BELVEDERE
resources

Management's Discussion & Analysis ('MD&A')
For the Quarter Ended June 30, 2011

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 August 19, 2011 and covers the results of operations for the second quarter 2011 and the year ended December 31, 2010. It is intended to supplement the 2010 audited annual consolidated Financial Statements and notes thereto which were prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the period ended June 30, 2011, which are expressed in Euros and prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). 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.

BUSINESS OVERVIEW

Belvedere Resources Limited ("Belvedere") is focused on exploring and developing nickel and gold projects in Finland. The company currently produces 2,500 tonnes of Nickel in concentrate per annum. 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 moved down the development pipeline towards production.

After the successful re-start of the Hitura Nickel Mine in 2010, the company aims to bring its nearby Kopsa gold deposit into production, where metallurgical and resource studies are currently underway. The company is also investigating expanding production at the Hitura Nickel Mine, through extending the open-pit at North Hitura and evaluating other near surface resources at Mid and South Hitura.

Nickel Operations

During the second quarter, mine production proceeded largely in-line with the mine plan for 2011. Total milled tonnes for the quarter were 4% better than the planned 139,000 tonnes. Grade problems continued to adversely affect the nickel tonnes in concentrate with the average nickel grade of 0.53% Ni was lower than the expected 0.63% Ni. This is due to greater than expected dilution being experienced in some of the large eastern stopes. This was partially offset by higher than expected recoveries and better concentrate grades. However overall nickel tonnes in concentrate produced of 509.9t (1.12 million pounds) was 11% below the target of 575 tonnes and 9% lower than in Q1, 2011. A similar pattern is repeated in the cobalt tonnes which totalled 21.2 t, 11% below the planned total of 23.8 tonnes.

Month	Milled (t)	Con (t)	Ni t in Con.	Co t in Con.
April	43,952	1,708	144.2	6.1
May	51,768	2,279	187.4	8.0
June	49,097	2,139	178	7.1
Q2 Total	144,817	6,126	509.9	21.2

Total operating costs for Q2 were exactly as planned averaging €36.7 per milled ore tonne, compared to €38.0 per milled ore tonne in Q1. Total operating costs per pound of nickel in concentrate for Q2 averaged €4.75 (~US$ 6.41 based on USD:EUR of 1.35) .

OUTLOOK

The second quarter of 2011 saw the Hitura nickel mine 11% down on nickel tonnes in concentrate produced due to unexpected dilution in some of the main development stopes. A lot of work has been done by the engineering and geological teams to mitigate these problems and it is expected that the grade will improve during the second half of the year though the problems will continue into the third quarter. The planned two week, essential maintenance shutdown in July will also impact the third quarter figures, with no production during that time.

Management remains focussed on growing the business through internal investment in gold and nickel projects. A heavy inward investment programme is ongoing. More than 12,000m of drilling has been completed during 2011 to date on the Rantasalmi and Kopsa gold properties and the Hitura open-pite expansion project. The goal is to complete new resource estimates for the open-pit expansion at the Hitura Nickel mine and Kopsa gold property to allow feasibility studies to commence and to produce an updated resource for the Rantasalmi Gold Property to meet our vision of expanding nickel production in 2012 and becoming a gold producer in 2013.

The signing of a Joint Venture agreement on the Rantasalmi and Kiimala gold properties with REBgold Corporation in July is an important step for the the Company. It ensures two more of the Company's gold projects are moved rapidly up the development ladder. A total of six million Canadian dollars must be spent over the next four years for the JV partner to earn 50% of the project. All expenditure on the Rantasalmi property during 2011 counts as part of the expenditure commitment and approximately C$1.1

million will be refunded to Belvedere. This allows the company to focus on developing the Kopsa Gold property and the Hitura Nickel Mine expansion in parallel with developing some of its other advanced gold properties. .

The company also expects to complete the drilling over for the Hitura Open Pit Expansion area. This will enable the completion of a resource estimate and enable management to make the appropriate investment decisions.

SELECTED FINANCIAL INFORMATION

The following selected annual financial information in the table that follows has been derived from the condensed consolidated interim 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 International Financial Reporting Standards. Note 2010 figures have been restated in accordance with IFRS and have not been previously disclosed. See Note 18 to the Financial Statements for a comparison with Canadian GAAP. 2009 figures are reported in accordance with Canadian GAAP, and have not been restated in accordance with IFRS, as the Company's date of transition from Canadian GAAP to IFRS was January 1, 2010.

