



BELVEDERE

resources

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Management's Discussion & Analysis ('MD&A') **For the Quarter Ended March 31, 2009**

This MD&A is intended to help the reader understand Belvedere Resources Ltd. ('BEL' or 'the Company'), our operations and our present business environment.

This MD&A has been prepared as of May 21, 2009 and covers the results of operations for the first quarter 2009 and year ended December 31, 2008. It is intended to supplement the audited annual consolidated Financial Statements and notes thereto which are expressed in Euros and are prepared in accordance with Canadian Generally Accepted Accounting Principles. The financial statements together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward-looking statements relating to the potential future performance. Additional information relating to the Company is available from the Canadian securities regulators on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

Certain statements in this document constitute 'forward looking statements' and these statements are made as of the date hereof. Any forward looking statements are based upon reasonable assumptions, but no guarantees or assurances can be given that actual results will be consistent with such statements.

Forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- Risks inherent in the natural resource exploration, development and production
- Lack of operating cash flow and the Company's dependency on additional capital
- Competition in the mineral exploration and mining industries
- Governmental regulation and environmental liability
- Uncertainty of title of resource properties
- Results of legal claims made by or against the Company

Readers should not place undue reliance on any forward looking statements. The technical (non-financial) aspects in this report have been prepared by Dr. Toby Strauss, the Company's Chief Operating Officer, who is acting as Qualified Person in compliance with National Instrument 43-101 with respect to this MD&A.

OUR BUSINESS & OPERATIONS REVIEW

The Company is engaged in the acquisition, exploration, development and operation of mineral properties in Finland. The company continued production from its Hitura and Särkiniemi Nickel mines until December 2008 when the nickel production was put on care and maintenance due to the collapse in the nickel market. Development work has however continued on the gold and nickel exploration properties and the portfolio of zinc properties remains unchanged.

During October 2008, the collapse of the nickel price forced Finn Nickel, our nickel subsidiary in Finland, to put all mining operations on care and maintenance. The nickel price collapsed from a peak of approximately US\$50,000 per tonne in August 2007 to a low of around US\$9,000 per tonne in October 2008. Weakness in the nickel price continued throughout the fourth quarter of fiscal 2008 into the first quarter of fiscal 2009 and during the second quarter of 2009 has been trading between US\$9,000 and US\$13,000 per tonne. The marginal cost of production for a ton of nickel worldwide is between

US\$16,000 and US\$18,000/t and the industry is in severe difficulties. Closure, production cuts and postponement or cancellation of investments in new projects has removed 25% of capacity from the market in the last six months, perhaps permanently. Despite this LME nickel stockpiles remain at 10 year highs due to a continued weakness in the stainless steel market (the main end user of refined nickel). With a 30% contraction in the market for stainless steel in first quarter of 2009, the situation is forecast to continue through into at least the second half of 2009.

Management is focusing on maximising value in the current markets and is investigating various options to restore revenues until the nickel price recovers to levels which allow nickel production to recommence. The main focus is on fast-tracking the Kopsa gold deposit into production. A feasibility study is being developed to determine the feasibility of commencing production of gold through the adjacent Hitura mill during 2010.

The Company's corporate goal is to be a profitable European producer and expand its mineral resources and reserves. Its common shares trade on the TSX Venture Exchange under the symbol 'BEL'.

SELECTED FINANCIAL INFORMATION

The following selected annual financial information in the table that follows has been derived from the consolidated financial statements of the Company for the periods indicated and should be read in conjunction with such statements and notes thereto. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Company incurred a net loss for the quarter ended March 31, 2009 of €1,389,070 or €0.02 per share, which compares with a net loss of €2,460,165 or €0.03 per share reported for the same period in fiscal 2008. The principal causes of these quarterly and annual variations are explained after the 'Financial Highlights' table following.

