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ALTAI RESOURCES INC. CONSOLIDATED BALANCE SHEETS AS AT MARCH 31, 2010 AND DECEMBER 31, 2009 (PREPARED BY MANAGEMENT)



2010 MAT Z	March 31, 2010 (UNAUDITED) \$	December 31, 2009 (AUDITED) \$
ASSETS		· <u> </u>
Current		· ·
Cash and cash equivalents	3,760,865	3,822,375
Marketable securities (Note 3)	1,469,020	1,440,910
Amounts receivable	85,865	76,696
Prepaid expenses	2,847	2,847
	5,318,597	5,342,828
Note receivable	1	1
Investment in subsidiaries (Note 4)	2	2
Interests in mining properties (Note 5)	860,219	860,114
Natural gas interests (Note 6)	31,961,237	31,862,869
Technology project	1	1
Capital assets	13,137	14,505
	38,153,194	38,080,320
LIABILITIES Current		
Accounts payable and accrued liabilities	79,104	32,207
	79,104	32,207
Future tax liability	7,448,211	7,448,211
	7,527,315	7,480,418
Related party transactions (Note 11) Commitments (Note 12)		
SHAREHOLDERS' EQUITY		• •
Share capital (Note 7a)	35,678,910	35,678,910
Share purchase warrants (Note 7b)	1,407,000	1,407,000
Contributed surplus (Note 8)	1,050,210	863,210
Deficit	(7,648,231)	(7,459,098)
Accumulated other comprehensive income (loss) (Note 9)	137,990	109,880
	30,625,879	30,599,902



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ALTAI-RESOURCES INC. CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (UNAUDITED)

- Se - Litter (n	March 31, 2010	March 31, 2009 \$
CONSOLIDATED OPERATIONS		
Revenue		Actives
Investment and miscellaneous income	24,486	ninko pred milis ton89442
Real of the second s	24,486	COURT 198,442
Expenses	and the second	DE AB SINGER STORY
Administrative expenses	25,251	20,128
Prospecting and general		how data nun in actar162-
Stock-based compensation cost	187,000	Shevisor 201. 17,900
Amortization	1,368	2109.pre or
	201310611213,619	the cidevec and 39,540
Net loss before income taxes	(189,133)	(31,098)
Income taxes		1,888
Net loss (dG1)	(189,133)	uni - decala - (29,210)
Other comprehensive loss (net of taxes)		្នុំ នុងផ ដលៃ ភេឌ្ឌាន្យ 🖓
Increase (decrease) in fair value of available for sale investments (net of taxes (recovery) - \$4,216; 2009 - (\$1,888))	28,110	11,445
Comprehensive loss	(161,023)	6357435 populari (17,765)
Net loss per share - basic and fully diluted (Note 10)	(0.00)	ar .00 here (0:00)
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	a takan ta an ing an ing ang ang ang ang ang ang ang ang ang a	
Balance; beginning of period: 08	20110 (7,459,098) a	otry
Net loss	(189,133)	(29,210)
Balance, end of period	(7,648,231)	(7,447,152)

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ALTAIRESOURCES INC. EDELO (ILL (2001) EMCONSOLIDATED STATEMENTS OF CASH FLOWS TATE OF IACLINE 100 (FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (UNAUDITED)