The Company generated a net loss for the quarter ended June 30, 2011 of €48,944 or €0.00 per share, which compares with a net loss of €873,737 or €0.01 per share reported for the same period of fiscal 2010 and compares with a net loss of €1,138,525 or €0.01 per share reported for fiscal 2009.

The principal causes of these quarterly and annual variations are explained after the 'Selected Financial Information' table following.

Selected Financial Information All amounts in €000's, except shares and per share figures	Quarter ended June 30 2011	Quarter ended June 30 2010	Quarter ended June 30 2009
Revenue	4,382	-	-
Operating Expenses	4,753	-	1,043
G&A Expenses *	306	266	164
Other (income) and expenses	(20)	608	(168)
Gain on fair valuation derivative liability	(534)	-	-
Income tax recovery	(72)	-	-
Net income (loss)	(49)	(874)	(1,389)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.01)
Cash Flow (used) from operating activities	1,282	313	(884)
Cash Flow (used) from investing activities	(1,073)	(1,342)	(236)
Cash Flow (used) from financing activities	(43)	1,850	-
Net increase (decrease) in cash	118	847	(1,120)
Cash at end of period	2,809	1,228	1,800
Total Assets	21,818	16,433	16,939
Total Liabilities	12,027	12,105	13,346
Working Capital **	660	552	(7,069)
Weighted average number of shares outstanding	133,938,513	97,886,433	79,183,336
Dividends per Share	-	-	-

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

During the second quarter:

- The Hitura Mine produced 510t (1.12 million pounds) of nickel in concentrate in the second quarter, compared to the planned production of 575t, 11% below forecast.
- The Company generated a net loss for the quarter ended June 30, 2011 of €48,944 or €0.0001 per share, which compares with net income of €1,443,732 for the previous quarter and, a loss of €873,737 or €0.01 per share reported for the same period (Q2) of fiscal 2010.This is largely as a result of unexpected ore dilution at Hitura nickel mine and heavy exploration investment on the nickel and gold properties.
- General and administrative expenses increased to €304,809 (2010: €256,084) substantially as a consequence of the restarting of operations at Hitura.
- Other Income was €(20,462) (Q1 2010 Expense: €607,569) as a consequence of foreign exchange losses.
- Accounts receivable decreased to €593,099 from €3,351,177 in the previous quarter which included a one-off sale of nickel to another smelter.

SUBSEQUENT EVENTS

On July 21, 2011, REBgold Corporation (TSX-V: RBG) and Belvedere jointly announced that their respective Finnish subsidiaries had entered into a definitive Shareholders' Agreement as contemplated by the Letter of Intent announced in a news release dated March 24, 2011. Under the terms of the Shareholders' Agreement, REBgold has the right to earn up to a 50% interest in a special purpose joint venture company which holds the Kiimala and Rantasalmi projects by contributing expenditures of C$6 million over a 4 year period. To maintain its earn-in right, during the first year REBgold must contribute at least C$1.5 million on the projects. Currently, Belvedere Resources Finland Oy (a wholly-owned Finnish subsidiary of Belvedere) holds a 100% interest in the special purpose joint venture company.

The Shareholders' Agreement will come into force upon satisfaction or waiver of certain conditions precedent, including a condition that REBgold shall have completed an equity financing as required to fund the first year's expenditure commitment. Upon execution of the Shareholders' Agreement REBgold will pay C$100,000 to Belvedere Resources Finland Oy. After the earn-in has been completed, a decision will be made whether to proceed to a feasibility study. If REBgold proceeds with and completes the feasibility study it will increase its stake in the projects to between 55% and 75% depending on the level of Belvedere's contribution to the study. A further 5% can be earned if REBgold's bioleaching technology can lead to a material improvement in the project economics.

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 2011	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	-	-	4,382	6,965
Net income (loss) for the period	-	-	(49)	1,027
Basic and diluted earnings per share	-	-	-	0.01

Fiscal 2010	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	5,626	1,495	-	-
Net income (loss) for the period	760	173	(1,675)	3,170
Basic and diluted earnings (loss) per share	0.01	0.01	(0.01)	0.03

Fiscal 2009	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	-	-	-	-
Net loss for the period	(3,704)	(1,430)	-	-
Basic and diluted loss per share	(0.04)	(0.02)	-	-

2009 figures: These figures are reported in accordance with Canadian GAAP, and have not been restated in accordance with IFRS, as the Company's date of transition from Canadian GAAP to IFRS was January 1, 2010.