Selected Annual Financial Information All amounts in €'000, except shares and per share figures	Quarter ended 31 March 2009	Quarter ended 31 March 2008	Quarter ended 31 March 2007
Revenue	-	5,804	-
Operating Expenses **	926	8,457	4
G&A Expenses **	282	481	140
Other (income) and expenses	181	(27)	55
Mineral Property Impairment	-	-	-
Income tax recovery	-	(808)	-
Net loss	(1,389)	(3,005)	(199)
Loss Per share (basic and diluted)	(0.02)	(0.03)	(0.01)
Cash Flow used from operating activities	(1,206)	(1,545)	(179)
Cash Flow used from investing activities	(258)	(863)	(859)
Cash Flow from financing activities	(3)	-	252
Net increase (decrease) in cash	(1,444)	(3,114)	(791)
Cash at end of period	2,912	8,408	1,494
Total Assets	17,860	43,757	5,448
Total Liabilities	13,238	12,365	110
Working Capital	(5,839)	7,715	1,477
Weighted average number of shares outstanding	79,174,569	74,760,948	39,653,153
Dividends per Share	-	0-	0

**: Including stock based compensation

During the first quarter:

- No nickel produced or sold by the Company and therefore there was a material reduction in operating expenses as a consequence of putting the Hitura mine into care and maintenance. In the prior year, very high levels of operating development, repairs, ground preparation/ support, increasing energy costs and definition drilling were also taking place at both operating locations.
- The Company made a loss for the quarter ended March 31, 2009 of €1,389,070 or €0.02 per share, which compares with a loss of €13,482,868 or €0.17 per share for the previous quarter and a loss of €2,460,165 or €0.03 per share reported for the same period of fiscal 2008.
- General and administrative expenses decreased to €282,395 (2008: €641,479) substantially as a consequence of a lower stock compensation charge and expense reduction initiatives introduced at the end of fiscal 2008.
- Other Income and Expenses were €180,830 as a consequence of lower interest income on cash balances during the year and higher interest expenses, particularly as a result of the debt owed to Jinchuan, and foreign exchange losses associated with the material US dollar liability due to Jinchuan.
- The carrying values of assets was unchanged at the end of the quarter and accordingly no further mineral property impairment charges were recorded and this also flows through into the future income tax recovery line.
- Cash and cash equivalents decreased to €2,911,728 (2008: €8,408,403) as a result of funding care and maintenance activities and maintaining our gold projects.
- Accounts receivable, inventories and prepaid expense balances continue to decline consistent with a lower level of economic activity and as consumables are used up in the care and maintenance of assets.

- Total assets reduced materially to €17,859,967 (2008: €43,757,335) as a consequence of the impairment charges against Nickel properties recorded in the second half of fiscal 2008. Compared to the prior quarter, total assets fell 7% primarily as a consequence in the reduction in cash balances.
- Current and long term liabilities increased 7% to €13,237,613 (2008: €12,365,382) however within this balance the reversal of a €5,259,648 future income tax provision was offset by the €7,411,182 (US\$10.05 million) short term liability due to Jinchuan (see Going Concern below).

SUMMARY OF QUARTERLY RESULTS

The quarterly results for the Company for the last eight fiscal quarters are set out in the following table.

Quarterly Results

(all amounts in thousands of Euros except per share figures)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2009				
Revenue				-
Comprehensive loss for the period				(1,365)
Basic and diluted loss per share				(0.02)
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2008				
Revenue	6,815	1,675	5,004	5,804
Comprehensive loss for the period	(13,483)	(10,966)	(1,404)	(3,165)
Basic and diluted loss per share	(0.17)	(0.14)	(0.02)	(0.03)
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2007				
Revenue	7,962	6,847	17	
Comprehensive loss for the period	34	(3,603)	(502)	
Basic and diluted loss per share	0.01	(0.07)	(0.01)	

Revenues in the third and fourth quarters of fiscal 2007 reflect the new Nickel production and net losses continued to fluctuate as a consequence of an increase in corporate activity and exploration drilling until the end of the second quarter of fiscal 2008. Delays in starting up shipments to a new offtake partner impacted revenues in the third quarter of 2008 and mineral property impairment charges of €14 and €9 million respectively in the final two quarters of the year contributed to the material increase in comprehensive losses being reported. The loss for the first quarter of fiscal 2009 reflects costs associated with maintaining operating assets in care and maintenance mode.

EXPLORATION AND DEVELOPMENT UPDATE

Exploration and development of nickel and gold projects remain the main priority of the Company. A renewed emphasis on gold due to the collapse of the nickel price has focused on near term production projects near existing mills, such as the Kopsa gold deposit.

