

Unaudited interim consolidated financial statements of

Belvedere Resources Ltd.

Three months ended March 31, 2009 and 2008

Belvedere Resources Ltd.

Three months ended March 31, 2009 and 2008

Table of contents

Consolidated statements of loss and comprehensive loss	1
Consolidated statements of shareholders' equity	2
Consolidated balance sheets	3
Consolidated statements of cash flows	4
Notes to the consolidated financial statements	5 - 17

Belvedere Resources Ltd.

Consolidated statements of loss and comprehensive income (loss) three month periods ended March 31, 2009 and 2008

(Expressed in Euros, except share amounts)

	2009	2008
	€	€
Mining revenue	-	5,803,898
Operating expenses		
Operating costs	925,074	7,987,335
Depletion, depreciation and amortization	771	456,765
Stock-based compensation - operations	-	12,815
	925,845	8,456,915
Loss before undernoted items	(925,845)	(2,653,017)
Other expense (income)		
General and administrative	209,303	394,363
Stock-based compensation - administrative	73,092	247,116
Interest income	(44,192)	(65,538)
Interest expense	106,959	3,305
Foreign exchange loss	118,063	35,492
	463,225	614,738
Loss before income taxes	(1,389,070)	(3,267,755)
Income tax expense (recovery)		
Future income tax recovery	-	(807,590)
	-	(807,590)
Net loss for the period	(1,389,070)	(2,460,165)
Other comprehensive (loss) income		
Cumulative foreign currency translation adjustments, net of tax	23,589	(705,191)
Comprehensive loss for the period	(1,365,481)	(3,165,356)
Basic and diluted loss per share	(0.02)	(0.03)
Basic weighted average number of common shares outstanding	79,174,569	74,760,948
Diluted weighted average number of common shares outstanding	84,329,822	77,919,679

Belvedere Resources Ltd.

Consolidated statements of shareholders' equity three month periods ended March 31, 2009 and 2008

(Expressed in Euros)

	Number of shares	Amount	Contributed surplus	Warrants	Accumulated other comprehensive income (loss)	Deficit	Total
		€	€	€	€	€	€
Balance, December 31, 2006	43,598,769	20,558,766	501,980	-	(262,053)	(14,898,847)	5,899,846
Issued for cash under private placement	13,200,000	10,226,019	-	-	-	-	10,226,019
Issued on acquisition of additional 55% interest in Finn Nickel	8,231,127	7,042,156	-	-	-	-	7,042,156
Issued on acquisition of Hitura Mining Oy	12,292,815	10,517,141	-	1,652,165	-	-	12,169,306
Exercise of options	620,000	457,703	(213,130)	-	-	-	244,573
Exercise of warrants	1,190,625	387,350	-	-	-	-	387,350
Stock-based compensation	-	-	2,597,829	-	-	-	2,597,829
Comprehensive loss for the year	-	-	-	-	463,836	(4,733,537)	(4,269,701)
Balance, December 31, 2007	79,133,336	49,189,135	2,886,679	1,652,165	201,783	(19,632,384)	34,297,378
Issued for cash under private placement	-	-	-	-	-	-	-
Exercise of options in 2008	50,000	26,863	(10,745)	-	-	-	16,118
Adjustment for exercise of options in 2007	-	9,453	(9,453)	-	-	-	-
Stock-based compensation	-	-	618,066	-	-	-	618,066
Comprehensive loss for the year	-	-	-	-	(681,243)	(28,336,775)	(29,018,018)
Balance, December 31, 2008	79,183,336	49,225,451	3,484,547	1,652,165	(479,460)	(47,969,159)	5,913,544
Stock-based compensation	-	-	74,291	-	-	-	74,291
Comprehensive loss for the period	-	-	-	-	23,589	(1,389,070)	(1,365,481)
Balance, March 31, 2009	79,183,336	49,225,451	3,558,838	1,652,165	(455,871)	(49,358,229)	4,622,354

Belvedere Resources Ltd.

