BELVEDERE
resources

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Management's Discussion & Analysis ('MD&A')
For the Year Ended December 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 April 30, 2010 and covers the results of operations for the fourth quarter and year ended December 31, 2009. It is intended to supplement the 2009 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

All statements in this document, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, 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. Forward looking statements are not guarantees of future performance and actual results may differ materially. The Company undertakes no obligation to update these forward looking statements in the event that management's beliefs, estimates or opinions, or other factors, change. 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

Belvedere Resources Limited ("Belvedere") is focused on exploring and developing nickel and gold projects in Finland. The company now owns the fully permitted Hitura Nickel Mine and Mill, on care and maintenance since December 2008. Detailed studies have been completed for the restart of nickel production in the second half of 2010. In addition the company has a portfolio of advanced gold properties in close proximity to the mill and in other areas of Finland which are rapidly being developed towards production.

The financial performance in 2009 was very poor, due to the voluntary bankruptcy of Belvedere's Nickel production subsidiary Finn Nickel on July 17, 2010. This occurred primarily because of the collapse of the nickel price in the second half of 2008, forcing Finn Nickel to put its Nickel mining projects at Hitura and Sarkiniemi on care and maintenance in December 2008. Sustained low nickel prices and tight credit markets prevented a restructure triggering the application for voluntary bankruptcy. Finn Nickel's main assets included the Hitura and Särkiniemi nickel mines, the Hitura and Luikonlahti processing plants, the permitted Hautalampi Ni-Co-Cu project and a number of exploration properties. In November 2010 the administrators of the estate sold the Luikonlahti mill and associated assets to Vulcan Resources for €4.71 million. In February 2010, after extended negotiations, Belvedere reacquired, through a new subsidiary, Belvedere Mining Oy, the Hitura Nickel Mine and associated claims and the Kopsa gold property, the last remaining assets from the Finn Nickel Bankruptcy estate for €1 plus the assumption of €3.3 million in environmental liabilities and the forgiveness of any remaining claims on the Finn Nickel estate by Belvedere.

SELECTED FINANCIAL INFORMATION

The selected annual financial information in the table following 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 year ended December 31, 2009 of €7,561,953 or €0.09 per share, which compares with a net loss of €28,336,775 or €0.36 per share reported in fiscal 2008. The principal causes of these quarterly and annual variations are explained after the 'Financial Highlights' table following.

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Selected Annual Financial Information All amounts in €'000, except shares and per share figures	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Revenue	-	19,298	14,826
Operating Expenses *	2,862	28,274	17,080
G&A Expenses *	1,178	2,263	3,223
Other (income) and expenses	13	188	(294)
Mineral property impairment	125	22,973	-
Loss on bankruptcy of subsidiary	3,384	-	-
Income tax recovery	-	(6,063)	(449)
Net loss	(7,562)	(28,337)	(4,734)
Loss per share (basic and diluted)	(0.09)	(0.36)	(0.07)
Cash Flow used from operating activities	(2,677)	(6,982)	(461)
Cash Flow used from investing activities	(400)	(6,550)	(1,213)
Cash Flow from financing activities	1,116	7,047	10,514
Net increase (decrease) in cash	(1,912)	(7,167)	9,237
Cash at end of period	2,443	4,355	11,522
Total Assets	5,691	19,194	47,852
Total Liabilities	5,699	13,281	13,554
Working Capital **	628	(5,857)	10,274
Weighted average number of shares outstanding	85,075,459	79,162,240	65,784,225
Dividends per Share	-	-	-

**: Including stock based compensation*
***: Excluding cash restricted under standby letter of credit*

During the fourth quarter:

- The Company generated a loss for the quarter ended December 31, 2009 of €3,704,731 or €0.04 per share, which compares with a loss of €1,304,621 or €0.02 per share for the previous quarter and a loss of €13,482,868 or €0.17 per share reported for the same period of fiscal 2008 which included a mineral property impairment charge of €8,973,090..