Nickel Exploration

No Exploration has been carried out during the quarter as the company continues to cut costs. Feasibility and scoping studies continue on the Hautalampi nickel cobalt and the Kopsa gold copper projects.

OUTLOOK

Preservation of cash balances remains a key area of management focus whilst ensuring safety, health and environmental standards at operating locations are maintained at the appropriate levels and in compliance with Finnish regulations.

Another key area of management focus will be to do everything possible to help and support a Jinchuan due diligence complete their work in Finland. Under the terms of a non-binding letter of intent signed on April 25, 2009 Jinchuan, subject to due diligence, have committed to converting a US\$10.05 million liability into equity of the Company.

Developing our gold business, which is geographically close to our nickel production centres also remains a key management priority with focus only being on exploration programmes which will rapidly grow existing resources on projects with large scale potential and early production possibilities.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

The Company's overall liquidity risk has changed significantly from the prior year as a result in the rapid drop in the price of nickel in the second half of 2008 which sharply reduced operating margins and cash flow. These factors resulted in all operating assets being placed on care and maintenance, and for the first time in eight quarters, the Company not generating any revenues.

To date, the Company has relied significantly on private placement financings of its equity securities to finance its operations. It is, however, also now very heavily reliant on Jinchuan. With limited cash resources and insufficient income at this stage to cover expenses, the liquidity risk is significant. Financings have previously been completed in Canadian dollars and therefore there is an exchange risk at the corporate level to movements between the Canadian dollar and Euro on funds being transferred to Finland.

The Company's operating results and cash flow are affected by changes in the Euro exchange rate relative to the US Dollar and Canadian Dollar. Exchange rate movements can have a significant impact on operating results as a significant portion of the Company's operating costs are incurred in Euros. As part of the new offtake agreement, which came into effect on July 1, 2008 the Company's exposure to both fluctuations in the price of nickel and exchange rate movements increased the exposure to market price changes in the price of Nickel as well as the US Dollar: Euro exchange rate. The impact of the fall in the price of Nickel had a material impact on the performance of the Company in the fourth quarter of 2008.

Our holding of cash balances is kept under review. Aside from the liabilities owed to Jinchuan as discussed above, the only source of debt which the Company has currently is a loan from Tekes, Finland for €133,000 which is repayable within two years. This loan was made to Finn Nickel prior to the acquisition to finance the development of its projects. Floating charges totalling €200,000 in favour of Nordea Bank, Finland as security over a €200,000 bank overdraft and a €100,000 pledge over land at the Mäntymäki deposit were also in effect at Finn Nickel at March 31, 2008. The Company has no other fixed, floating rate or interest-free financial liabilities by way of borrowing.

Cash and short terms deposits (denominated in Euros) were as follows:

Currency	At March 31, 2009	At March 31, 2008
Canadian Accounts	1,693,526	4,729,357
Euro Accounts	1,223,634	3,669,964
Sterling Accounts	(5,432)	9,082
Total	2,911,728	8,408,403

At the date of this MD&A, no interest was being received on Euro deposits and interest being received on Canadian Dollar deposits was 0.5%.

Cash flow used for operating activities reduced by €339,349 to €1,206,134 (2008: cash used €1,545,483). This reduction is primarily a result of a lower net loss for the period resulting from headcount reductions and other expense reduction initiatives taking effect.

A €2,846 debt repayment was made on equipment and capital spending on mineral properties and plant and equipment was €258,157 (2008: €862,900). Investments were made only if required to maintain assets in safe working order.

At March 31, 2009, the Company had a working capital deficit of €5.8 million and a more detailed discussion of steps being taken by management to address this deficit position can be found below within the going concern section of this MD&A. The Company may be dependent upon debt and equity financing to carry out its exploration and development plans and there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

As at May 21, 2009 the Company had cash resources of €2.1 million.

Financial Instruments

The fair values of cash and cash equivalents, receivables and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

The fair value of long-term liabilities was determined using discounted cash flows at prevailing market rates and the fair value is considered to approximate carrying value. The Company minimizes credit risk by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at March 31, 2009.

The Company is exposed to fluctuations in interest rates, foreign currency exchange rates and commodity prices. The Company has not entered into any derivative contracts.