and a state of the	March 34, 2010		Marci	h 31, 2010 \$	March 31, 2009 \$
Operating activities		· · ·			·····································
Net loss	and a second s			(189,133)	(29,210)
Items not affecting cash Stock-based compens Amortization Future income tax rec	87 N 47	1. 		187,000 1,368 –	17,900 17,900 1,350 (1,888)
681.05				(765)	16 gra av - 18 m (11,848)
Changes in non-cash wor	king capital balances:				top long randmission
Amounts receivable	0.00,381			;;;c (9,169) ;;;	agmos based to 7,186
C. Prepaid expenses	6 <u>6</u>				nsinc. 2,990
UN Accounts payable and Consulting payable	accrued liabilities	n n n	station of the state of the sta	46,897	(48,348) (35,100)
(290-10)	(159, 173)			36,963 ⁹	mooni ancier (85,120)
					S. 79 1900
Investing activities					tige of contrast of the second
Investing activities Defended exploration expension Natural das interests	enditures ⁽¹⁾	and a second sec	18.5061	(105) (98,368)	(300)
	26 110 28 110	9158		<u>. (98,368)</u>	
Deferred exploration expension Natural gas interests			a ofdeficient lo	<u>ः (98,368) ः</u> ः (98,473) ¹¹	്ഷ(300) ഷലാത്തവും (38,708)
Deferred exploration expension Natural gas interests			a ofdeficient lo	<u>ः (98,368) ः</u> ः (98,473) ¹¹	ີສ (300) <u>ສະຫະສາດຕາດ, (38,708)</u> ເອເຊຍາວປາ) ເອເ (39,008) ກາງ ແລະ ເມ ີນ ເອເດີດ
Deferred exploration expension Natural gas interests (A t) Financing activities (A) (1) Issue of shares	26 110 (S61 023)		a Oldeliove 10 <u>1913 - Stand</u>	<u>. (98,368)</u> (98,473) ¹¹ (98,473) ¹¹	ືອ (300) <u>ປະກອດອາດູກເດະ (38,708)</u> ເລະ ອອງເປາງ ປະຕ (39,008) ກາງໄດ້ເປັນ ເປັນ ເອລະ ໄດ້ ເປັນ 15,000
Deferred exploration expension Natural gas interests	26 110		a ofdeficient lo	<u>. (98,368)</u> (98,473) ¹¹ (98,473) ¹¹	്ദ് (300) <u>ലോക്കറ്റന്നാം (38,708)</u> ക്രോസ്) നെ(39,008) സ്.എ. സംസം 2act മപ്പെട്ടും 15,000
Deferred exploration expension Natural gas interests (A.1) Financing activities (A.1) Issue of shares Shares issue costs	26 110 (S61 023)		a Oldeliove 10 <u>1913 - Stand</u>	<u>. (98,368)</u> (98,473) ¹¹ (98,473) ¹¹	າອາ(300) <u>ອາອາອາດູແດດ (38,708)</u> ເອ ອກວປາ) ນອາ(39,008) <u>ອາໄລນີ້ 15,000</u> <u>15,000</u> <u>15,000</u>
Deferred exploration expension Natural gas interests (A.1) Financing activities (A.1) Issue of shares Shares issue costs	011 65 (CSO 10.) (0.) C, cash and cash equivalents		a Oldeliove 10 <u>1913 - Stand</u>	<u>(98,368)</u> (98,473) - - - (61,510)	າອາ(300) <u>ອາຊາລາອາດາເດ, (38,708)</u> (ລະອາວປາ) ປະຕ(39,008) (19,000) (19,000) (19,000) (14,071)
Deferred exploration expension Natural gas interests (CALT) Financing activities (CALT) Issue of shares Shares issue costs Increase (decrease) in c	011 85 (CSO F82) (CSO F82)		a Oldeliove 10 <u>1913 - Stand</u>	(98,368) (98,473) (98,473) - - - (61,510) 3,822,375	(300) (a. south) ber (38,708) (a. south) ber (39,008) (15,000 (15,000) (14,071) (110,057)

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(331,585,7)

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- grades includes n mai counter and the first of the activated because was gold of the total of the second of the second of the second Nature of operations an a share with a we are more an all and and a she was been the Altai Resources Inc. (the "Company") is a resource company with a portfolio of oil and gas (in Quebec), gold, nickel and suppur properties in Canada and the Philipoines.
- 2. Summary of significant accounting policies

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(a) Basis of presentation and consolidation

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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. 735.463.

The unaudited interim period consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

(b) Adoption of new accounting standards

reference on the Company has not adopted any new accounting standards during the current period matched on the reference of the condition of the addin 50° with the General a owined by the prenergy finite value point in Globex Mitchell 1 in spile is that the Baneship attricts france of a finite state of the state of the

(c) Future accounting changes

i) International Financial Reporting Standards ("IFRS")

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In February 2008, the CICA Accounting Standard Board confirmed the changeover from Canadian GAAP to IFRS to be applied to publicly accountable enterprises effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2011.

The Company's continuing to assess the impact on its consolidated financial statements and is developing an implementation plan.

ii) Business Combinations (Section 1582), Consolidated Financial Statements (Section 1601), and Non-controlling interests (Section 1602) 19.26 1.52 In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), 1801, Consolidated Financial Statements, ("Section 1601") and 1602, Non-controlling Interests, ("Section 1602") which replace CICA Handbook Sections 1581, Business, Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"), and will be applicable to business combinations with acquisition dates on or after January 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements, and will be applicable, to the Company's interim and annual consolidated financial statements for the fiscal year beginning January 1, 2011. Early adoption of this section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time. The Company is evaluating the impact of the adoption of these sections on its future acquisitions. Tasha tha 28 Samaloga she bir embesin tak asî eshara

3. - Marketable/securities. 27 to there grows as a 1. (Second almost ordined angleses tender were sound with ear again a were actively the the charpeneous Multimer on a specific and and

The available-for-sale marketable securities consist of highly liquid and dividend / interest paying Canadian financial and utilities shares and shares of junior resource companies the Company received pursuant to option agreements. They are all categorized under Level 1 (quoted market price of the fair value hierarchy in accordance with Section 3862 of the CICA Handbook). Their total fair market values as at March 31, 2010 of \$1,469,020 are higher than their total costs of \$1,310,801. The unrealized gain or loss is included in the comprehensive income or loss. WHY AT IN TO BE WHICH INT SHOP

4. Investment in subsidiaries

ALE - 19365

The Company has 40% equity interest in Altai Philippines Mining Corporation ("Altai Philippines") and some other contractual benefits. 95 67843 J

The properties of Altai Philippines are Sibuyan Island lateritic nickel-cobalt property, Negros Island sulfur property and Lahuy Island gold property 10.4

a) 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, 2010, the transaction had not yet been closed HITATE JUCCIANCE DECASE ACCEPTED AS A SAFE A

Western () - ()

b) In June 2008, Altai Philippines entered into an agreement to sell its Negros Island sulphur property to a private Philippine company (the "Optionee") for US\$1,500,000 payable in three instalments over a maximum of 6 years (US\$500,000 every two years or less) subject to certain approvals of the Philippine Government. As at March 31, 2010, no instalment payment had been made by the Optionee.