- As a consequence of the bankruptcy, the assets and liabilities of Finn Nickel were deconsolidated, resulting in a loss on bankruptcy charge of €3,384,081 to the income statement.

Compared to the prior year:

- No nickel was 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 Finn Nickel operating locations.
- General and administrative expenses decreased to €1,177,627 (2008: €2,262,364) substantially as a consequence of a lower stock compensation charge, placing Finn Nickel into voluntary bankruptcy in July and ongoing expense reduction initiatives.
- Other Income and Expenses were €12,919 (2008: €187,879) as a consequence of lower interest income on cash balances during the year and foreign exchange gains.
- As a consequence of the bankruptcy, the assets and liabilities of Finn Nickel were deconsolidated, resulting in a loss on bankruptcy charge of €3,384,081 to the income statement.
- Cash and cash equivalents decreased to €2,443,115 (2008: €4,355,276) primarily as a result of funding loss making operations and exploration in gold projects.
- Accounts receivable, inventories and prepaid expense balances declined consistent with a lower level of economic activity and as a consequence of the deconsolidation of Finn Nickel assets.
- Capital assets reduced materially to €3,193,936 (2008: €13,804,644) as a consequence of the deconsolidation of Finn Nickel assets and an impairment charge against gold exploration properties of €125,613.
- Current and long term liabilities fell to €5,679,525 (2008: €13,280,521) as a consequence of Jinchuan agreeing to convert short term debt into preference shares in July 2009 and the deconsolidation of Finn Nickel liabilities.

SUBSEQUENT EVENTS

On February 15, 2010, Belvedere reacquired the Hitura Mine and Kopsa gold property for the net purchase price of €1. The Company also reassumed the environmental liabilities totalling €3.3 million. Approval from the major creditors was received prior to signing. The Hitura and Kopsa assets are now held by Belvedere Mining Oy, a newly incorporated Finnish subsidiary which is 100% owned by Belvedere Resources BV.

In March, an independent engineering study of the Hitura mine recommended a restart of operations and on April 7, 2010, Belvedere Mining Oy signed a fixed price sales agreement with Jinchuan Group Ltd for the sale of the nickel, copper and cobalt concentrate from the Hitura mine. The sales agreement is denominated in Euros and has a duration of 18 months from the commencement of deliveries. Deliveries are expected to start in August of this year. In securing the fixed price sales agreement, the Company was able to take advantage of the upswing in Nickel prices to lock in a price which will allow the mine to safely return to production with no pricing downside risk.

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)

Fiscal 2009	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Revenue	-	-	-	-
Net loss for the period	(3,704)	(1,430)	(1,039)	(1,389)
Basic and diluted loss per share	(0.04)	(0.02)	(0.01)	(0.02)
Fiscal 2008	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Revenue	6,815	1,675	5,004	5,804
Net loss for the period	(13,275)	(11,069)	(1,533)	(2,460)
Basic and diluted loss per share	(0.17)	(0.14)	(0.02)	(0.03)

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. Losses for fiscal 2009 reflect costs associated with maintaining operating assets in care and maintenance mode and the resumption in exploration drilling on gold projects. The loss on bankruptcy and mineral property impairment charge contributed to the material increase in net losses reported in the fourth quarter.

EXPLORATION AND DEVELOPMENT UPDATE

All exploration and development works have focused on the gold properties. A maiden resource estimate was completed on its 100% owned, Hirsikangas Gold Project in western Finland. The Hirsikangas gold mineralisation has been intersected by drilling over a strike length of 1.5 km to date. The mineralisation occurs in parallel subvertical shears, with a combined true width between 6 – 40 metres. Mineralisation occurs from surface and remains open in all directions. The Qualified Person responsible for the Independent Technical Report has determined that the Hirsikangas gold property has NI 43-101 compliant Resources, modeled and reported at a 0.5 g/t Au cut-off, and down to a maximum vertical depth of 200 metres as follows:

Category	**Tonnes**	**Au g/t**	**Troy Oz's**
Indicated	3,002,000	1.23	119,000
Inferred	2,673,000	1.27	109,000

Hirsikangas is one of four advanced gold properties Belvedere is currently developing in Finland. The Company plans to continue to explore the gold bearing structures along strike, and to infill the existing drilling in 2010, with the aim of building on this initial resource statement.

