ALTAI RESOURCES INC.
CONSOLIDATED BALANCE SHEETS AS AT MARCH 31, 2008
(PREPARED BY MANAGEMENT)

	March 31, 2008 (UNAUDITED) $	December 31, 2007 (AUDITED) $
ASSETS		
Current		
Cash and cash equivalents	504,734	567,093
Marketable securities (Note 4)	163,480	193,470
Accounts receivable	27,683	4,900
	695,897	765,463
Note receivable (Note 5)	546,903	546,903
Investment in subsidiaries (Note 5)	554,438	553,877
Interests in mining properties (Note 6)	909,280	933,959
Natural gas interests (Note 7)	1,872,445	1,705,637
Investment in technology project	1	1
Capital assets	-	142
Total Assets	4,578,964	4,505,982
LIABILITIES		
Current		
Accounts payable	176,826	32,315
Current portion of consulting charge payable	35,100	35,100
	211,926	67,415
Consulting charge payable	-	35,100
	211,926	102,515
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	9,538,244	9,538,244
Share purchase warrants (Note 8)	306,000	306,000
Contributed surplus (Note 9)	299,730	299,730
Deficit	(5,843,589)	(5,832,285)
Accumulated other comprehensive income (Note 10)	66,653	91,778
	4,367,038	4,403,467
Total liabilities and shareholders' equity	4,578,964	4,505,982

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

	March 31, 2008 $	March 31, 2007 $
CONSOLIDATED OPERATIONS		
Revenue		
Investment and miscellaneous income	4,559	4,516
	4,559	4,516
Expenses		
Administrative expenses	8,384	12,018

Abandonment and write offs	400	-
Prospecting and general	72	37
Amortization	142	142
	8,998	12,197
Net loss before share of net loss of equity investment and income taxes	(4,439)	(7,681)
Share of net loss of equity investment	(2,000)	(481)
Future income taxes (Note 10)	(4,865)	(364)
Net loss	(11,304)	(8,526)
Net loss per share – basic and fully diluted (Note 10)	(0.000)	(0.000)

CONSOLIDATED DEFICIT

Balance, beginning of period	(5,832,285)	(5,901,154)
Restatement of income tax impact on adoption of accounting standards	-	20,777
Net loss	(11,304)	(8,526)
Balance, end of period	(5,843,589)	(5,888,903)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

	March 31, 2008 $	**March 31, 2007** $
Operating activities		
Net loss	(11,304)	(8,526)
Items not affecting cash		
Abandonment and write offs	400	-
Share of net loss of equity investment	2,000	481
Amortization	142	142
Future income taxes	4,865	364
Increase in accounts receivable	(22,783)	(23,527)
Increase in accounts payable	144,512	105,504
Decrease in consulting charge payable	(35,100)	(35,100)
Cash used in operating activities	82,732	39,338
Investing activities		
Interests in mining properties	25,000	-
Deferred exploration expenditures	(721)	-
Natural gas interests	(166,808)	(166,102)
Investment in subsidiaries	(2,562)	(10)
Cash used in investing activities	(145,091)	(166,112)
Financing activities	–	–
Cash provided by financing activities	–	–
Change in cash	(62,359)	(126,774)
Cash, beginning of period	567,093	802,859
Cash, end of period	504,734	676,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

1. Basis of presentation

The interim period consolidated financial statements have been prepared by the Company (without being reviewed by auditors) in accordance with Canadian generally accepted accounting principles. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements, except where there are changes in accounting policies which have been disclosed in these financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim period consolidated financial statements should be read together with the audited consolidated financial statements and the accompanying notes. In the opinion of the Company, its unaudited interim period consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. Adoption of new accounting standards

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 three months ended March 31, 2008.

3. Management of Capital

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its oil and gas and mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders’ equity as well as cash and cash equivalents and marketable securities.

To maintain or adjust its capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company’s investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as banker’s acceptances, with initial maturity terms of 60 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

4. Marketable securities

The marketable securities include major Canadian bank shares and publicly traded common shares received pursuant to property agreements and are reported in their fair market values as at March 31, 2007 (total cost – $81,463).

5. Investment in subsidiaries

Note receivable is from Altai Philippines Mining Corporation (“Altai Philippines”).

The Company has a 40% equity interest in 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, Lahuy Island gold property, and Negros Island sulfur property.

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, after satisfactory due diligence on the property, 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. Sunshine was to fund the expenses for the MPSA application. As at March 31, 2008 and to date, the MPSA application has not yet been approved.

6. Interests in mining properties

	Balance, Beginning of year	Expenditure	Option and Write-off	Balance, End of Period
	$	$	$	$
Property generative				
Property	–	–	–	–
Expenditure	400	-	400	–
Malartic Township, Quebec				
Property	206,211	-	25,000	181,211
Expenditure	727,348	721	-	728,069
Total				
Property	206,211	–	25,000	181,211
Expenditure	727,748	721	400	728,069
Total	933,959	721	25,400	909,280

Malartic Township gold property, Quebec

The Company owns 50% working interest in the Malartic Township gold property of three mining claims totalling 120 hectares (300 acres) in Quebec. The other 50% working interest is owned by the property joint-venture partner, Globex Mining Enterprises Inc. ("Globex"), which names the project "Blackcliff gold property".

Effective September 2007, the Company and Globex (jointly the "Optionors") have optioned 100% interest in the Malartic Township 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 March 31, 2008 and to date, C2C 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 Optionors 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.

