



**Management's Discussion & Analysis ('MD&A')**  
**For the Year Ended December 31, 2010**

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

This MD&A has been prepared as of May 2, 2011 and covers the results of operations for the fourth quarter and year ended December 31, 2010. It is intended to supplement the 2010 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](http://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.

Key Operational Points

- Feb 2010 – Hitura Nickel Mine purchased from administrators
- May 2010 – High grade gold intersected in drilling at Kopsa, best intersection 92m averaging 3.2 g/t gold.
- June 2010 – Indicated Resource estimate announced for K1 (Ängesneva) gold property
- July 2010 – Production restarts ahead of schedule at Hitura on budget
- Aug 2010 – Hitura's first full month of production reaches 95% of commercial production target and 50% above planned
- Dec 2010 – Hitura achieves 127% of 2010 production targets

Key Financial Points

- Q1 Results – Net loss of €691,472
- Jun 2010 – Cdn\$ 2.5 Million raised in Private Placement
- Q2 Results - Net income of €1,581,657
- Jul 2010 - Listed on Frankfurt Stock Exchange
- Aug 2010 - €2 Million convertible loan facility secured
- Sep 2010 - First revenues received from mining operations
- Q3 results - Net income of €678,047
- Q4 results – Net income of €1,738,919
- 2010 Full Year - Net income of €3,307,151
- 2010 Full Year – Positive operating margin of €652,464

## OPERATIONS UPDATE

### Nickel Operations

During Q4, production numbers continued to be well above the mine plan. Overall 133,416 t were milled for the quarter against a planned total of 107,997 tonnes. This was mainly due to better than expected performance of some of the old stopes. This resulted in 496 tonnes (1.09 million pounds) of nickel in concentrate produced over the quarter, 16% more than the 429 tonnes planned.

For 2010, 234,629 t were milled for a total of 858 tonnes (1.90 million pounds) of nickel in concentrate, 21% more than the mine plan.

Month	Milled (t)	Con (t)	Ni t in Con.
October	49,581	2,225	193
November	37,742	1,637	131
December	46,093	1,963	171
Year To Date	234,629	10,268	858

Total operating costs for Q4 averaged €38.0/tonne of ore milled. Overall costs for the quarter were €37.1/tonne compared to €40.1/tonne for the first two full operating months in Q3 and €39.2/tonne in the plan. Total operating costs per pound of nickel in concentrate for Q4 averaged €4.7 / lb. Management expects operating costs to continue to drop as full commercial production is reached in 2011.

A total of 6,220 dry metric tons (DMT) of concentrate was shipped during Q4 from Kokkola port in Finland to Jinchuan Group in China. The total for the whole of 2010 was 8,946 DMT.

## 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 13, 2010)

## DEPLETION AND LIFE OF MINE

Current proven and probable reserves allow mining to January 2013. In the first six months of operations to December 31<sup>st</sup> 2010, of the 234,629 t mined only 89,000t was depleted from the May 31<sup>st</sup> 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

areas, and good potential exists for further resources to be delineated. A new project is underway to investigate extending the old open pit southwards to exploit known mineralisation in these areas.

## SELECTED FINANCIAL INFORMATION

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

The Company generated net income for the year ended December 31, 2010 of €3,307,151 or €0.03 per share, which compares with a net loss of €7,365,034 or €0.09 per share reported for fiscal 2009. The principal causes of these quarterly and annual variations are explained after the 'Financial Highlights' table following.

Selected Annual Financial Information All amounts in €000's, except shares and per share figures	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
Revenue	7,121	-	19,298
Operating Expenses *	6,468	2,862	28,274
G&A Expenses *	1,175	1,178	2,263
Other (income) and expenses	540	13	188
Mineral property impairment	-	125	22,973
Loss on bankruptcy of subsidiary	-	3,384	-
Gain on fair valuation of Hitura assets	(3,862)	-	-
Income tax recovery	(507)	-	(6,063)
Net income (loss)	3,307	(7,562)	(28,337)
Earnings (loss) per share (basic and diluted)	0.03	(0.09)	(0.36)
Cash Flow (used) from operating activities	(1,093)	(2,677)	(6,982)
Cash Flow (used) from investing activities	(3,062)	(400)	(6,550)
Cash Flow from financing activities	3,634	1,116	7,047
Net increase (decrease) in cash	(533)	(1,912)	(7,167)
Cash at end of period	386	2,443	4,355
Total Assets	19,438	5,691	19,194
Total Liabilities	13,769	5,699	13,281
Working Capital **	(1,912)	628	(5,847)
Weighted average number of shares outstanding	112,176,169	85,074,459	79,162,240
Dividends per Share	-	-	-