A 3000 metre drilling programme was also completed on the K1 (Angesneva) gold occurrence on the Kiimala property. A resource estimate is being prepared and expected to be completed in Q2 2010.

OUTLOOK

Since 2009 the nickel market has improved substantially, with prices returning to levels which make a restart to mining operations at Hitura feasible. Belvedere has completed independent engineering studies on the feasibility of a restartwhich indicate the majority of existing developed stopes and underground workings remain in good condition. Some refurbishment of the mill, and some underground development to improve accessibility to the stopes is required, but overall capital requirements are low. Subject to a successful financing, development works are expected to start in May with full production planned to start in August. The Company has taken advantage of the recent upswing in Nickel prices to lock in a fixed price sale agreement for the first 18 months of production which will allow the mine to safely return to production with no pricing downside risks.

In addition the Company has also started resource delineation drilling at the Kopsa gold copper deposit which lies only 13 km from the Hitura Mill. After the drilling is complete metallurgical tests and resource estimations will be completed in preparation for scoping studies on the feasibility of commencing gold production on the Hitura site.

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 ultimately management's decision to place its Nickel subsidiary, Finn Nickel, into voluntary bankruptcy (see Our Business and Operations Review above). The Company did not generate any revenues in this fiscal year.

To date, the Company has relied significantly on private placement financings of its equity securities to finance its operations. On July 7, 2009, the Company and Jinchuan entered into an agreement whereby the US$7,500,000 of principal and US$175,605 of interest owing under the prepayment agreement between Finn Nickel"), a 100% Belvedere owned, and Jinchuan would be satisfied by Belvedere issuing 7,675,605 preference shares for US$1.00 each. These preference shares have a redemption price of US$1.00 each, carry a cumulative 2.5% dividend, are non-voting and will not be convertible into common shares. The preference shares will be redeemable by Belvedere at any time and will be redeemable by Jinchuan in four annual tranches, beginning on June 30, 2011 and ending on June 30, 2014.

In the third quarter of fiscal 2009, the Company raised C$1.85 million (C$1,739,000 net of expenses) by way of private placement. These funds will be used to finance ongoing exploration activities on gold projects in Finland and provide adequate working capital to the Company in the meantime. The limited cash resources and with insufficient income at this stage to cover expenses mean that the liquidity risk remains significant. Financings have all previously been completed in Canadian dollars and therefore there is an exchange rate 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. 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 in fiscal 2008 when the fall in the price of Nickel had a material impact on the performance of the Company in the fourth quarter.

Holding of cash balances is kept under constant review. 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 in effect at Finn Nickel at December 31, 2009. The Company has no other fixed, floating rate or interest free financial liabilities by way of borrowing. As of December 31, 2009, as a result of the voluntary bankruptcy and the Loss of Control of Finn Nickel, all long-term liabilities previously associated with Finn Nickel have been deconsolidated from the Company's financial statements

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

Currency	At December 31, 2009	At December 31, 2008
Canadian Accounts	2,071,936	1,578,527
Euro Accounts	363,992	2,771,178
Sterling Accounts	7,187	5,571
Total	2,443,115	4,355,276

At the date of this MD&A, interest was being received on Euro deposits was 0.1% and interest being received on Canadian Dollar deposits was 0%

Cash flow used for operating activities in 2009 was €2,677,255 compared to €6,982,201 in 2008, which reflected a full year's effect of loss-making mining operations.

Capital spending on mineral properties was €399,585 (2008: €6,550,566).

At December 31, 2009, the Company had a working capital surplus of €627,835 which excludes €1,525,000 in cash restricted under the terms of a standby letter of credit relating to the environmental bond for the Hitura Mine.

The issuance of common shares generated net proceeds of €1,116,050 (2008: €16,118).