Consolidated balance sheets
as at March 31, 2009 and 2008

(Expressed in Euros)

	March 31, 2009	December 31, 2008
	€	€
Assets		
Current assets		
Cash	2,911,728	4,355,276
Accounts receivable	360,243	435,037
Inventories (Note 4)	383,349	404,811
Prepaid expenses	142,617	194,288
	3,797,937	5,389,412
Mineral property, plant and equipment (Note 5)	14,062,030	13,804,644
	17,859,967	19,194,056
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,225,440	2,546,921
Short-term debt (Note 6)	7,411,182	7,164,566
	9,636,622	9,711,487
Asset retirement obligations	3,349,539	3,314,727
Long-term liabilities (Note 7)	251,452	254,298
	13,237,613	13,280,512
Shareholders' equity		
Share capital	49,225,451	49,225,451
Contributed surplus	3,558,838	3,484,547
Warrants	1,652,165	1,652,165
Accumulated other comprehensive (loss) income	(455,871)	(479,460)
Deficit	(49,358,229)	(47,969,159)
	4,622,354	5,913,544
	17,859,967	19,194,056

Nature of operations (Note 1)

Belvedere Resources Ltd.

Consolidated statements of cash flows three month periods ended March 31, 2009 and 2008

(Expressed in Euros)

	2009	2008
	€	£
Operating activities		
Net loss for the period	(1,389,070)	(2,460,165)
Items not involving cash		
Accretion	34,812	34,813
Depletion, depreciation and amortization	771	456,766
Future income tax recovery	-	(807,590)
Stock-based compensation	74,291	259,932
	(1,279,196)	(2,516,244)
Net changes in non-cash working capital items		
Accounts receivable	74,794	1,533,257
Inventories	21,462	(178,759)
Prepaid expenses	51,671	32,399
Accounts payable and accrued liabilities	(74,865)	(416,136)
	(1,206,134)	(1,545,483)
Financing activities		
Common shares issued for cash, net	-	-
Repayment of debt	(2,846)	-
	(2,846)	-
Investing activities		
Mineral property, plant and equipment expenditures	(258,157)	(862,900)
	(258,157)	(862,900)
Effect of exchange rate changes on cash	23,589	(705,195)
Increase (decrease) in cash	(1,443,548)	(3,113,578)
Cash, beginning of period	4,355,276	11,521,981
Cash, end of period	2,911,728	8,408,403
Supplementary cash flow information		
Interest paid	106,928	36,891

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

1. Nature of operations

Belvedere Resources Ltd. (the "Company") is a nickel producer engaged in the acquisition, exploration, development and mining of mineral properties located in Finland. The Company's ability to continue operations is dependent upon the continued financial support of its shareholders, a major creditor, other investors and lenders, and the successful development of the Company's interests in the mineral properties.

These 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 the three month period ended March 31, 2009 the Company had a net loss of \$1,389,070 (2008 €3,267,755). At March 31, 2009, the Company held cash of €2,911,728 (2008 €4,355,037) and had a net working capital deficit of €5,838,685 (2007 net working capital surplus of €7,714,978). Net working capital is defined as current assets minus current liabilities. These conditions raise doubt about the Company's ability to continue as a going concern.

General economic conditions deteriorated during 2008 and the Company's revenue, operating results and cash flows were significantly impacted by the economic slowdown. Commodity prices also fell dramatically. The duration and depth of this economic slowdown in markets in which the Company operates will continue to impact the Company's future revenue. Management acted to reduce the Company's operating costs over the past 12 months, by downsizing the number of staff and executives, renegotiating contracts with significant vendors to reduce costs, and the cessation of Nickel mining operations.

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. In the third quarter of 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.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The principal accounting policies are outlined below:

(a) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. All significant intercompany transactions and balances have been eliminated.

(b) *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 items 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.

(c) *Foreign currency translation*

The Company and its subsidiaries operate in Canada and Finland.

The Company's functional currency is the Euro ("€").

The operating results of the Company's foreign operations are translated using the temporal method. Under this method, foreign currency monetary assets and liabilities are translated at the exchange rates prevailing at the balance sheet date; non-monetary assets denominated in foreign currencies are translated using the rate of exchange at the transaction date; foreign currency transactions are translated at the exchange rate prevailing on the transaction date; and foreign exchange gains and losses are included in net loss.

