,000 cash in February 2008. $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

Altai owns 59.40% (as at December 31, 2007) of the Sorel-Trois Rivieres natural gas property of 13 oil and gas and reservoir permits of 114,252 hectares (282,317 acres). Altai has also 8% gross royalty in a permit of 13,290 Ha (33,000 acres) in which Talisman Energy Canada ("Talisman") earned 100% equity interest in 2006. 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.**

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 new gas discovery in the Utica shale of the St. Lawrence Lowlands.

i) In February – March 2007 Altai carried out a seismic reflection survey on its Sorel Islands permits. The survey is orientated to shallow (less than 150 meters) gas targets in recent sediments.

ii) (1) Pursuant to an agreement between Talisman and the Company and Petro St-Pierre Inc. ("PSP") dated July 2005, Talisman earned a 100% equity interest in one permit of 33,000 acres after having drilled one well in that permit. **The well has good Utica shale gas showings. Altai retains 8% gross royalty in that permit.**

In late August 2007, Talisman returned all other 3 optioned permits to the joint venture.

(2) According to the independent consultant, the main target in the four permits (including the one now 100% interest owned by Talisman) 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 including shale gas, located along this feature on these permits and in all Altai's other permits based on recent developments in the St. Lawrence Lowlands.

On April 1, 2008, Forest Oil announced in its press release a significant gas discovery:

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

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.

iii) 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) 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) In early 2007, Crew Gold Corporation through its wholly owned subsidiary, Crew Minerals (Philippines) Inc. (now named as Intex Resources Inc.), terminated the option agreement with Altai Philippines re Altai Philippines' Negros Island sulfur property in view of the big increase in the annual payments from 2007 on. The Company and Altai Philippines are examining different alternatives, including sale of the property, to develop the property.

ii) As at December 31, 2007 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

1) The CICA Section 3855 "Financial Instruments – Recognition and Measurement" requires that financial assets classified as "available-for-sale" be recorded at fair market values and that gains or losses in available-for-sale financial assets be recorded in the balance sheet as "Other comprehensive income (loss)" (CICA Section 1530). The standard became a reporting requirement for all publicly traded companies with year-ends after October 31, 2006. The Company, as permitted by CICA Section 3855, has adopted the section prospectively effective January 1, 2007 and has classified all of its investments in marketable securities as available for-sale. As required, shareholders' equity as at December 31, 2006 has been restated to include a gain of $94,269 and the deficit has been restated to include a reduction of $20,777 (being the tax impact on adoption of the said accounting policy), on valuation of available-for-sale financial assets that would have been reported, had the policy been in effect at that time.

2) Effective January 1, 2007 the Company adopted the revised CICA Section 1506 "Accounting Changes" which requires that: (i) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (ii) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (iii) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

3) CICA Section 3865 "Hedges" is applicable when a company chooses to designate a hedging relationship for accounting purposes. It specifies how hedge accounting is applied and the disclosures required when it is applied. The Company had no hedging relationships as at January 1, 2007 and to date. There was no impact on the Company's financial statements upon adoption of this standard.

OUTLOOK FOR 2008 AND BEYOND

The proceeds from the flow-through share units private placement made in late 2006 provide funds for the Company to carry out targeted exploration work on its oil and gas and reservoir permits for 2007 and 2008, whereas the proceeds from the common share units private placement made at the same time, together with the cash payments received in late 2007 and 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.

Subsequent to the year-end of 2007, the Company has raised a total of $3,882,580, consisting of $3,280,000 from two private placements (including $2M made by Sprott Asset Management Inc. and $0.8M by MMCAP International Inc SPC), $560,000 from exercise of share purchase warrants, and $42,580 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 work to higher levels.

Over the next twelve months, the Company's efforts will be focused on the following:

1. Exploring and developing the Sorel-Trois Rivieres natural gas property. In January 2008 Altai carried out a seismic reflection survey in the property orientated to deep gas targets. As mentioned in the overview of this MD & A, Altai's gas properties in the St. Lawrence Lowlands have been significantly enhanced by Forest Oil's discovery referred to in their press release of April 1, 2008.

