ALTAI RESOURCES INC.

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

FOR THE YEAR ENDED DECEMBER 31, 2006 **Dated April 9, 2007**

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, 2006 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

1) 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 mineral property.

a) Altai's properties in Canada, all in the Quebec Province – the 50% owned Malartic gold property (named "Blackcliff project" by property joint-venture partner) of 3 claims of 120 hectares (300 acres) and the 54.88% owned (as at December 31, 2006) Sorel-Trois Rivieres natural gas property of 11 oil and gas and reservoir permits of 127,542 hectares (315,156 acres) (Talisman having earned 100% equity interest in one of the oil and gas permits in the second half of 2006) were maintained in good standing in 2006.

b) Sorel-Trois Rivieres natural gas property, Quebec

i) (1) Since July 2005, the Company and PSP have optioned a portion of the oil and gas permits in the Sorel-Trois Rivieres property to Talisman Energy Canada ("Talisman"). The agreement involves four permits aggregating to 73,275 hectares (181,063 acres) ("Farmout Lands").

Talisman may earn a 100% equity interest in any permit by drilling one well in that permit. Talisman committed to drilling one well, while the other wells are optional. The option extends to April 2010.The Company and PSP will retain an aggregate 15% (fifteen percent) gross royalty of which Altai has 53.5%, on all net receipts from the earned Farmout Lands.

(2) According to the independent consultant, the main target in the Farmout Lands is a NE trending collapse zone 34 kilometers long averaging one kilometer in width. It may extend further SE within the Farmout Lands. 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.

(3) Dr. Robert Theriault of the Hydrocarbons Branch, Quebec Ministry of Natural Resources, compared Altai's deep collapse structure (referred to by him as a "sag") at the top of the Trenton Formation to the Albion-Scipio oil and gas field ("Albion-Scipio") in the State of Michigan, USA. Albion-Scipio, also in the Trenton Formation, has produced to date over 130 million barrels of oil (290 million barrels of original oil in place) and 200 BCF (billion cubic feet) of natural gas since the start of its production in the late 1950's. Dr. Theriault pointed out that the sag zone of 34 kilometers outlined in Altai's permits may extend for approximately another 20 kilometers towards the SW, all in Altai's permits, making its physical size similar to that of Albion-Scipio. He pointed out the similarity of the seismic cross section of Altai's target with that of Albion-Scipio. Production and alternation zone in Albion-Scipio is not continuous.

(4) Talisman carried out the drilling and testing of the first well (test well) in the second half of 2006. As at December 31, 2006 Talisman had earned 100% equity interest in one permit where the test well was drilled.

The well was drilled to a total measured depth of 1,294 meters or 1,262 meters vertical depth. It was drilled on a seismically defined feature in an attempt to find a structure that is similar to other Ordovician Trenton-Black River producing trends in the province of Ontario and New York State. In early 2007 Talisman reported that the well did not encounter commercial amount of gas.

In Altai's opinion there is very good exploration potential located along its 55 kilometers feature on its permits. A recent announcement by another company pointing to the presence of Trenton-Black River gas in a well located east of Altai's permits in the St. Lawrence Lowlands indicates that gas may be present in the region.

ii) Development of a gas storage site or sale of storage rights remains an important aim of the Sorel-Trois Rivieres property for Altai.

c) 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 Sibuyan Island lateritic nickel-cobalt property, Lahuy Island gold property, Negros Island sulfur property, Ticao limestone property and Bulan gold property.

i) As at December 31, 2006 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, Philippines, has not yet closed as the Mineral Production Sharing Agreement application for the property has not yet been approved.

ii) As at December 31, 2006, Crew Gold Corporation (“Crew”), through its wholly owned subsidiary, Crew Minerals Philippines Inc., had not yet put the Negros Island sulfur property that it had optioned from Altai Philippines, into production. In late January 2007, Crew has terminated the option agreement in view of the big increase in the annual payments from 2007 on. The Company and Altai Philippines are examining different alternatives to develop the property.