2010 figures: These amounts have been restated in accordance with IFRS and have not been previously disclosed.

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

The Company reacquired the Hitura assets in Q1 and the subsequent fair valuation of these assets and resultant gain is reflected in the results for fiscal 2010. The ramp up to commercial production is reflected in the third and fourth quarters of 2010 and the first quarter of 2011.

EXPLORATION AND DEVELOPMENT UPDATE

During the first quarter of 2011, the majority of exploration work was focussed on the open pit expansion studies at Hitura, the metallurgical studies and resource estimate at Kopsa, and the infill drilling programme on the Rantasalmi gold project in SE Finland.

Open Pit Expansion Studies for Hitura Nickel Mine

On 23rd February, 2011 Belvedere commenced a 5,600m drill campaign on the southern edge of the old Hitura open pit. Drilling has continued throughout the second quarter. Desktop studies from historical drilling indicate that extending the open pit to the south of its current margins could add significantly to the operating life of the mine. The infill drilling will enable a new resource statement to be completed on this part of the Hitura Nickel mineralisation, allowing an investment decision to be made in the second half of 2011.

Kopsa Gold Property

During Q3, an infill drill programme was planned with the objective of enabling the completion of an NI 43-101 compliant mineral resource estimate for the main zone mineralisation to an Indicated Resource category. Drilling started in late July 2011. The drill programme is expected to be completed by the end of the quarter.

The initial metallurgical test results for the Kopsa project were only completed in June 2011, and announced in a press release on 16th June, 2011. Recoveries of between 90-94% for gold and 90-97% for copper into an initial Rougher concentrate were easily achieved from a bulk sample recovered from drill core, with a head grade of 1.8 g/t gold, 3.5 g/t silver and 0.16% copper. Gold grades in the Rougher concentrate typically peaked at between 21.8 and 38.6 g/t, and copper grades peaked between 1.9 and 3.2% after the first 1 minute of flotation. The test also produced an extremely clean tailings with sulphur and arsenic contents < 0.1%.Metallurgical testwork was carried out by SGS Laboratory Services in Cornwall UK.

Gold and Copper recoveries were optimised for grind size and then a number of flotation scenarios were undertaken on the optimised grind. Good copper recoveries could be achieved from coarser grinds but gold recoveries were maximised using a grind where 80% of the particles were <45 µm. This compares well with earlier bulk cyanide tests where 85-90% of the gold was recovered at similar grinds, with the added benefit of potentially enabling the company to capture significant extra value through extraction and sale of the copper by-product.

A number of different flotation scenarios were trialled with the aim of producing a marketable copper concentrate and a separate gold concentrate. Further detailed work needs to be done, but tests indicated that a commercial grade copper concentrate could be produced after several cleaning stages. Higher gold grades up to 71 g/t Au in concentrate were achieved after several cleaning stages at the expense of recoveries. A brief investigation into cyanide leaching of the bulk rougher concentrate gave unexpectedly low recoveries of gold and further work is required in this area to see if recoveries improve after the removal of a copper concentrate.

Rantasalmi Gold Property

During Q2, Belvedere continued to drill a 5,000 metre infill programme on the Osikonmäki deposit within the Rantasalmi Gold Property in SE Finland. The aim of the programme is to bring the Osikonmäki East inferred resource (currently 160,000 oz's of gold from 3.02 Mt @ 1.65 g/t Au using a 0.5 g/t gold cut-off - *NI 43-101 Technical Report "Rantasalmi Gold Project, Finland" dated December, 2005, and filed on SEDAR 30th October, 2006.*) into the Indicated Resource category and to extend the current resource along strike and down dip.

Belvedere announced two sets of drill results during Q2 (17th May 2011 and 30th June 2011) in addition to the results announced during Q1 (29th March 2011). These results continue to increase both the known size of the mineralised lodes, as well as improve the confidence and continuity of the gold mineralisation within the lodes. Furthermore, several new shears have been intersected in the hanging wall, requiring follow-up work.