The Company may be dependent upon additional debt or 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. However, management continues to evaluate 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. The financing will be directed towards the restart of the Hitura nickel mine in August of 2010 which is expected to generate positive cash flows for the company.

As at April 30, 2010 the Company had cash resources of €1.8 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 December 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

The Company paid €47,489 to Midas Exploration in 2009 relating to wages of an executive director. In 2008 the Company paid Midas Exploration €52,349 relating to wages of an executive director and office rent of € 1,061 to a director of the Company.

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 December 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 the year ended December 31, 2009 the Company had a net loss of $7,561,953, including a loss on bankruptcy of Finn Nickel of €3,384,081 and a mineral properties impairment loss of €125,613. At December 31, 2009, the Company held cash of €2,443,115 which included €1,525,000 of cash restricted under the terms of a standby letter of credit, working capital surplus of €627,835 excluding the restricted cash balance. Net working capital is defined as current assets minus current liabilities. At April 30, 2010, the Company held cash of €1.8 million including the restricted cash balance referred to above. 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 2009 and continue to operate the Company with close attention to minimizing costs.

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 6 to the consolidated financial statements for year ended December 31, 2009, 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 carried interest at a rate of LIBOR plus 3.5% and was secured by a parent company guarantee.

Due to the drop in nickel prices and resulting termination in mining operations, Finn Nickel was unable to meet this repayment obligation. Additionally, under the terms of the original offtake agreement between the parties, Finn Nickel was also unable to repay a pricing adjustment of US$ 2.55 million.

As further described in Note 9(b) to the 2009 consolidated financial statements, on July 7, 2009, US$7.5 million plus US$175,605 in interest of the Finn Nickel debt was converted into preference shares in Belvedere Limited. These preference shares have a redemption price of US$1.00 each, carry a commutative 2.5% dividend, are non-voting and will not be convertible into common shares. The preference shares will be redeemable by Belvedere at any time and will be redeemable by Jinchuan in four annual tranches, beginning on June 30, 2011 and ending on June 30, 2014. This agreement discharges all remaining obligations of Belvedere and Finn Nickel under the prepayment agreement and parental guarantee referred to above.

As a result of the voluntary bankruptcy and the Loss of Control of Finn Nickel, all other liabilities previously associated with Finn Nickel have been deconsolidated from the Company's 2009 financial statements as described in Note 3 thereto.

Management continue to evaluate 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. The financing will be directed towards the restart of the Hitura nickel mine in August of 2010 which is expected to generate positive cash flows for the company. There is no assurance however, that additional financing can be obtained, or if obtained, on terms that are acceptable to management, or that operations will generate expected revenues. 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.

<u>Impairment and Uncollectability of Financial Assets</u>

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 or 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.

<u>Closure Costs</u>

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.

<u>Stock Based Compensation</u>

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.

<u>Purchase Price Allocations on Business Acquisitions</u>

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

<u>Income Taxes</u>

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.

OFF BALANCE SHEET TRANSACTIONS / PROPOSED TRANSACTIONS

The Company has no Off Balance Sheet transactions nor Proposed Transactions.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A, the financial statements for December 31, 2009 and all related public filings.

In contrast to the certificate required under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109"), the venture issuer 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 MI52-109. In particular, the certifying officers filing certificates for venture issuers 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 generally accepted accounting principles.

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 their certificate(s).

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 MI 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.

CHANGES IN ACCOUNTING POLICIES

In 2009, the Company adopted five new accounting standards that were issued by the Canadian Institute of Chartered Accountants.

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("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

Credit risk and the fair value of financial assets and financial liabilities

Effective January 1, 2009, the CICA issued EIC 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities including derivative instruments. The adoption of EIC 173 did not have any material impact on the Company's financial position or results.

Mining exploration costs

In March 2009, the CICA issued EIC 174, *Mining Exploration Costs*, which supersedes EIC 126 and provides additional guidance on the capitalization of exploration costs and when an impairment test on these costs is required. The adoption of EIC 174 did not have any material impact on the Company's financial position or results.