2) At end of October 2006, the Company closed two non-brokered private placements:

i) One of 1,800,000 common share units at a price of $0.25 per unit for gross proceeds of $450,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.35 per share within a period of 18 months. Altai would use the net proceeds for general working capital.

ii) One of 2,000,000 flow-through share units at a price of $0.20 per unit for gross proceeds of $400,000. Each unit comprised of one flow-through common share and one-half non flow-through common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at the price of $0.25 per share within a period of 12 months. The Company would use the proceeds to incur qualifying CEE within 24 months of the closing of the private placement to flow-through to holders of the flow-through shares. For 2006 the Company has not renounced any qualifying expenditures to holders of the 2,000,000 flow-through shares.

The shares and the underlying warrants issued for both private placements were subject to hold until March 1, 2007.

OUTLOOK FOR 2007 AND BEYOND

The proceeds from the flow-through share units private placement provide adequate funds for the Company to carry out targeted exploration work on its oil and gas permits that were not optioned to Talisman Energy Canada for the next two years, whereas the proceeds from the common share units private placement will increase the general working capital of the Company and allow it to carry out exploration work on new projects or other properties that it has. Further future major expenditures on exploration projects will require new financing or closing of the asset sale agreement on the Sibuyan lateritic nickel-cobalt property.

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

1. Exploring and developing the shallow gas reservoirs of the Sorel-Trois Rivieres natural gas property – In February – March 2007 Altai carried out a seismic reflection survey on the Sorel Islands, the portion of its permits which are not under option to Talisman. The survey is orientated to shallow (less than 150 meters) gas targets in recent sediments;
2. Completion of the sale of the Sibuyan lateritic nickel-cobalt property in the Philippines; and
3. Acquisition of a new property – base metals, gold or uranium.

OVERALL PERFORMANCE, RESULTS OF OPERATIONS

a) For the year of 2006, the Company had a net loss of $48,583 including its share ($964) of the net loss of equity investment in Altai Philippines. The net loss was mainly due to the relatively low administration expenses of $53,800.

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 second instalment payment of a long term consulting charge payable, mainly came from the receipt in January 2006 of Altai’s share of the anniversary payment by Crew Gold Corporation on the latter’s option on the Negros Island sulfur property in the Philippines, and the receipt of a refundable tax credit of $39,000.

c) The marketable securities held by Altai comprising mostly of Canadian major bank shares denominated in Canadian currency, are liquid and have increased in market value in 2006 to date compared to 2005 year end.

SELECTED ANNUAL INFORMATION

	December 31, 2006 $	December 31, 2005 $	December 31, 2004 $
Total revenue	7,177	60,756	4,647
Net income (loss)	(48,583)	27,591	(218,451)
(Loss) Income per share (Basic and Diluted)	(0.002)*	0.001	(0.009)*
Total assets	4,447,339	3,738,133	3,692,218
Long term debt	70,200	105,300	140,400
Dividend paid	Nil	Nil	Nil
Weighted average number of shares outstanding			
Basic	26,115,524	24,850,047	24,065,275
Diluted (including share options and warrants)	27,506,324	25,723,047	25,408,275

SUMMARY OF QUARTERLY RESULTS

	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

	Three Months Ended			
2005	December 31 $	September 30 $	June 30 $	March 31 $
Revenue	1,068	1,025	938	57,725
Net income (loss)	39,195	(43,300)	(15,884)	47,580
Net income (loss) per share (Basic and Diluted)	0.002	(0.002)*	(0.001)*	0.002
Weighted average number of shares				
Basic	24,850,047	24.850,047	24,802,047	24,802,047
Diluted (including share options and warrants)	25,723,047	25,723,047	25,595,047	26,145,047

* Due to the loss in 2004, the second and third quarters of 2005, and 2006, 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

There is a three year office rental lease expiring August 31, 2007. The total obligation for 2007 is $12,000.

RELATED PARTY TRANSACTIONS

1. Consulting services were provided by the two officers of the Company. Fees for such services amounted to $36,000 in 2006 compared to $23,613 in 2005.

2. The second 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 2006.

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

Management, including the President and Secretary-Treasurer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2006. Based on this evaluation, the President and 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 year ended December 31, 2006 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 9, 2007, the Company's share capital is as following:

	Basic	Weighted average
Issued and outstanding common shares	28,856,554	28,856,554
Stock options	870,000	870,000
Warrants	2,800,000	2,800,000
Compensation options	266,000	266,000
Common shares fully diluted	32,792,554	32,792,554