The drill programme was completed at the end of June for a total of 6,118 metres of drilling over 54 holes. The final assay results of the final 12 holes are expected by the end of August.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

The Company's overall liquidity risk continued to improve significantly from the prior year as a result of the start up of nickel production at Hitura, and is bolstered by the fixed price sales agreement with Jinchuan. The Company generated €4,382,398 in revenues in the second quarter of fiscal 2011 (2010: €Nil).

As further described in the Subsequent Events section above, the Company entered into a joint venture agreement with REBgold on July 21, 2011. Under the terms of the agreement, the Company is to be

reimbursed during Q3 for the cost of the Rantasalmi drilling program, which will inject C$1.1 million (€0.8 million) into working capital.

With operations at the Hitura Mine at full production capacity, the conversion of the Investec loan into equity and the completion of the private placement in Q1, the company has sufficient financing for at least the next 12 months of normal operations.

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. The Company's exposure to both fluctuations in the price of nickel and exchange rate movements have largely been mitigated through the fixed price sales agreement at a fixed US dollar/Euro exchange rate. 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% owned subsidiary of Belvedere, 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. On the 20th April, 2011, Jinchuan agreed to defer the redemption dates by six months so that the 7,675,605 preference shares are redeemable at the option of Jinchuan in four annual tranches beginning on December 30, 2011 and ending on December 30, 2014.

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

Currency	At June 30, 2011	At June 30, 2010
Canadian Accounts	827,463	1,632,951
Euro Accounts	1,954,483	172,944
Sterling Accounts	26,658	(5,936)
Total	2,808,604	1,799,959

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 1.1%

During the second quarter, cash flow from operating activities was €1,281,656 and reflects the restart of mining operations at. This compares to cash used of €313,477 in Q2 2010.

Cash flow used in financing activities was €43,095 and relates to the repayment of a capital lease. This compares to cash flow generated from a private placement of €1,849,543 in Q2 2010.

Capital spending on the open pit expansion area and underground drifting at Hitura, and exploration drilling on the Company's gold properties was €1,073,358 (2010: €1,342,262).

At June, 2011, the Company had a working capital surplus of €0.7 million.

The Company may be dependent upon debt and equity financing to carry out its exploration and development plans and there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

As at August 19, 2011 the Company had cash resources of €1.5 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 June 30, 2011.

The Company is exposed to fluctuations in interest rates, foreign currency exchange and electricity rates.

The Company has not entered into any derivative contracts. The Company's contract with Jinchuan Group Ltd for the sale of nickel, copper and cobalt concentrate from the Hitura Nickel Mine contains a price adjustment feature based on quoted market prices during the month subsequent to the date of delivery. The price adjustment feature is considered to be an embedded derivative that requires separation in accordance with GAAP requirements. Market prices were such that the Company recognized no fair value adjustment in its consolidated financial statements as at June 30, 2011 in regards to this embedded derivative.

RELATED PARTY TRANSACTIONS

The Company paid €35,293 to Midas Exploration relating to wages of an executive director (2010: €22,232) and management fees of €21,952 to ATC Group in the Netherlands (2010: €21,748).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Company's accounting policies are presented in accordance with International Financial Reporting Standards (IFRS) as set out in Note 2 to the Company's condensed consolidated interim financial statements as at and for the period ending June 30, 2011. The preparation of financial statements in conformity with IFRS 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 condensed consolidated interim 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 generated operating income (loss) for the three and six months ended June 30, 2011 of €(370,800) and €664,898 respectively (2010 – €Nil), and net income (loss) for the three and six months ended June 30, 2011 of €(48,944) and €1,394,788 respectively (three and six months ended June 30, 2010 – net income (loss) of €(873,737) and €2,465,625 respectively.

At June 30, 2011, the Company held unrestricted cash of €2,808,604 (June 30, 2010 - €1,228,433), and had a net working capital surplus of €660,269 (June 30, 2010 – surplus of €552,355).

Measurement Uncertainty

The preparation of financial statements in accordance with IFRS 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, or could require estimates as the basis for determining the stated amounts include allowance for doubtful accounts, inventories, electricity hedging, 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.