Financial instruments disclosures

In June 2009, the CICA amended Section 3862, *Financial Instruments Disclosures* ("Section 3862"), to improve fair value and liquidity risk disclosures.Section 3862 now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – inputs are adjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique are not based on observable market data in determining fair values of the instrument.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The Company adopted these amendments prospectively on January 1, 2009.

Financial instruments – recognition and measurement

In 2009, the Company adopted the amendments made by the CICA to Handbook Section 3855, *Financial Instruments - Recognition and Measurement* ("Section 3855"), to provide additional guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category, amend the definition of loans and receivables, amend the categories of financial assets into which debt instruments are required or permitted to be classified, amend the impairment guidance for held-to-maturity debt instruments and require reversal of impairment losses on available-for-sale debt instruments when conditions have changed. The additional guidance on assessment of embedded derivatives is applicable for reclassifications made on or after July 1, 2009. All other amendments are applicable as of January 1, 2009. The adoption of these amendments did not result in a material impact on the Company's consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

Liquidity risk

Liquidity risk is the risk that Belvedere will not be able to meet its financial obligations as they fall due. Because Belvedere currently has no revenues, the ability of the Company to meet its financial obligations is dependent upon the ability of the Company to raise further capital in the capital markets and there is no guarantee that the Company will be able to raise such capital. The failure to obtain such financing on a timely basis may cause Belvedere to postpone certain business activities or to cease carrying on business. There is no assurance Belvedere will be successful in obtaining the required financing for ongoing operations. Moreover, if additional financing is raised through the issuance of equity or convertible debt, the interests of shareholders in the net assets of the Company may be diluted.

No Revenue and No Producing Properties

Belvedere does not currently have any recorded revenues from its operations nor has the Company commenced commercial production on any of its current properties. Revenues are expected to re-commence in September 2010 with the first payments for concentrate from the resumption of operations at the Hitura Mine. Belvedere expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the time consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. Belvedere's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

In addition, a positive production decision on any property would require significant capital for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes. Moreover, if additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of shareholders in the net assets of the Company may be diluted.

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 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 or may sustain a total loss of their investment.

Nickel Prices

Belvedere's revenues are expected to be derived in part 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.

Nickel price risk has been mitigated by the securing of a fixed price sales agreement with Jinchuan Group Ltd for the sale of the nickel, copper and cobalt concentrate from the Hitura mine which was repurchased by Belvedere Mining Oy in April 2010. The sales agreement is denominated in Euros and has a duration of 18 months from the commencement of deliveries. Deliveries are expected to start in August of this year. In securing the fixed price sales agreement, the Company was able to take advantage of the upswing in Nickel prices to lock in a price which will allow the mine to safely return to production with no pricing downside risk.

Gold Prices

Belvedere's revenues are expected to be derived in part from the extraction and sale of gold. The profitability of Belvedere's operations is significantly affected by changes in the market price of gold. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company. The factors that may affect the price of gold include industry factors such as: industrial and jewellery demand; the level of demand for the metal as an investment; central bank lending, sales and purchases of the metal; speculative trading; and costs of and levels of global production by producers of the metal. Gold prices may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the US dollar, the currency in which the price of the metal is generally quoted, and other currencies; interest rates; and global or regional political or economic uncertainties. The effect of these factors on the price of gold cannot be accurately predicted. Any material decrease in the prevailing price of gold 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. The Company's historical operations have generated chemical and metals depositions in the form of tailing ponds and rock waste dumps. 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 environment 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.

Title Matters

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Belvedere has taken reasonable measures to ensure proper title to its properties and the Company has investigated its right to explore and exploit its properties. To the best of the Company's knowledge, those rights are valid. The results of Belvedere's investigations with respect to its properties should not be construed as a guarantee of title. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration authorizations nor that such exploration authorizations will not be challenged or impugned by third parties.