The measurement currency of the Company is the Canadian dollar while the reporting currency is the Euro. Therefore the operating results for the Company's non-consolidated financial statements are translated using the current rate method. Under this method, assets and liabilities are translated at the exchange rates prevailing at the balance sheet date; foreign currency transactions are translated at the exchange rate prevailing on the transaction date; and foreign exchange gains and losses are included in other comprehensive income.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

2. Summary of significant accounting policies (continued)

(d) *Financial instruments*

The Company's financial instruments primarily consist of cash, accounts receivable, accounts payable and accrued liabilities and short-term debt. The fair value of these instruments approximates their carrying values, due primarily to their immediate or short-term maturity. Fair values of other financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

Comprehensive income or loss comprises the Company's net income and other comprehensive income. Comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources and, for the Company; other comprehensive income includes currency translation adjustments for translation from measurement currency to reporting currency by the parent company.

Financial assets and financial liabilities are recognized on the balance sheet when the Company has become party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value, which includes transaction costs.

(e) *Cash*

Cash consists of cash on hand and deposits in banks.

(f) *Financial assets*

Financial assets that are classified as held for trading are recognized on the trade date at market value, which is the date that the Company commits to purchase or sell the asset. After initial recognition, the assets are carried at fair market value, with the fair value adjustment accounted for in the statement of operations.

(g) *Accounts receivable*

Accounts receivable are carried at amortized cost unless a provision has been recorded for uncollectability of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

(h) *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, 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.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

2. Summary of significant accounting policies (continued)

(i) *Financial liabilities*

After initial recognition, financial liabilities, other than held for trading liabilities, are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Financial liabilities that are classified as held for trading are recognized on the trade date at fair value, which is the date that the Company commits to the contract. After initial recognition, the liabilities are carried at fair market value, with the fair value adjustments accounted for in the statement of operations.

(j) *Accounts payable*

Liabilities for trade payables which are normally settled on 30 to 90 day terms are carried at amortized cost.

(k) *Short-term debt*

Short-term debt is recognized initially at the proceeds received, net of transactions costs incurred. Loans payable are subsequently measured at amortized cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of operations over the period of the loan.

(l) *Embedded derivatives*

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivatives within interest and other in the consolidated statement of operations.

(m) *Inventories*

Inventories comprising stockpiled ore and concentrate awaiting further processing and sale, are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method and includes direct mining expenditures and an appropriate portion of normal overhead expenditure. In the case of concentrate, direct concentrate costs are also included. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Consumables are valued at the lower of cost and replacement value. Obsolete, redundant and slow moving stores are identified and written down to net realizable value.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

2. Summary of significant accounting policies (continued)

(n) *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.

Mineral properties 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.

(o) *Asset retirement obligations*

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, the fair value of the liability for an asset retirement obligation is recognized in the period incurred. The net present value is added to the carrying amount of the associated asset and amortized over the asset's useful life. The liability is accreted over time through periodic charges to operations and it is reduced by actual costs of reclamation.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. Estimated discount rates are reviewed annually or as new information becomes available. Expenditures relating to ongoing environmental programs are charged against operations as incurred or capitalized and amortized depending on their relationship to future earnings.

(p) *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

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

2. Summary of significant accounting policies (continued)

(p) *Income taxes (continued)*

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.

(q) *Revenue recognition*

Revenue from the sale of metals is recognized when all significant risks and rewards of ownership pass to the purchaser including delivery of the product, there is a fixed or determinable selling price and collectability is reasonable assured. Settlement adjustments, if any, are reflected in revenue when the amounts are finally settled.

(r) *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.

(s) *Earnings (loss) per share*

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similarly to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

(t) *Employee future benefits*

The costs of retirement benefits and other benefit obligations are recognized over the period in which the employees render services in return for the benefits. The Company has a defined contribution retirement plan for its Finland-based employees. The pension plans are funded by payments from the employees and by the relevant group companies and charged to income as incurred.

(u) *Adoption of new accounting standards*

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted the new CICA Handbook Section 3064 "Goodwill and Intangible Assets" which aligns Canadian GAAP for goodwill and intangible assets with International Financial Reporting Standards (IFRS). The new standard provides more comprehensive guidance on intangible assets, in particular for internally developed intangible assets.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

2. Summary of significant accounting policies (continued)

(v) *Recent accounting pronouncements*

(i) *Business combinations*

Section 1582 “*Business Combinations*”, which replaces Section 1581, enhances accounting standards for business combinations. It is the Canadian GAAP equivalent to IFRS 3 “*Business Combinations*”. This standard is effective for the Company for the interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Company has not yet determined the impact of the adoption of this change on its consolidated financial statements.