Resources and Reserves The Qualified Person responsible for the Independent Technical Report has determined that the Hitura Mine has NI 43-101 compliant Mineral Reserves and Resources as follows, where Resources are exclusive of Reserves:

Category	Tonnes	Ni%	Cu%
Proven Reserves	972,000	0.69	0.24
Probable Reserves	350,000	0.62	0.23
Total Mineral Reserves	1,322,000	0.67	0.24
Measured Resources	1,336,000	0.71	0.23
Indicated Resources	1,086,000	0.60	0.20
Total Measured and Indicated Resources	2,422,000	0.66	0.22
Inferred Resources	615,000	0.67	0.29

Hitura Reserves and Resources (October 13th, 2010)

Depletion and Life of Mine Current proven and probable reserves allow mining to January 2013. In the first nine months of operations to March 31st 2010, of the 377,541 t mined, was depleted from the May 31st Proven Reserve figure. The remainder mainly came from old stopes not included in the reserves, as it was originally thought that access could be problematic. Historically about 95% of Measured and Indicated Resources are converted to Reserves at Hitura. Mineralisation is known to extend below current and planned production levels in North Hitura, as well as in the relatively unexplored Mid- and South Hitura

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

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

Impairment and Uncollectability of Financial Assets

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

Closure Costs

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

Stock Based Compensation

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

Purchase Price Allocations on Business Acquisitions

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

Income Taxes

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

OFF BALANCE SHEET TRANSACTIONS / PROPOSED TRANSACTIONS

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

CHANGES IN ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

IFRS Conversion Plan

The quarter ending June 30, 2011 with comparative financial results for 2010, is our second interim period reported under IFRS. All comparative figures have been restated to be in accordance with IFRS.

The Company's IFRS conversion plan addresses matters including changes in accounting policies, IT and data systems, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion is understood and managed reasonably, the Company has retained an IFRS conversion consultant. Through in-depth training and detailed analysis of IFRS standards, the Company's accounting personnel has obtained a thorough understanding of IFRS and possesses sufficient financial reporting expertise to support the Company's future needs. The Company has also reviewed its internal and disclosure control processes and believes they will not need significant modification as a result of the conversion to IFRS. Further, the Company has assessed the impact on IT and data systems and has concluded there will be no significant impact to applications arising from the transition to IFRS.

Significant Impacts on Transition to IFRS

Our financial statements were prepared in accordance with Canadian GAAP until December 31, 2010. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosures. For a description of the significant accounting policies the Company has adopted under IFRS, including the estimates and judgments we consider most significant in applying those accounting policies, please refer to note 2 of the condensed consolidated interim financial statements.

The adoption of IFRS resulted in some changes to the consolidated balance sheets and income statements of the Company previously reported under Canadian GAAP. To help users of the financial statements better understand the impact of the adoption of IFRS on the Company, we have provided reconciliations from Canadian GAAP to IFRS for total assets, liabilities, and equity, as well as net income and comprehensive income for the comparative reporting periods. Please refer to note 18 of the condensed consolidated interim financial statements for the reconciliations between IFRS and Canadian GAAP.

IFRS 1 First-Time Adoption of International Financial Reporting Standards

Adoption of IFRS requires the application of IFRS 1*, First-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 gives

entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. Please refer to note 18 of the condensed consolidated interim financial statements for a detailed description of the IFRS 1 exemptions we elected to apply.

OTHER MATTERS

Outstanding Share Data

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

Common Shares	151,812,291
Warrants	13,887,714
Options	7,175,000

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.