2. Acquisition of new mineral properties.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS FOR 2007

a) For the year of 2007, the Company had a net income of $48,092 including its share ($7,712) of the net loss of equity investment in Altai Philippines. The net income was mainly due to the relatively low administration expenses of $54,604 offset by investment income of $25,642 and the future income tax receivable of $84,766 re renounced expenditures on flow-through shares.

b) During the year, the major sources of funding for the Company's exploration work in the Sorel-Trois Rivieres natural gas property, the administration expenses and the third installment payment of a long term consulting charge payable, mainly came from the proceeds of the flow-through share units and the common share units private placements.

c) The marketable securities held by Altai comprising mostly of Canadian major bank shares denominated in Canadian currency, are liquid but have decreased during 2007. At the end of the year the Company received 200,000 common shares of the TSX Venture listed optionee of the Malartic gold property. The value of those shares has been adjusted to its fair market value at December 31, 2007.

SELECTED ANNUAL INFORMATION

	December 31, 2007 $	December 31, 2006 $	December 31, 2005 $
Total revenue	25,642	7,177	60,756
Net income (loss)	48,092	(48,583)	27,591
Income (loss) per share (Basic and Diluted)	0.002	(0.002)*	0.001
Total assets	4,505,982	4,447,339	3,738,133
Long term debt	35,100	70,200	105,300
Dividend paid	Nil	Nil	Nil
Weighted average number of shares outstanding			
Basic	28,856,554	26,115,524	24,850,047
Diluted (including share options and warrants)	31,063,554	27,506,324	25,723,047

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended			
2007	December 31 $	September 30 $	June 30 $	March 31 $
Revenue	7,686	6,908	6,532	4,516
Net income (loss)	76,114	(5,004)	(14,492)	(8,526)
Net Income (loss) per share (Basic and Diluted*)	0.003	(0.000)	(0.001)*	0.000
Weighted average number of shares				
Basic	28,565,554	28,856,554	28,856,554	28,856,554
Diluted (including share options and warrants)	31,063,554	32,329,554	32,792,554	32,792,554

	Three Months Ended			
2006	December 31 $	September 30 $	June 30 $	March 31 $
Revenue	3,711	1,133	1,156	1,177
Net loss	(9,640)	(8,096)	(18,930)	(11,917)

Net loss per share (Basic and Diluted*)	(0.001)*	(0.000)*	(0.001)*	(0.000)*
Weighted average number of shares				
Basic	26,115,524	25,055,798	25,055,798	25,053,554
Diluted (including share options and warrants)	27,506,324	25,925,798	25,925,798	25,926,554

* Due to the loss in the second and fourth quarters of 2006 and in the second quarter of 2007, 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 three year office gross rental lease expired at the end of August 2007 without being renewed by the Company.

RELATED PARTY TRANSACTIONS

1. Consulting services were provided by two officers. Fees for such services amounted to $45,000 (2006 – $36,000). These fees have been allocated to administrative expenses ($1,983) and resource properties ($43,017).

2. The third instalment ($35,100) of the $175,500 consulting charge payable in equal instalments over 5 years to an officer of the Company per agreement signed in 2004, had been paid in 2007.

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 Treasurer, as appropriate to permit timely decisions and to permit timely and accurate public disclosure.

Management, including the President and the Treasurer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2007. Based on this evaluation, the President and the 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 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 Treasurer have evaluated whether there were changes to its internal controls over financial reporting during the year ended December 31, 2007 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 April 11, 2008, the Company's share capital is as following:

	Basic	Weighted average
Issued and outstanding common shares	38,953,554	36,206,237
Stock options	400,000	323,770
Warrants	4,300,000	3,168,579
Common shares fully diluted	43,653,554	39,698,586