7. Natural gas interests

	Balance, Beginning of year	Expenditure	Balance, End of Period
	$	$	$
Sorel-Trois Rivieres property, Quebec	1,705,637	166,808	1,872,445

Sorel-Trois Rivieres natural gas property, Quebec

At March 31, 2008 and to date, the Company and its joint venture partner in the Sorel-Trois Rivieres natural gas property, Quebec, Petro St-Pierre Inc., ("PSP"), have nine oil and gas and reservoir permits in the Sorel area, St. Lawrence Lowlands Region, of Quebec, covering 114,252 hectares (282,317 acres).

At the beginning of 2008 the Company owned a 59.40% working interest in the property. As at March 31, 2008 this working interest was 62.37%. PSP had

37.63% working interest at March 31, 2008. Mengold Resources Inc. ("Mengold") holds a 10% net profit interest participation in the Company's future share of net profits of the permit existing at October 27, 1990 after payback from that permit. Mengold's participation is limited to the recovery of its investment carrying value of $259,010.

Altai has 8.03% gross royalty on all net receipts from the permit of 13,290 hectares (33,000 acres) that Talisman Energy Canada has 100% working interest.

8. Share capital, share purchase warrants and options

a) Share Capital

Authorized
An unlimited number of common shares of no par value.

Shares Issued

	No. of shares	Amount
Balance at December 31, 2006	**28,856,554**	**9,623,560**
Tax benefits renounced – flow-through		(85,316)
Balance at December 31, 2007 and March 31, 2008	**28,856,554**	**9,538,244**

(1) At March 31, 2008, there were 219,667 escrowed common shares outstanding.

b) Share purchase warrants

	Expiry date	Number of share purchase warrants	Black–Scholes Value	Exercise price
			$	$
Balance at December 31, 2007 and March 31, 2008	**April 29, 2008**	**1,800,000**	**306,000**	**0.35**

c) Options

(1) The 2002 Stock Option Plan which authorizes the Board to grant up to 2,293,000 option shares to directors, officers and employees of the Company or of its subsidiaries is in effect. The options are generally exercisable for up to five years from the date of grant.

The prices of all stock options granted are greater than or equal to the closing fair market value of each common share on the days prior to the options being granted.

At March 31, 2008, there were 1,323,000 option shares available for future grants.

The following table summarizes share option activities since December 31, 2006:

	Options outstanding	
	Number of shares	**Weighted average exercise price**
		$
Balance at December 31, 2006	**870,000**	**0.120**
Cancelled	(463,000)	0.100
Balance at December 31, 2007	**407,000**	**0.144**
Cancelled	(10,000)	0.100
Balance at March 31, 2008	**397,000**	**0.143**

The following table summarizes outstanding share options at March 31, 2008:

Number of share options outstanding			Expiry date	Weighted average exercise price
Exercisable	**Unexercisable**	**Total**		**$**
197,000	–	197,000	June 17, 2009	0.140
200,000	–	200,000	August 17, 2010	0.150
397,000	–	397,000		0.143

(2) **Accounting for stock-based compensation cost**

For the three months ended March 31, 2008, no stock-based compensation cost had been incurred.

9. Contributed surplus

	2008	2007
	$	$
Balance, beginning of year	**299,730**	**139,730**
Fair value of expired share purchase warrants	-	160,000
Balance, end of period	**299,730**	**299,730**

10. Accumulated other comprehensive income

	2008	2007
	$	$
Balance, beginning of year	**91,778**	**–**
Restatement of increase in unrealized gain on available-for-sale marketable securities, net of taxes of $20,777	-	94,269
Balance, beginning of year – as restated	91,778	94,269
Other comprehensive loss during the period – unrealized loss on available-for-sale marketable securities, net of taxes recovered of $4,865	(25,125)	(2,491)
Balance, end of period	**66,653**	**91,778**

11. Earnings (loss) per share

Basic net earnings (loss) per share is calculated by dividing the net earnings (loss) by the weighted average number of shares outstanding during the period. Diluted net earnings (loss) per share is calculated by dividing the net earnings (loss) by the sum of the weighted average number of shares outstanding and all additional shares that would have been outstanding if potentially dilutive securities had been issued during the period.

The following table sets forth the computation of basic and diluted loss per share:

	2008	2007
	$	$
Numerator		
Net loss for the period – basic and diluted	(11,304)	(8,526)
Denominator		
Weighted average number of shares – basic	28,856,554	28,856,554
Effect of dilutive shares		
Stock options	397,000	870,000
Warrants	1,800,000	2,800,000
Compensation options	–	266,000
Weighted average number of shares – diluted	31,053,554	32,792,554
Basic and diluted net loss per share	0.000	0.000

12. Related party transactions

a) Consulting services were provided by two officers. Fees for such services amounted to $12,000 (2007 – $3,000). These fees have been allocated to administrative expenses ($900) and resource properties ($11,100).

b) The fourth 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 the first quarter of 2008.

13. Subsequent events

Since April 2008 to date, the Company has closed the following three private placements:

a) a private placement of one million and two hundred thousand share units at $0.40 per unit made by two investors. Each unit comprises of one common share of the Company and one half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at the price of $0.60 per share within 24 months from the date of the closing of the private placement;

b) a private placement of seven million share units at $0.40 per unit made by two institutional investors. Each unit comprises of one common share of the Company and one half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at the price of $0.65 per share within 24 months from the date of the closing of the private placement; and

c) a private placement of two million share units at $0.95 per unit. Each unit comprises of one common share of the Company and one half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at the price of $1.25 per share within 12 months from the date of the closing of the private placement.