Competition

Belvedere's business is intensely competitive and it competes with other mining companies, many of which have greater resources. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

OTHER MATTERS

Outstanding Share Data

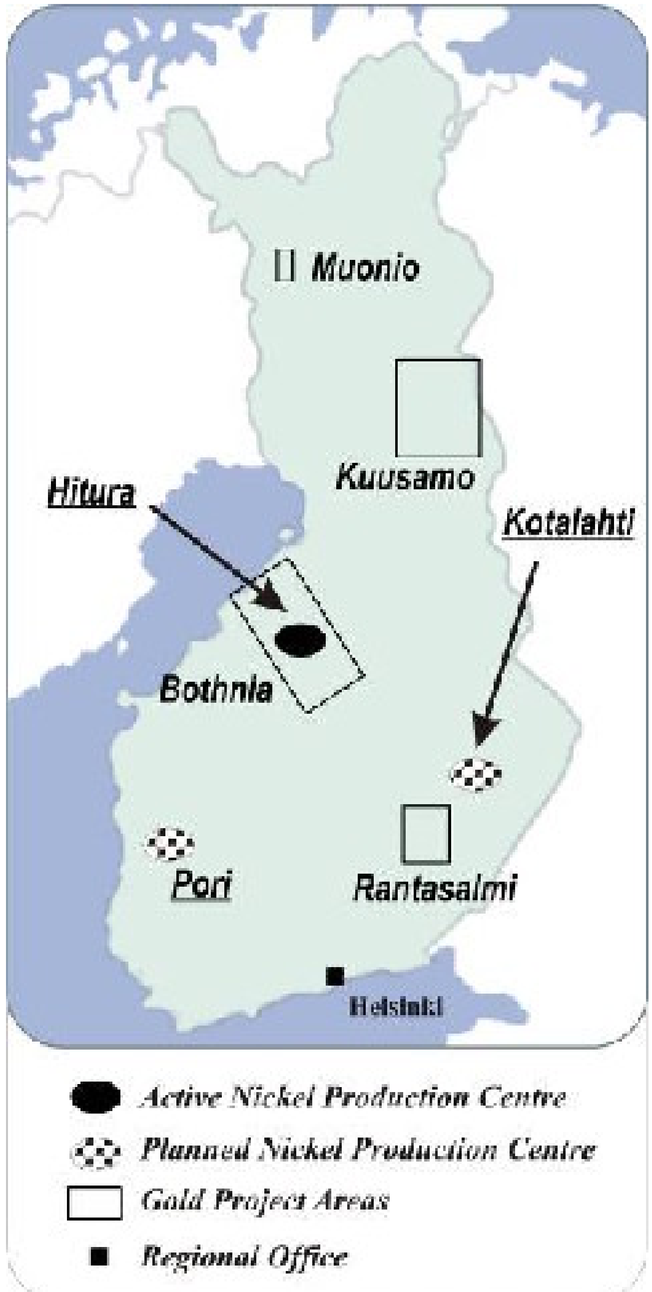
As at the date of this MD&A the following securities are outstanding:

Common Shares	102,308,336
Warrants	-
Options	7,250,000

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.

APPENDIX 1- OVERVIEW OF OPERATING REGIONS



APPENDIX 2- SCHEDULE OF KEY FACTS RELATING TO 2009

Region	Operation/ Activity	Key Facts
NICKEL		
Hitura	Nickel Operations	• 2,200t pa Nickel production centre on care and maintenance since December 2008 • Operating since 1970, the mine is a 620,000t/a underground operation and is the largest nickel producing mine in Finland to date. •
	Nickel Exploration	• No nickel exploration was completed
		•
		•
		•
		•
GOLD		
Bothnia Exploration	Hirsikangas	• NI 43-101 Resource estimate completed
Bothnia Exploration	Ängesneva (Kiimala Property)	• NI 43-101 compliant resource estimate ongoing 3000 m resources delineation drilling commenced in October
Kuusamo	Haarakumpu	• No work done during 2009
Rantasalmi		• No work done during 2009 • Interpretation and resource estimate ongoing
		•