RELATED PARTY TRANSACTIONS

During the quarter ended March 31, 2009 there were no related party transactions (2008: management fees €93,566).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Company's accounting policies are presented in accordance with Canadian generally accepted accounting principles (GAAP) as set out in Note 2 to the Company's consolidated financial statements as at and for the period ending March 31, 2009. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The preparation of the Company's financial statements depends upon estimates of proven and probable

reserves, measured and indicated mineral resources and recoverable Nickel, assumptions of operating costs and future Nickel prices and possible values assigned to potential resources on exploration properties. Such estimates and assumptions affect the cost recovery of long-lived assets and the rate at which depletion and amortization are charged to earnings. In addition, management must estimate costs associated with mine reclamation and closure costs.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and discharge of liabilities in the normal course of operations for the foreseeable future. The Company has incurred significant recurring operating losses over the past two years, and has not generated positive cash flow from operations. For quarter ended March 31, 2009 the Company had a net loss of \$1,389,070 and held cash of €2,911,728 and had a net working capital deficit of €5,838,685. Net working capital is defined as current assets minus current liabilities. At May 21, 2009, the Company held cash of €2.1 million. These conditions raise doubt about the Company's ability to continue as a going concern.

The duration and depth of this economic slowdown in markets in which the Company operates is likely to continue to impact the Company's ability to generate future revenue. Management acted to reduce the Company's operating costs in fiscal 2008 and continue to pursue cost reduction initiatives wherever possible.

The Company has been able, thus far, to finance the losses, as well as the growth of the business through a series of equity and debt private placements. As further described in Note 5 to the consolidated financial statements for year ended December 31, 2008, the Company received an advance of US\$7.5 million against future concentrate deliveries to Jinchuan Group Limited. The purpose of this loan was to cover the shortfall in revenues due to a one-off delay in concentrate deliveries associated with the logistics involved in changing offtake partner. This loan was supposed to be repaid in full by May 31, 2009 by offset against deliveries, however due to the drop in Nickel prices and resulting termination of mining, the Company is unable to meet this repayment obligation. Additionally, under the terms of the original offtake agreement between the parties, the Company is also unable to repay a pricing adjustment of US\$2.55 million. As a consequence, a letter of intent initiating conversion of this US\$10.05 million liability into equity of the Company was signed with the Jinchuan Group Limited on April 25, 2009. Both parties have agreed to complete this debt for equity conversion process within 45 days.

Management believes that as a result of these actions, the Company has sufficient resources for the next twelve months to meet its obligations as they fall due in the ordinary course of business, however, the directors and management are evaluating a number of alternative ways of financing and bringing new revenues into the Company. These include various forms of debt financing, possible merger and joint venture opportunities, equity financing and asset sales. There is no assurance however, that additional financing can be obtained, or if obtained, on terms that are acceptable to management. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or liabilities should the Company not be able to continue as a going concern

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include accounting for doubtful accounts, inventories, mineral property, plant and equipment, asset retirement obligations, stock-based compensation, allocation of purchase price of acquisitions and income and mining taxes.

Depreciation and depletion of mineral property, plant and equipment assets are dependent upon estimates of useful lives and reserves estimates, both of which are determined with the exercise of judgement. The assessment of any impairment of mineral property, plant and equipment is dependent upon estimates of fair value that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Asset retirement obligations are recognized in the period in which they arise and are stated as the fair value of estimated future costs. These estimates require extensive judgement about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

Mineral Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and depletion. Maintenance, repairs and renewals are charged to operations.

Mining properties and mining and process facility assets are amortized on a units-of-production basis which is measured by the portion of the mine's economically recoverable and proven ore reserves recovered during the period.

All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the units-of-production method following commencement of production.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

Impairment and Uncollectability of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount as follows: the carrying amount of the asset is reduced to its discounted estimated recoverable amount, either directly through the use of an allowance account and the resulting loss is recognized in the consolidated statement of operations for the year.

For investments included under financial instruments, if there is an other than temporary decline in the value of the investment, such reduction is included in the consolidated statement of operations.

Closure Costs

The Company has an obligation to reclaim its properties after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Company could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Company's earnings and net assets.

Stock Based Compensation

The Company accounts for stock-based compensation using the Black-Scholes fair value option pricing model. Stock-based compensation is accrued and charged to operations, with a corresponding credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Purchase Price Allocations on Business Acquisitions

Purchase price allocations on business acquisitions are determined based on management's estimates.