Though there are outstanding sale option agreements on two of the three properties of Altai Philippines, there is uncertainty in the timing of the MPSA and other approvals for the properties by the Philippine Government. The Company has therefore written down its investment in Altai Philippines to \$1 in 2008.

5. Interests	in mining properties					•	2 C 10 - 10	1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	(6)
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Ex	penditure					736,403	105		736,508
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Malartic Township gold property, Quebec

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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".

Glass Naturaligas interests della Sille COAO millional monoscuper en bermitica bir Σιδητίος, Σιριατικολη του το ΠΑΟ ποι του ΕΠΕΓ τηνέφουρη στη αρηγορητική με το βαλαφίες στη διατική καταφοράταση ματά το στη στη στη διατική του Balance, Beginning of End of

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AL AD Sorel-Trols (, Rivieres, Depondently); 25 St. Scall; 21 St. Scall; 22 St. Scall; 22 St. Scall; 22 St. Scall; 23 St. Scall;

ള്ക് പ്രാത്തുകയാണ് ഇന്നെപ്പാരുന്നും പ്രാത്താനം പ്രത്താനം പ്രത്താനം ഉത്താന് പ്രത്താനം പ്രത്താന് തോണ് പ്രത്താനം ത രാത് Total elevengo നല്ലം പ്രാത്താന് പ്രത്താനം പ്രത്താനം പ്രത്താനം നല്ലാ **31,862,869** ഇന്നെ മാതാനം,98,368, കേ. പ്രത്താനം പ്രത

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ອັບລາຍເຊົາກະ Sorei-Tröle Rivieres natural ຜູ້ສະຫວັດperty, Quebec ເຈັດ ແມ່ນຂີ່ເຮັດເດຍ ອາຫຍັດພາດ. To rolla.ແດວນ, ການ ແມ່ນແມ່ນ ແມ່ນ ແມ່ນ ກາງຈະແຫນ ທະຫາດເປັດຜູ້ນຳການ ແມ່ນ ໃນຜູ້ແຫ່ງ ເປັນກາດ ເປັນການ ທີ່ເຮັດ ທີ່ ການ ທີ່ການ ທີ່ເປັນເຮັດໃຫ້ 1 ທານ ແລະ ຫມາຍຄ

At-March 31/ 2010 the Company had 100% interest Inseven oil and gastand reservoir permits in the Sorel-Trois Rivieres area, St. Lawrence Lowlands region of Quebec, covering 114,344 hectares (282,544 acres).

The Company also has 15% gross royalty on all net receipts from the permit (#2002PG625 or successor permit) of 13,290 hectares (32,840 acres) that Talisman Energy Canada has 100% working interest.

n will klunden ble somm fär den hin gelonom med utvid standen för av visibrig bligd ved ett visatende sommere a Han (b) (a Septilles gås property, Septilles, Quebec, Northeo ille av val försterninge och tyringt som mit desta

An indicative USE Coll 18 to 0, 20 of period to as explored and an analytic conduct of ACC and be to 20 of the sometimes an indicator of ACC and be to 20 of the sometimes an indicator of ACC and be to 20 of the Access of the Altai has a gas permit of 24,042 hectares (59,408 acres) ("Property") in the Sept-Iles area, Quebee North Region, which is about 750 km north east of the Sorei-Trois Rivieres oil and gas property.

7. Share capital

a) Share capital^{it} ແມ່ມມະຄຸດ ເອດໂດຣ໌, ເປັນໃຫຍ່, ແມ່ໄດ້ເປັນໄດ້ ທີ່ເຮັງ ປີຫຼືດາຍ 26. ອີກາດແປ້ ທີ່ເຮັດ "ທີ່ທີ່ແກວ & Dhart y Auron" ເປັນ

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8. 8. Contributed surplus

Contributed surplus transactions for the three months ended March 31 are as follows:

Ba	alance end of period	مه د سمر ایز د د				• • •	1,050,210		863,210
<u>, E</u>	kercise of stock options (note 10a)			· · · · · · · · · · · · · · · · · · ·				مىلىنى <u>ئەركى بىرىنى</u>	(16,000)
^{U)} St	ock-based compensation (note 10c)	and the state	· · · ·				863,210 187,000	e europa no és	17,900
B	alance beginning of year		e e e e e e e e e e e e e e e e e e e				863.210		861,310
ыс. ССО- М	000,001					6 	2010 \$	- 3 - 19 - 28 years Anna - Anna Anna	2009
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9. ***Accumulated other comprehensive income (loss)