(ii) *Consolidated financial statements and non-controlling interests*

Section 1601 “*Consolidated Financial Statements*” and Section 1602 *Non-controlling Interests*”, replace current standards. Section 1601 describes standards for the preparation of consolidated financial statements. Section 1602 describes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of IFRS IAS 27 “*Consolidated and Separate Financial Statements*”. These standards are effective for the Company for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Company has not yet determined the impact of these changes on its consolidated financial statements.

3. Concentration of credit risk

The Company currently sells all of its concentrate production to one customer under an off-take contract. The loss of this customer or unexpected termination of the off-take contract could have a material adverse effect on the Company’s results of operations, financial condition and cash flows. The Company has not experienced any bad debts with this customer.

4. Inventories

	March 31	December 31
	2009	2008
	€	€
Consumables	374,013	395,475
Ore and concentrate	9,336	9,336
	383,349	404,811

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

5. Mineral property, plant and equipment

			March 31 2009
	Cost	Accumulated depreciation/ depletion	Net book value
	€	€	€
Land	34,142	-	34,142
Mining plant and equipment	2,860,514	1,312,282	1,548,232
Vehicles	64,939	17,765	47,174
Software	28,570	23,941	4,629
Office equipment	19,546	15,844	3,702
	3,007,711	1,369,832	1,637,879
<i>Mineral property - producing</i>			
			2008
	Finn Nickel	Hitura	Net book value
	€	€	€
Mineral property and equipment	503,781	2,432,868	2,936,649
Land	519,716	54,856	574,572
Buildings	410,518	922,426	1,332,944
Mine development	1,327,341	315,424	1,642,765
	2,761,356	3,725,574	6,486,930
<i>Mineral property - exploration</i>			
			2008
			Net book value
			€
Balance, beginning of year			5,789,951
Additions			147,270
Write-downs			-
Balance, end of year			5,937,221
Total mineral property, plant and equipment - 2008			14,062,030

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

5. Mineral property, plant and equipment (continued)

<i>Property, plant and equipment</i>			December 31 2008
	Cost	Accumulated depreciation/ depletion	Net book value
	€	€	€
Land	34,142	-	34,142
Mining plant and equipment	2,860,514	1,275,066	1,585,448
Vehicles	64,939	17,765	47,174
Software	28,570	23,941	4,629
Office equipment	19,546	15,364	4,182
	<u>3,007,711</u>	<u>1,332,136</u>	<u>1,675,575</u>
<i>Mineral property - producing</i>			December 31 2008
	Finn Nickel	Hitura	Net book value
	€	€	€
Mineral property and equipment	503,781	2,432,868	2,936,649
Land	519,716	54,856	574,572
Buildings	410,518	932,210	1,342,728
Mine development	1,157,104	328,065	1,485,169
	<u>2,591,119</u>	<u>3,747,999</u>	<u>6,339,118</u>
<i>Mineral property - exploration</i>			December 31 2008
			Net book value
			€
Balance, beginning of year			4,032,147
Additions			3,095,588
Write-downs			(1,337,784)
<u>Balance, end of year</u>			<u>5,789,951</u>
<u>Total mineral property, plant and equipment - 2008</u>			<u>13,804,644</u>

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

6. Short-term debt

In August 2008, Finn Nickel Ltd entered into an agreement with Jinchuan Group Limited for the latter to provide a US\$7.5 million prepayment facility. Under the terms of the agreement, Finn Nickel agreed to repay the facility in full on or before May 31, 2009 by offset against deliveries of concentrate to Jinchuan. The prepayment facility carries interest at a rate of LIBOR plus 3.5% and is secured by a parent company guarantee.

Due to the drop in nickel prices and resulting termination in mining operations, 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 the 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.

7. Long-term liabilities

	March 31	December 31
	2009	2008
	€	€
Tekes loans (a)	133,000	133,000
Unfunded pension obligation (b)	106,298	106,298
Gold properties damage claims reserve	12,154	15,000
	251,452	254,298

(a) Tekes is an agency of the Finnish government that offers support for certain qualifying development projects. Prior to the acquisition of Finn Nickel, two facilities were in place as follows:

(i) An unsecured loan of €172,000 was advanced in 2004 to develop small scale mining operations. €86,000 was repaid in 2008. Interest based on the basic Finnish bank rate less 1%, to a minimum of 3%, is compounded half-yearly. The principal sum is repayable by 2009.