APPENDIX 3- 2008 PRODUCTION SUMMARY

Hitura Production Centre Q4, 2008

No Production During 2009

APPENDIX 4- RESERVES AND RESOURCES

Nickel Reserves

Prospect	Category	Tonnes	Ni%	Cu%
Hitura	Proven Reserves	365,000	0.61	0.23
Hitura	Probable Reserves	1,985,000	0.62	0.22
Hitura	**Total Ore Reserves**	**2,350,000**	**0.62**	**0.22**

Nickel Resources

Prospect	Category	Tonnes	Ni%	Cu%
Hitura	Measured & Indicated	1,372,000	0.64	0.22
Hitura	Inferred	430,000	0.70	0.29

Notes:

1. The Hitura Resources and Reserves are valid as of December 31st 2007. This is the last NI 43-101 compliant resource statement. Since this statement, approximately 527,000 tonnes of ore were mined from the reserves of Hitura Mine. The mine has been on Care and Maintenance from December 2008. The company is currently preparing an updated NI 43-101 compliant resource and reserve statement.
2. Where a property has Measured and Indicated or Indicated and Inferred resources, Measured and Indicated Resources are separate from Inferred Resources.
3. Where a property has Reserves this figure is in addition to and is not included in the Measured, Indicated or Inferred Resource categories

Gold Resources

Property	Prospect	Category	Tonnes	Au g/t	Cu%	Co%	Troy Ounces
Hirsikangas		Indicated	3,002,000	1.23			119,000
Hirsikangas		Inferred	2,673,000	1.27			109,000
Rantasalmi	Osikonmäki East	Inferred	3,850,000	1.19			147,000
Rantasalmi	Osikonmäki West	Historical	90,000	4.86			14,000
Rantasalmi	Pirilä	Historical	150,000	8.9			43,000
Kopsa		Historical	25,000,000	0.57	0.15		458,000
Kopsa[2]		Historical	1,100,000	1.9			67,000
Kiimala	K3 (Vesiperä)	Historical	300,000	2.5			24,100
Kiimala	K1 (Ängesneva)	Historical	1,200,000	1.54			59,400
Kuusamo	Haarakumpu	Historical	900,000		0.46	0.34	
Kuusamo	Kouvervaara	Historical	1,580,000	0.4		0.1	20,300

Notes:

1. Where a property has Measured and Indicated or Indicated and Inferred resources, Measured and Indicated Resources are separate from Inferred Resources.
2. Kopsa resources: The smaller tonnage, higher grade resource is INCLUDED in the larger bulk resource

PROPERTY SPECIFIC TECHNICAL INFORMATION OF ESTIMATES

HITURA

The ore reserve and resource estimate for Hitura is effective from 31st December, 2007, and has been prepared by Markku Meriläinen of Outotec Oyj, acting as an independent "Qualified Person". The ore resource was calculated using block modelling, made up of 5m x 5m x 5m parent blocks, with sub-blocks of 2.5m x 2.5m x 2.5m constrained by a 0.47% Ni grade envelope. The grades inside the blocks were calculated using a combination of ordinary Kriging and an inverse distance squared method, depending on the quality of the variograms associated with the different ore zones. The maximum search distance was 200m for all estimations. The distance between the drilling profiles used for constructing the grade envelopes, varies from 6 m to 25 m but the most frequent one is 12.5 m. The minimum of 3 and maximum of 15 composites were used to estimate the block grade. An average specific gravity of 2.7 was assigned for all blocks. Further information regarding the status of Hitura in regards environmental, permitting, and title issues can be found in the NI 43-101 Technical Report "Property Portfolio of Suomen Nikkeli Oy (Finn Nickel Ltd) in southern Finland" dated 1st October, 2006, and filed on SEDAR 24th October, 2006. There are no known issues that may materially affect the mineral resources listed above.