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27 4 Accumulated other comprehensive income (loss) for the three months ended March 31 are as follows:

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	ce beginning of year lized gain (loss) of marketable securities		in the country in the graph	109,880 #5000 - Energian (12, 12, 12, 12, 12, 12, 12, 12, 12, 12,	(52,402) 33,707
Balan	ce end of period			137,990	(18,695)
10 Famil	inge (loee) nat ehara	esimeria aparti	······································	F'Chittev.	ansiar o

10. 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. . D. 1/3 Diluted net earnings (toss) per share is calculated by dividing the net earnings (toss) 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. B_G and

102 and The following table sets forth the computation of basic and diluted loss per share for the three months ended March 31; 10. 198 2

				2010 \$	•1.387P.(C)	, 2009 \$
i. cen	Numeratorse and one so the solt and integrate to be in the solt of the period - basic and dijuted on the out the solt of the s	an a	wet a lagtic arround aut	.(189,133)	eu de Room (n. Martin de Co	(29,210)
	Denominator					
1. 1. M	Weighted average number of shares - basic	L AL OT PURCHARMONT CONT	its a sector	49,513,552	taño i socie st	49,498,484
	Effect of dilutive shares	· · · · · · · · · · · · · · · · · · ·			finicing panel	
	Stock options			1,148,765	and the factor of	802,740
	Warrants	THE REAL POPULATION OF	a chai	. 5.100.000	A THE REAL AND	5,100,000
	Weighted average number of shares - diluted			55,762,317	· · · · · · · · · · · · · · · · · · ·	55,401,224
1111 - 1111 - 1111 - 1111 - 1111 - 1111 1	Basic and diluted net loss per share (1)	the Company desided (C) (C) when	et 1.205		iom Leath och af. Brittaise i stadier	(0.00)

3300 (1) 2 Due to the loss in the periods, the diluted weighted average number of shares used to calculate the diluted net loss per share is the same as the basic weighted average number of shares as the inclusion of outstanding share options and warrants would be anti-dijutive. (http://link.com/

11. Related party transactions

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The following related parties transactions arose in the normal course of business and have been accounted for at the exchange amount being the amount agreed to by the related parties, which approximates the arms length equivalent value. 1.181 F 191 - 5145

a di adiri algo Consulting services were provided by two officers. Fees for such services amounted to \$22,000 (2009 - \$18,000), These fees have been allocated to as : (j: **a)** administrative expenses in the amount of \$1,775 and resource properties in the amount of \$20,225. n seite pe distribution statistics of a set i

12. Office lease commitments would be ready

The Company has a 5 year office lease starting from July 1, 2008. The basic rent per month is \$1,218 and the additional rent per month for 2010 is 1. 1.1 approximately \$1,514. 6. 60 (FE manual 2 Migross Matthew

-13	Management of capital	e.gr 1288	·注意: 注意 月内的发展的			
20132	management of capital	这些小孩的 的	1of		a 1010 - 15	-0
The ty	- P18-1025- 5	1 3 10	್ ತಂಡಿನಲ್			
3	The Company's objectives when managing	capital are:		· · · ·		
.8 1	and the second		The details of the	 in uni mina-	· · · · · · · · · · · · · · · · · · ·	

to ensure that the Company maintains the level of capital necessary to meet the requirements of its exploration programs and current operating . 67.5 (a) expenditures:

(b) to allow the Company to respond to changes in economic and/or marketplace conditions;

to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and (C) (d)

to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk. 1.1.5 9.9.12 10. 81

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by: money to the standard of the property

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(a) realizing proceeds from the disposition of its investments; and
(b) ∂ raising capital through equity financings.

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b) The Company is not subject to any capital requirements imposed by a regulatory bias worldd full for not summable following the boot downed in the capital result of the company expects that its current capital resources will be sufficient to discharge its liabilities as at March 33, 2010, a set to be the current capital resources will be sufficient to discharge its liabilities as at March 33, 2010, a set to be the current current capital resources will be sufficient to discharge its liabilities as at March 33, 2010, a set to be the current current current current to be the current to discharge its liabilities as at March 33, 2010, a set to be the current current current current to be the current to discharge its liabilities as at March 33, 2010, a set to be the current current current current to discharge its liabilities as at March 34, 2010, a set to be the current current current current to discharge its liabilities as at March 34, 2010, a set to be the current current current current to discharge its liabilities as at March 34, 2010, a set to be the current current current current to discharge its liabilities as at March 34, 2010, a set to be the current current current current current to discharge its liabilities as at March 34, 2010, a set to be the current current current current current to discharge its liabilities as at March 34, 2010, a set to be the current c

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(a) On April 10, 2010, 600,000 warrants with an exercise price of \$0.60 and 3,500,000 warrants with an exercise price of \$0.65 expired unexercised.