Income Taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Adoption of International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a successful conversion.

OFF BALANCE SHEET TRANSACTIONS/ PROPOSED TRANSACTIONS

The Company has no Off Balance Sheet transactions or Proposed Transactions.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants.

Financial instrument disclosures and presentation

CICA Handbook Sections 3862 “*Financial Instruments – Disclosures*” and Section 3863 “*Financial Instruments – Presentation*” replace Section 3861 “*Financial Instruments Disclosure and Presentation*”. The new standards carry forward the presentation requirements for financial instruments and enhance the disclosure requirements by placing increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Capital disclosures

CICA Handbook Section 1535 requires the Company to disclose (a) its objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of any such non-compliance.

Inventories

CICA Handbook Section 3031 replaced the existing inventories standard. The new standard requires inventory to be valued on a first-in, first-out or weighted average basis, which is consistent with the Company’s previous treatment. The adoption of CICA 3031 did not have a significant impact on the Company’s accounting for inventory or associated disclosures as at January 1, 2008 or for the year ended December 31, 2008.

RISK FACTORS

An investment in Belvedere should be considered highly speculative due to its present stage of development, the nature of its operations and certain other factors. An investment in Belvedere’s securities should only be made by persons who can afford the total loss of their investment. The risk factors which should be taken into account in assessing Belvedere’s activities and an investment in securities of Belvedere include, but are not limited to, those set out below. Should any one or more of these risks occur, it could have a material adverse effect on the value of securities of Belvedere and the business, prospects, assets, financial position or operating results of Belvedere, any one of which may have a significant adverse effect on the price or value of any securities of Belvedere.

The risks noted below do not necessarily comprise all those faced by Belvedere and are not intended to be presented in any assumed order of likelihood or magnitude of consequences.

Dependence on Strategic Property

Belvedere’s main source of revenue is currently from the Hitura mine. Any adverse changes or developments affecting this property would have a material and adverse effect on Belvedere’s business, financial condition, results of operations and prospects.

Success of Current and Future Exploration Cannot be Assured

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While discovery of a mineral structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditure may be required to establish mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration will always result in the discovery of an economically viable mineral deposit or in a profitable commercial mining operation.

Liquidity and Investment Risk

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors some of which are general or market or sector specific and others that are specific to the Company.

Although the ordinary shares are traded on TSX-V, this should not be taken as implying that there will be a liquid market for them. An investment in the common shares may be difficult to realize. Accordingly, each prospective investor should view his purchase of the Common Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time.

The value of the common shares may go down as well as up. Investors may therefore realise less than their original investment and, although the Company had a letter of intent with Jinchuan regarding the conversion of the debt into equity, investors may sustain a total loss of their investment.

The Company's overall liquidity risk has also changed significantly from the prior year as a result in the rapid drop in the price of nickel in the second half of 2008, partially offset by a beneficial change due to the US Dollar/Euro exchange rate. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

Nickel Price Volatility

Belvedere's revenues are expected to be derived primarily from the extraction and sale of nickel concentrate. The price of nickel has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond Belvedere's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of nickel cannot be accurately predicted. Any material decrease in the prevailing price of nickel for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on Belvedere's results of operations and financial condition.

Exploration, Mining and Processing Licences

The Company's proposed exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents or made subject to limitations. There is no guarantee that, upon completion of any exploration activity a mining licence or lease will be granted with respect to exploration territory. There can be no assurance that any exploration licence will be renewed or if so, on what terms.

These licences place a range of past, current and future obligations on the Company. In some cases there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. The Company's historical operations have generated chemical and metals depositions in the form of tailing ponds, rock waste dumps, and heap leach pads. There can be no assurances that the Company will at all times be in compliance with all environmental regulations or that steps to achieve compliance would not materially

adversely affect the Company. Environmental laws and regulations are evolving in Finland where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environmental regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

OTHER MATTERS

Outstanding Share Data

As at the date of this MD&A the following securities are outstanding:

Common Shares	79,183,336
Warrants	3,741,422
Options	3,530,000

Further Information

Additional information relating to the Company is on SEDAR at www.sedar.com and the Company's web site www.belvedere-resources.com.