OSIKONMÄKI EAST

The Osikonmäki East mineral resource is effective from December, 2005, and has been prepared by Dean Carville and Mike Struthers of AMC, Australia, acting as independent "Qualified Persons". The ore resource was calculated using block modeling made up of 25m x 25m x 5m blocks with sub-blocks down to 2.5m x 2.5m x 1m. The block models were constrained by a wireframed three-dimensional volume interpreted from mineralised structures on oblique sections. The grades inside the blocks were calculated using ordinary kriging, based on a variogram with a search ellipse dipping 40 to the south and plunging 20 to the east. The search ellipse ranges were 82mX x 38mY x 12mRL. An average specific gravity of 2.73 g/cm3 was assigned for all blocks. Further information regarding the status of the property in regards to environmental permitting, and title issues can be found in the NI 43-101 Technical Report "Rantasalmi Gold Project, Finland" dated December, 2005, and filed on SEDAR 30th October, 2006. There are no known issues that may materially affect the mineral resources listed above.

HIRSIKANGAS

The Hirsikangas mineral resource is effective from November 30th 2009, and has been prepared by Thomas Lindholm of GeoVista AB of Sweden, acting as independent "Qualified Person". The ore resource was calculated using block modeling made up of 10m x 10m x 2m blocks with sub-blocks down to 2.5m x 2.5m x 0.5m. The block models were constrained by a wireframed three-dimensional volume interpreted from mineralised structures on oblique sections. The grades inside the blocks were calculated using the Inverse Distance Squared Method, with several passes. The Indicated Resources are where drilling was on a grid of 50m x 50m. The Inferred Resources are where drill spacing was greater than 50m x 100m. An average specific gravity of 2.72 g/cm3 was assigned for all blocks. Further information regarding the status of the property in regards to environmental permitting, and title issues can be found in the NI 43-101 Technical Report "Hirsikangas Gold Deposit, Central Ostrobothnia, Finland" dated November 30th, 2009, and filed on SEDAR. There are no known issues that may materially affect the mineral resources listed above.

HISTORICAL RESOURCES

The following properties only have Historical Resources associated with them, that were prepared prior to the implementation of National Instrument 43-101. The sources of the historical estimates are identified below. The estimates are based upon historical diamond drilling without NI 43-101 compliant QA/QC procedures. Belvedere does not have, and is not aware of, any more recent resource or reserve estimates which are compliant with the standards laid out in National Instrument 43-101. Belvedere advises that it has not done the work necessary to verify the classification of either of the mineral resource estimates and such estimates have not been verified by a qualified person. The Company is not treating the historical resource estimates supplied in this news release as National Instrument 43-101-defined resources, and the historical resource estimates should not be relied upon.

KOPSA The historical resource estimate for Kopsa is found in the Outokumpu Oy Report "080/2344/MAI/82 (1982)". Further information on the deposit is found in the "Technical Report on the Arkala, Kopsankangas and Susineva Properties" filed on Sedar 6th September 2002
KOUVERVAARA The historical resource estimate for Kouvervaara is found in the Geological Survey of Finland, "Report of Investigation 101 (1991)". Further information on the deposit is found in the "Technical Report on the Kuusamo Properties" filed on Sedar 17th November 2006
HAARAKUMPU The historical resource estimate for Haarakumpu is found in some Lapin Malmi Oy reports dated 1985. Further information on the deposit is found in the "Technical Report on the Kuusamo Properties" filed on Sedar 17th November 2006
OSIKONMÄKI WEST The historical resource estimate for Osikonmäki West is found in the Geological Survey of Finland Report "M06/3233/92/1/10 (1992)". Further general information on the deposit is found in the NI 43-101 Technical Report "Rantasalmi Gold Project, Finland" dated December, 2005, and filed on SEDAR 30th October, 2006.
PIRILA The historical resource estimate for Pirila is found in the Geological Survey of Finland Report "M19/3233/86/1/10 (1986)".
VESIPERÄ The historical resource estimate for Vesiperä is found in the Geological Survey of Finland Report "M19/2433/-88/1/10 (1988)".
ÄNGESNEVA The historical resource estimate for Ängesneva is found in the Geological Survey of Finland Report "M19/2433/-90/3/10 (1990).