(b) In April 2010, the Company extended the warrant term by one year to May 4, 2011 for the 1,000,000 common share purchase warrants issued pursuant to the private placement of 2,000,000 common share units at \$0.95 per unit closed on May 5, 2008 with warrant exercise price of \$1,25 per common share and original one year warrant expiry date of May 4, 2009 which was subsequently extended to May 4, 2010. All other terms and conditions of the warrants remain the same.

(c) On May 3, 2010 the 2002 Stock Option Plan was discontinued, terminated, and replaced by the 2010 Stock Option Plan which authorizes the Board to grant up to 4,950,000 option shares to directors, officers, employees and consultants of the Company or of its subsidiaries. The 1,220,000 stock option southand the constant of the Company or of its subsidiaries. The 1,220,000 stock option southands of the Company or of its subsidiaries. The 1,220,000 stock option southands of the Company or of its subsidiaries. The 1,220,000 stock option southands of the Company or of its subsidiaries. The 1,220,000 stock option southands of the Company of the co

માન ^{કર}ાર દાયરભક્ષણ પંદાય દેખવામાં આવેલ્યામ**લ વાયર પંચાયત્વે હેય, જે શાક્યત્વે દાન મક્યા**ય **પ્ર**ાપ્તાં દિલ્પાલ આપવા પંચ આપવા પંચ ગામદા પ્રથાયત્વે દાલ્પાલ વધા પ્રથમ<mark>ાને પિ</mark>ત્વાર ુગાર તેમ પ્રત્યું છે. તેમ પ્લાયત્વે છે મનલવત લખાવે દાદ દાવર પંચાયત પ્ દિલ્પાની વ્યવસેવ માન

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ും ചെക്കാന് തിര്ത്തിയ 2തലം കിര്ഷ്ഡംക്കോറാല**ങ്ങളെയുനെ**ഴ്ച്പോള്റ്റ് മിന്ന് പ്രത്നെ ഇഡ്രെക്സം പ്രത്യം നില്പാര്ം പ്രത്യം പംഗോം പെറ പാര്ത്തം കേള്ന്റെ കിര്ത്തം പാര്ണ്ണിം പാര്ണ്ണിം പോര്ണ് കുറെ നിരുന്നും മിസ്റ്റ്റോള് പ്രത്യാന് പോര്ണിം പെറ്റ്പാം പ പാംസ്താന് തിരുന്നും മോം എന്നെങ്ക

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ALTAI RESOURCES INC.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2010

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 three months ended March 31, 2010 and should be read in conjunction with them. Some of the items discussed in the Management's Discussion and Analysis for the year ended Décember 31, 2009 ("2009 Annual MD&A") dated April 23, 2010 are relevant for the period under review and therefore readers are advised to read this with the 2009 Annual MD&A.

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Additional information relating to the Company is available on SEDAR at www.sedar.com and on Altai's website at www.altairesources.com

າມ 15 ຊາຍ ແລະ 1955 ຄຳແລະ 1956 ເອົາ ເປັນ 1970 ເອົາສະຫະນາຍາຍ ແຕ່ມະຫະນາຍ ເອັດ 1969 ຄຳ ແລະ ບັນເປັນເປັນ 1957 ເອເຣຍີ ແມ່ນ 1956 ເອົາ ແລະ 1956 ການ 1957 ຄຳ 1971 100 the 1,000,000 ເວລາລາຍາດ share purchase ທີ່ແຮງປະຊຸມ 1956 ເ

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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 as following, were maintained in good standing as at March 31, 2010 and to date:-

a) the 50% owned Malartic gold property (named "Blackcliff gold property" by property joint-venture partner) of 3 claims of 120 hectares (300 acres), in the Val d'Or area of Quebec.

b) the 100% owned SoreI-Trois Rivieres natural gas property, St. Lawrence Lowlands, of 7 cil and gas and reservoir permits of 114,344 Ha (282,544 acres) (excluding the permit of 13,290 Ha (32,840 acres) in which Talisman Energy Canada has 100% working interest and Altai has 15% gross royalty), and

c) the 100% owned Sept-Iles gas property, Sept-Iles, of 24,042 hectares (59,408 acres).

2) Malartic gold property, Quebec

In 2008, C2C Gold Corporation Inc. ("C2C" and name changed to Key Gold Holding Inc. in March 2010) whose option agreement on the Malartic gold property was terminated in 2009, drilled 4,055 meters at the near surface extension of the No. 2 gold vein zone of the property (where a historical non NI 43-101 compliant resource of 222,433 tonnes grading 7.06 g/t Au was reported in 1988) and reported that numerous shallow mineralized intersections of significant grade and/or thickness were encountered.

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

a) Altai owns 100% of the Sorel-Trois Rivieres natural gas property ("Property") of 7 oil and gas and reservoir permits of 114,344 Ha (282,544 acres) and 15% gross royalty in the 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.