CAUTIONARY STATEMENT ON 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*

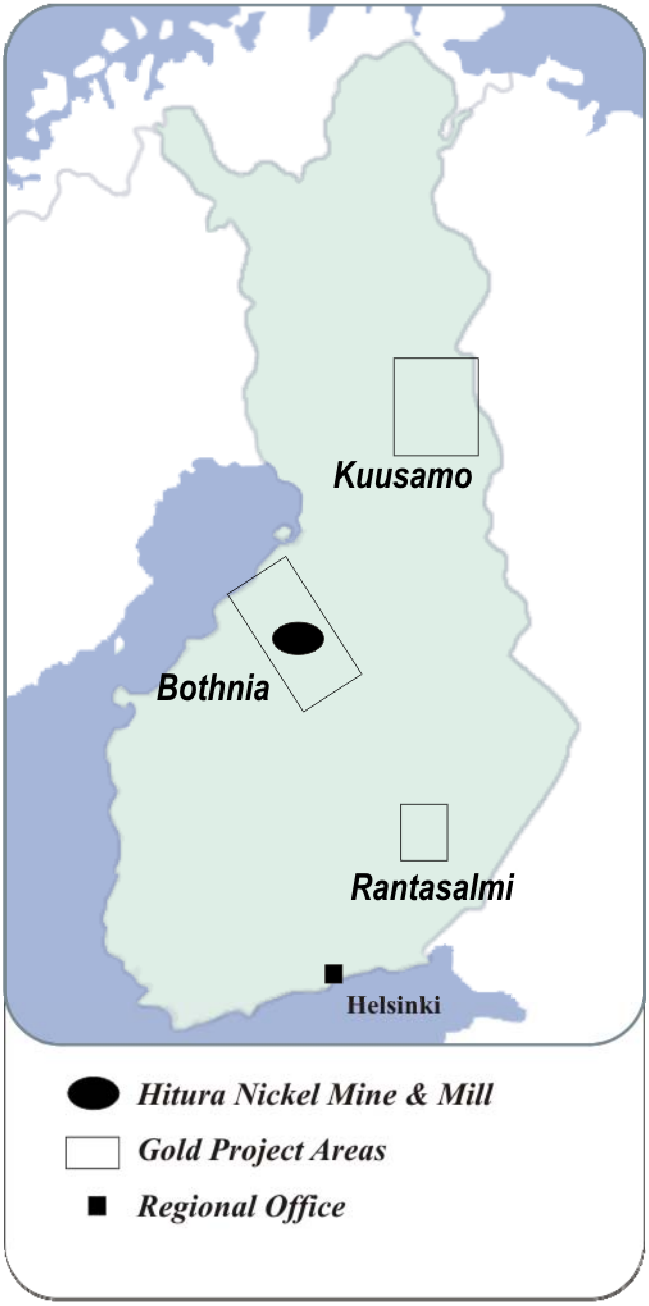
Readers should not place undue reliance on any forward looking statements. Forward looking statements are not guarantees of future performance and actual results may differ materially. The Company undertakes no obligation to update these forward looking statements in the event that management's beliefs, 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.

NOTICE TO READERS IN THE UNITED STATES

Canadian standards, including those under NI 43-101, differ significantly from the requirements of the Securities and Exchange Commission of the United States ("SEC"), and mineral reserve and resource information contained or incorporated by reference in the MD&A may not be comparable to similar

information disclosed by U.S. companies. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion in documents filed with the SEC of information concerning "measured mineral resources," "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a mineral resource estimate is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. The requirements for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Company may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with US standards.

APPENDIX 1- OVERVIEW OF OPERATING REGIONS



APPENDIX 2- SCHEDULE OF KEY FACTS RELATING TO Q2 2011

Region	Operation/ Activity	Key Facts
NICKEL		
Hitura	Nickel Operations	• Operating at a current capacity of 540,000 tonnes per annum, producing approx. 2,500 tonnes of Ni in concentrate • Concentrate continues to be delivered to Jinchuan under the terms of an 18 month sales agreement that expires at the end of February 2012.
	Nickel Exploration	• A 5,600 m diamond drill programme commenced on the open pit expansion studies at the Hitura • Drilling continues
GOLD		
Bothnia Exploration	Hirsikangas	• No work done in Q1 2011 • No work done in Q2 2011
Bothnia Exploration	Ängesneva (Kiimala Property)	• No work done in Q1 2011 • No work done in Q2 2011
Kuusamo	Haarakumpu	• No work done in Q1 2011 • No work done in Q2 2011
Rantasalmi	Osikonmäki	• A 5,000 metre drill programme commenced in February • High-grade intersects announced in press releases • Drilling completed June 2011 (6,118 m over 54 holes)
Bothnia Exploration	Kopsa	• Initial metallurgical results announced in June 2011 • Remaining infill drilling expected to commence end of July 2011

APPENDIX 3- 2011 PRODUCTION SUMMARY

All production has come from the Hitura Nickel Mine

Month	Milled (t)	Con (t)	Ni t in Con.	Co t in Con.
January	49,049	2,399	211	8.2
February	42,419	1,791	155	6.2
March	51,444	2,161	181	7.5
Q1 Total	142,912	6,380	547	22

Month	Milled (t)	Con (t)	Ni t in Con.	Co t in Con.
April	43,952	1,708	144.2	6.1
May	51,768	2,279	187.4	8.0
June	49,097	2,139	178	7.1
Q2 Total	144,817	6,126	509.9	21.2