(ii) An unsecured loan of €47,000 was advanced for crane hoisting in 2007. Interest based on basic Finish bank rate less 3%, to a minimum of 1%, is compounded half-yearly. The principal sum is repayable by 2013.

(b) The pension obligation relates to Hitura Mining Oy and is similar to a defined contribution plan.

Floating charges totalling €200,000 in favour of Nordea Bank in 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, 2009. The Company has no other fixed, floating rate or interest free financial liabilities by way of borrowing.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

8. Share capital

Stock-based compensation

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	March 31 2009	December 31 2008
Risk-free interest rate range	3.9% - 4.6%	3.9% - 4.6%
Expected life	1 -5 years	1 - 5 years
Annualized volatility range	75.0% - 120.3%	75.0% - 120.3%
Dividend rate	0%	0%
Weighted average grant date fair value per option	Cdn\$1.39	Cdn\$1.39

9. Capital Disclosures

The Company's objectives when managing capital are to:

- (i) Maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
- (ii) Continue the development and exploration of its mineral properties; and
- (iii) Support any expansion plans.

In the management of capital, the Company includes shareholders' equity, long-term debt, and cash.

The Company manages its capital structure and makes adjustments when the economic and risk conditions of the underlying lying assets require change. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt, and/or issue new debt to refinance existing debt.

The Company closely monitors its funding requirements to ensure it has the appropriate liquidity to meet its operating and growth objectives. At March 31, 2009, the Company had a working capital deficit of € 5.8 million (2008 working capital surplus of €7.7 million). A more detailed discussion of steps being taken by management to address this deficit position can be found in Note 1 of these consolidated financial statements.

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

10. Segmented information

- (a) Operating segment - The Company's operations are primarily directed towards the acquisition, exploration, development and production of nickel in Finland.
- (b) Geographic segments - The Company's assets at March 31, 2009 and December 31, 2008, and revenues and expenses by geographic areas for the three months ended 31, 2008 are as follows:

	2008		
	Finland	Canada	Total
	€	€	€
Mineral property, plant and equipment	14,057,809	4,221	14,062,030
Total assets	16,159,245	1,700,722	17,859,967
Mining revenue	-	-	-
Operating costs	(925,074)	-	(925,074)
Depletion, depreciation and amortization	-	(771)	(771)
Stock-based compensation	-	(73,092)	(73,092)
General and administrative	(122,450)	(86,853)	(209,303)
Interest income	39,055	5,137	44,192
Interest expense	(106,175)	(784)	(106,959)
Foreign exchange loss	(117,557)	(506)	(118,063)
Mineral property impairment loss	-	-	-
Loss before income taxes	(1,232,201)	(156,869)	(1,389,070)
			2007
	Finland	Canada	Total
	€	€	€
Mineral property, plant and equipment	1,800,423	4,221	1,804,644
Total assets	17,237,351	1,956,705	19,194,056
Mining revenue	19,298,084	-	19,298,084
Operating costs	(26,584,180)	-	(26,584,180)
Depletion, depreciation and amortization	(1,661,324)	(7,584)	(1,668,908)
Stock-based compensation	(21,215)	(596,851)	(618,066)
General and administrative	(671,560)	(993,953)	(1,665,513)
Interest income	142,598	110,599	253,197
Interest expense	(276,582)	(3,159)	(279,741)
Foreign exchange loss	(159,021)	(2,314)	(161,335)
Mineral property impairment loss	(22,973,090)	-	(22,973,090)
Loss before income taxes	(32,906,290)	(1,493,262)	(34,399,552)

Belvedere Resources Ltd.

Notes to the consolidated financial statements

Three months ended March 31, 2009

(Tabular amounts expressed in Euros, except as noted)

11. Subsequent events

On April 28, 2009 the Company announced the signing of a non-binding Letter of Intent (LOI) with Jinchuan Group, stating that subject to due diligence and obtaining all required approvals, Jinchuan will convert all outstanding debt into equity in Belvedere and/or Finn Nickel.