Altai's 100% owned property is the largest uncommitted (not farmed-out) contiguous land block of 282,544 acres (among the junior public companies) in the St. Lawrence Lowlands Utica Shale Gas Fairway. Including the 15% gross royalty in the Talisman Permit, the Company holds varying interests in a land package consisting of **315,380 acres**.

(i) St. Lawrence Lowlands is an emerging major gas play aggregating to approximately 1.5 million acres. In the last four years about 25 wells were drilled in the play all with gas discoveries. Utica shales (about 150 meters or thicker) and overlying Lorraine shales-siltstones (500 to 2,000 meters) contain gas and both formations are amenable to fracture stimulation for enhanced gas flow. Approximately 220,000 acres of Altai lands are in Tier 2 area (west of Yamaska Fault) where the depth to Utica is less than 1,000 meters. The remainder (60,000 acres) are in Tier 1 area where Utica is at a depth of 1,100 to 1,500 meters. Forest Oil, which controls the lands adjacent to Altai lands to the east, north and south, estimates (in 2008) that recoverable gas potential of the Utica Formation in its land is 93 billion cubic feet (Bcf) per section (640 acres). Talisman (in 2008) puts the recoverable gas potential of Utica at 25 to 160 Bcf per section and that of Lorraine at 50 to 190 Bcf per section.

Gas in St. Lawrence Lowlands enjoys price advantage for producers compared to Western Canadian gas due to its proximity to user markets in Quebec and Eastern United States. To date there is no producing module in the Lowlands, hence precise economics of this emerging gas play are not known.

(ii) A carbonate gas target has been delineated. The target is a NE trending fault zone 34 kilometers long averaging one kilometer in width, all on land. The zone appears as a depression (a graben) at the top of Trenton formation of Ordovician age. The depression is interpreted by Paul Laroche, P.Eng., Consultant, 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. Such targets are long and narrow. In 2006 Talisman Energy Canada drilled one well in one Altai permit aimed at the collapse zone at the top of Trenton-Black River. No gas was found at the target but "good gas shows" were present in the stratigraphically

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higher Utica Shales. In addition to the Trenton formation, the stratigraphically lower Chazy, Beermantown and Potsdam formations have gas showings elsewhere in the Appalachians. Altai's deep gas target (the depression) may extend for arbther 20 kilometers to the SW, all in Altai's permits.

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. D. REPARTANCE BEVORD

(iv) Development of a gas storage site or sale of storage rights is also one of the important aims of the Sorei-Trois Rivieres property for Altai.

In 2009 the Company completed an additional seismic survey mostly in the eastern part of Permits 2009PG537 and 2009PG538. The survey results were interpreted by Paul Laroche, P. Eng. and P. Geologist, consultant to the Company who was also in charge of the quality control during the field survey. He concluded that 60,000 acres of the survey area are in Tier 1 area east of Yamaska Fault, hence in the "Utica Fairway". He estimated the depth to Utica varying from 1,150 meters to about 1,500 meters and its thickness at 195 to 220 meters. The overlying lower Corraine Shales, 180 meters in thickness, are considered by the consultant to be prospective for as considered by the consultant, to be prospective for gas.

This seismic survey together with seismic surveys carried out earlier by the Company are adequate for the planning of a first phase drilling program of at least two wells one in each of the 1 and ther 2 areas មានកំពុះខ្លាំង ខ្លាំង នៅក្នុងស្វារដែល ឆ្នាំ ស្រុងស្វារបាន ក្រសាសន៍ស្វាយ ស្រុង ស្រុង ស្រុង ស្រុងស្វារ ស្វារ ស្រុង ស្រ -8545 least two wells, one in each of Tier 1 and Tier 2 areas. an da Me . 50 1996-5 `i >

Sept-Iles Gas Property, Sept-Iles, Quebec North 4) antes.

(1) Aital owns 100% interest in a gas permit of 24,042 hectares (59,408 acres) ("Property") at Sept-lies, Quebec North which is approximately 750 km 化后用石口油石中中心 ત્વાં દેવ વધા તે તે છે છે. north-east of the Company's Sorel-Trois Rivieres gas property. - 小社 生合

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The Property 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. ાપ્ય લોકોની સાધુ પ્રારંભ લોગો છે. આ મામના તેર વિદ્યાલય લોગ વેખ બન્દર મધ્ય પૂર્વ ચંચ estuary.

(2) In 2009, Altai completed a resistivity survey over the area of previous gas discovery. The resistivity survey was aimed at mapping the extent, if any, of the gas bearing strata. The gas in recent unconsolidated sediments are in sands and gravels with clay cover. The resistivity survey suggests that in the area of gas showing the clay layer directly overlies the Precambrian basement, hence the gas potential of the property is thought to be low. No work has n was rebeć premity exterpion to Micy 4. 20 cT. Alf been planned for the near future.