Month	Milled (t)	Con (t)	Ni t in Con.	Co t in Con.
Q1 + Q2 Total	287,729	12,506	1,057	43

APPENDIX 4- RESERVES AND RESOURCES

Nickel Reserves

Prospect	Category	Tonnes	Ni%	Cu%
Hitura	Proven Reserves	972,000	0.69	0.24
Hitura	Probable Reserves	350,000	0.62	0.23
Hitura	**Total Ore Reserves**	**1,322,000**	**0.67**	**0.24**

Nickel Resources

Prospect	Category	Tonnes	Ni%	Cu%
Hitura	Measured & Indicated	2,422,000	0.66	0.22
Hitura	Inferred	615,000	0.67	0.29

Notes:

1. Where a property has Measured and Indicated or Indicated and Inferred resources, Measured and Indicated Resources are separate from Inferred Resources
2. 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)	Indicated	3,850,000	1.19			147,000
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 13th October, 2010, and has been prepared by Markku Meriläinen of Outotec Oyj, acting as an independent "Qualified Person". The resource estimate is based on data accurate up until 31st May, 2010. 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.

The calculation of Reserves is based on the ongoing profitable mining operations at the Hitura Mine. The key economic criteria that have been used for the calculation of reserves are based on 18 months of production through to end of December 2011. After mining dilution (varying between 13% and 34% depending on area within the mine using historical figures) and plant recoveries (66%), total production in this period is expected to be 725,000 tonnes of ore at a head grade of 0.67 % Ni, producing 3,219 tonnes of nickel in concentrate. The operating cost for this period is € 37.32 /tonne of ore. Belvedere has an offtake agreement in place with Jinchuan Group Ltd for an 18 month supply of concentrate, with a floor price denominated in Euros. For the purpose of calculating reserves a nickel price of €15,417has been used. Capital and opening costs totalled € 1.26 million, which was partially funded by a € 2.0 million convertible loan facility with Investec. These costs are all fully amortised by end of December 2011

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Further information regarding the status of Hitura in regards environmental, permitting, and title issues can be found in the NI 43-101 Technical Report "Updated Resource and Reserve estimate of the Hitura Nickel Mine in Central Finland" dated 13th October, 2010, and filed on SEDAR. 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.

K1 (ÄNGESNEVA)

The mineral resource estimate for Ängesneva (K1) is effective from 2nd June, 2010 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent "Qualified Person" as defined by National Instrument 43-101. Mr. Lindholm is a fellow member of the Australasian Institute of Mining and Metallurgy (Member #230476). Mineral resources of the Ängesneva gold deposit have been prepared and categorised for reporting purposes by Mr. Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold deposits.The Ängesneva (K1) database includes 69 diamond drillholes totalling 9,167.71 metres drilled between 1988 and 2010. The database includes 4,442 Au assays. Drill core sample lengths vary between 0.08 and 4.4 metres but were generally about 1.0 metres (average 1.19 metres). All assays were composited to 1.5 m for use in the interpolation. The mineralisation was modelled as one domain. A wireframe was constructed based on a 0.5 g/t Au cut-off grade, permitting the inclusion of up to 7m waste. The mineral resource was calculated using block modelling to a maximum vertical depth of approximately 250 metres (Z=-160), made up of 10m x 10m x 2m blocks constrained by the modelled wireframe. The block model was rotated to an azimuth of 030° to better fit the geometry of the body. Block grades were interpolated using 3 concentric search ellipses using ordinary Kriging with a minimum of 3 and a maximum of 25 samples. The first search ellipse had a maximum range of 26m (being 2/3 the range determined by variography), the second was 52m, and the final 104m. 8.6% of blocks were populated in the 1st pass, 63.6% in the 2nd pass and the remainder of 27.7% populated in the 3rd pass. Bulk density of the mineralisation was based on actual specific gravity data collected during exploration. A total of 285 measurements were taken from within the modelled mineralised zone, giving an average bulk density of 2.83 tonnes/m^3.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 "Ängesneva (K1)Gold Deposit,Kiimala Property,Central Ostrobothnia,Finland." dated June 2nd, 2010, 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)".

<u>VESIPERÄ</u> The historical resource estimate for Vesiperä is found in the Geological Survey of Finland Report "M19/2433/-88/1/10 (1988)".