Altai Philippines Mining Corporation ("Altai Philippines") In the bounder of the end of the structure of the logged of the structure of the structure of the turant struct OC to a statistic to the structure of 5)

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 Attai 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. NULLIOPOR EVEN (红色)的 新建品 经帐 Singel Leo (Al Q. Al Solar J. C. Shi anti-~⊅B.

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 Altal Philippines. After recovery of the Company's expenditures, proceeds will be shared equally.

The properties of Attai Philippines are Sibuyan Island lateritic nickel-cobait property. Negros Island sulfur property and Lahuy Island gold property. and Kat of Need We work, on nomination bising inu, un

(**i)** In November 2004. Altal Philippines entered into an obtion agreement with a consortium headed by Sunshine Gold Pty Ltd ("Sunshine") of Australia on Altai Philippines' nickel latente property on Sibuyan Island ("Sibuyan property"). Under the option agreement, Subshine would have hinety 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 for C\$1.3 million. Sunshine was to fund the expenses for the MPSA application. As at March 31, 2010 and to date, the transaction has not yet been closed.

In June 2008, Altai Philippines entered into an agreement to grant an option to buy its Negros Island sulphur, property to a private Philippine company (the "Optionee") for US\$1,500,000 payable in three instalments over a maximum of 6 years (US\$500,000 every two years or less) subject to certain approvals of the Philippine Government. As at March 31, 2010 and to date, no instalment payment has been made by the Optionee.

Though there are outstanding sale option agreements on two of the three properties of Altai Philippines, there is uncertainty in the timing of the transaction closings, if any. Therefore at end of 2008 the Company wrote down its investment in and its note receivable from Altai Philippines to \$1 each.

Each with the amount includence of the the answ (exercision res. In the time, and ADOPTION OF NEW ACCOUNTING STANDARDS/FOR HIGH CLARE CONTACTS (10 2016) 3 (2010) CONTACTS VIEW FOR CONTRACTS CONTRACTS (10 2010) The Company has not adopted any new accounting standards during the current period. Solth Disk bases of the second bare of the standards during the current period. Solth Disk bare of the second bare of t

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS") and the second provides and the second In February 2008, the CICA Accounting Standard Board confirmed the changeover from Canadian GAAP to IERS to be applied to publicly accountable enterprises effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2011

The Company is continuing to assess the impact on its consolidated financial statements and is developing an implementation plan.

STORDAR AS TYRANUS Business Combinations (Section 1582), Consolidated Financial Statements (Section 1601), and Non-controlling interests (Section 1602) 2). In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), 1601, Consolidated Financial Statements, ("Section 1601") and 1602, Non-controlling Interests, ("Section 1602") which replace CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"), and will be applicable to business combinations with acquisition dates on or after January 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements, and will be applicable to the Company's interim and annual consolidated financial statements for the fiscal year beginning January 1, 2011, Early adoption of this section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time. The Company is evaluating the impact of the adoption of these sections on its future acquisitions.

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OUTLOOK FOR 2010 AND BEYOND In 2010, positive results of various drilled wells at the St. Lawrence Lowlands Utica Shale Fairway have somewhat lifted the share price of the Company.

Recent purchases and joint ventures of major companies in the US plays, together with the increased well drilling, both vertical and horizontal wells, by Talisman and other players in the St. Lawrence Lowlands Utica Shale Gas Fairway have increased interest in the St. Lawrence Lowlands shale gas play. We believe that in the long run, if and when (hopefully in the near future) oil and gas are proven in Quebec and in Alta's Sorel-Trois Rivieres gas property. our Property will be in a much more favourable position compared to projects in much more remote parts of North America due to its proximity to the Pipelines and the user markets, especially Quebec. rap of their OAH JALE

Preservation of the capital remains a priority of the Company. Yield on low risk short term papers remains very low due to the all time low interest rates throughout most parts of the world versus the much higher yield for the much more risky papers. Despite that, the Company prefers and continues to invest the greater part of its cash in secured short term papers, such as guaranteed investment certificates which offer very low yields.

Since July 2009 the Company has invested part of its cash in shares of Canadian major banks and relatively stable companies which are liquid and regularly pay dividends or interests. As such, the Company's marketable securities investment is liguid and reasonably safe., The income from these investments are higher than that of the secured short term papers. And the set of the stand scale stands in the set of the second scale of the second scale of the second scale of

The Company continually monitors the investment environment and the availability of low risk investment opportunities for its cash investment purpose.

Since Altai does not have any debt nor committed capital expenditures, has relatively low administration expenses and liquid investment, the Company will have no liquidity issues in the next few years.

In April 2010, the Company extended the warrant term by one year to May 4, 2011 for the 1,000,000 common share purchase warrants issued pursuant to the private placement of 2,000,000 common share units at \$0.95 per unit closed on May 5, 2008 with warrant exercise price of \$1.25 per common share and original one year warrant expiry date of May 4, 2009 which was subsequently extended to May 4, 2010. All other terms and conditions of the warrants remain the same.

600,000 and 3,500,000 share purchase warrants with respective warrant exercise prices of \$0.60 per common share and \$0.65 per common share, all with expiry date of April 10, 2010, have expired without being exercised determination and of april 2000 determination of the action 45055

On May 3, 2010 the 2002 Stock Option Plan was discontinued, terminated, and replaced by the 2010 Stock Option Plan was discontinued, terminated, and replaced by the 2010 Stock Option Plan which authorizes the Board to grant up to 4,950,000 option shares to directors, officers, employees and consultants of the Company or of its subsidiaries. The 1,220,000 stock options outstanding as at May 3, 2010 granted under the 2002 Stock Option Plan remain in full force until they are exercised, expired or cancelled.

over the next twelve months, the Company's efforts will remain focused on exploring and developing the Soret-Trois Rivieres gas property in the St. Lawrence Lowlands, which has been significantly enhanced by Forest Oil's discovery referred to in their press release of April 1, 2008 and those of Talisman Energy Canada and other players in the Fairway. In order to accomplish this task, the Company will upgrade its management by hiring new personnel and adding further capabilities to its board. Attai intends to drill, frac and test at least two wells, one in each of Tier 1 and Tier 2 areas, over the next period. The Company will also carry out resistivity surveys in thick overburden area to the west of city of Trois Rivieres orientated to gas targets in recent sands and gravels. Such targets, similar to those found in Altai permits under the Lake St. Pierre to the south constitute excellent pic-shaving gas storage reservoirs similar to the adjacent intragas facilities to the west of generate oper observers interaction of the west of generate oper observers and the work operation of the second operation operation operation operations and the second operation operation operation operation operation operations and the second operation operation operation operation operation operation operations operation ope

The Company intends to raise funds for its Sorel-Trois Rivieres gas property exploration work through equily financing, a property is concerned and the company intends to raise funds for its Sorel-Trois Rivieres gas property exploration work through equily financing, a property for concerned to the second to the concerned and the concerned to the concerned to the second to the secon

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OVERALL PERFORMANCE AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2010 00000 4000 000 1000 000

For the first three months of 2010, the Company had a net loss of \$189,133. Total expenses of \$213,619 (\$25,251 administrative expenses and a) \$188,368 non-cash expenses) were offset by investment income of \$24,486.

The marketable securities held by Altai comprising shares of Canadian major banks and relatively stable companies, denominated in Canadian b) currency are liquid. A small portion of the marketable securities are shares received by the Company pursuant to previous option agreements. The overall market value of the marketable securities has increased by slightly over the total cost. All shares have been adjusted to their fair market values as at March 31. 2010.

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The Company has a 5 year office lease starting from July 1, 2008. The basic rent per month is \$1,218 and the 2010 additional rent per month is approximately \$1,514. The lease includes a 12 months Rent Free Period spread over the first three years of the lease."

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RELATED PARTY TRANSACTIONS

Consulting services were provided by two officers. Fees for such services amounted to \$22,000 (2009 - \$18,000). These fees have been allocated to administrative expenses (\$1,775) and resource properties (\$20,225). and the state of the source of the state of the source properties (\$20,225).

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PRESENTATION OF INTERIM FINANCIAL STATEMENTS AND INTERIM MD&A

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Management, including the President and the Secretary-Treasurer, have reviewed the interim financial statements and the interim MD&A (together the "interim filings") for the three months ended March 31, 2010.

Based on the knowledge of the President and the Secretary-Treasurer, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

Based on the knowledge of the President and the Secretary-Treasurer, having exercised reasonable diligence, the Interim financial statements together with other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in the interim filings fairly present in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in the interim filings fairly present in the interim filings fairly present in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in the interim filings fairly present in the interim filings fairly pres

OUTSTANDING SHARES As of May 18, 2010, the Company	er stagere olde y's share capital is as	followingthes utstate	wont, n a	o losati anolistich Coloristich antis	
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Warrants	1,000,000	1,000,000			tiger all
Common shares fully diluted	51,733,552	51,662,317			

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I. Niyazi Kacira, President and CEO of Altai Resources Inc., certify the following: W R.B. Service His 1.10

- 1 ar manager he and an and many help to an and an about the second of the second se the protection 199 100 Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Altai 1. Resources Inc. (the "issuer") for the interim period ended March 31, 2010.
- No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the Interim filings do not 2. contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings. SIZE Spr. V
- Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial statements 3. together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings. 1906.005.1 000.901

51.662.347

Date: May 21, 2010

"Niyazi Kacira"

Signature President and CEO

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial ii) statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV2

CERTIFICATION OF INTERIM FILINGS

VENTURE ISSUER BASIC CERTIFICATE

I, Maria Au, Secretary-Treasurer of Altai Resources Inc., certify the following:

- 1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of **Altai Resources Inc.** (the "issuer") for the interim period ended **March 31, 2010**.
- 2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
- 3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: May 21, 2010

"Maria Au"

Signature Secretary-Treasurer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.