\*: Including stock based compensation

\*\* : Excluding cash restricted under standby letter of credit

During the fourth quarter:

The Company generated net income for the quarter ended December 31, 2010 of €1,738,919, including a gain on fair valuation of the Hitura assets acquired of €3,861,870 or €0.02 per share, which compares with net income of €678,047 or €0.01 per share for the previous quarter and a loss of €3,704,731 or €0.04 per share reported for the same period of fiscal 2009.

Compared to the prior year:

- In fiscal 2010, the Company reacquired the Hitura mine which produced 858 tonnes of nickel and €7,120,735 in revenues. In fiscal 2009, no revenues were generated while the mine was in care and maintenance. The increase in operating expenses is a consequence of restarting mining operations.
- General and administrative expenses decreased slightly to €1,175,149 (2009: €1,177,627) substantially as a consequence of a lower stock compensation charge.
- Other Income and Expenses were €539,190 (2009: €12,919) as a consequence of interest on the convertible loan, accrual of preferred shares dividends and foreign exchange losses.
- The reacquisition of the Hitura assets resulted in a gain on fair valuation adjustment to the income statement of €3,861,870.
- Cash decreased to €385,505 (2009: €918,115) primarily as a result of funding the restart of Hitura operations and exploration in gold projects.
- Accounts receivable €1,455,001 (2009: €Nil), inventories €1,410,738 (2009: €Nil) and prepaid expenses €222,705 (2009: €832), increased significantly as a consequence of the restart of mining operations.
- Capital assets increased materially to €13,314,088 (2009: €3,193,936) as a consequence of the reacquisition of the Hitura mine.
- Current and long term liabilities increased to €14,370,643 (2009: €5,679,525) as a consequence of trade payables reflecting the restart of operating activities, leasing of a capital asset for use in mining operations and a convertible loan secured to fund the start up costs at Hitura.

## 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 2010	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	5,626	1,495	-	-
Net income (loss) for the period	1,738	678	1,582	(691)
Basic and diluted earnings (loss) per share	0.02	0.01	0.01	(0.01)
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)

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 from the administrators 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.

## EXPLORATION AND DEVELOPMENT UPDATE

### NICKEL PROPERTY

#### Hitura

The Company commenced a 4,200 metre diamond drill program in Q1 to infill existing drilling on the edge of the old open pit at the Hitura Nickel Mine. Desktop studies from existing 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, with the intention of allowing an investment decision to be made in H2 of 2011.

### GOLD PROPERTIES

#### Kiimala

The K1 gold mineralisation is the first of a cluster of sub-cropping occurrences along a 5 kilometre strike of anomalous mineralisation to be drilled in detail by Belvedere. The gold mineralisation has been intersected by drilling over a strike length of 370 metres to date. The mineralisation occurs as a flattened ellipse in an interpreted steeply dipping dilational zone with a true thickness of between 30-60 m. Mineralisation continues to depths of at least 300 metres.

A new resource estimate for the K1 (Ängesneva) occurrence on its 100% owned, Kiimala gold Property in western Finland has been completed. The Qualified Person responsible for the Independent Technical Report has determined that the Ängesneva (K1) 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 about 250 metres of 3,850,000 t averaging 1.19 g/t gold, for a total of 147,000 oz's in the Indicated category. The K1 (Ängesneva) occurrence is located approximately 31 km North of Belvedere's Hitura Nickel Mine, and 40 km NNW of Belvedere's Kopsa Gold Project.

The geological model indicates that multiple occurrences such as K1 could occur in similar structural locations on the Kiimala property. Follow-up drilling is required on the numerous drilled and undrilled targets identified on the property.

#### Kopsa

The Company drilled 3195 metres over 31 holes on the Kopsa project. The programme was focused on, shallow near surface mineralisation in the main zone. Mineralisation in the Main Zone occurs largely between surface and 100m vertical, has a true thickness between 20 and 70m and dips shallowly to the south. It has now been delineated over a strike length of 600 metres, and remains open in all directions. Further mineralised zones have been intersected to the north and south of the Main Zone, and remain targets for future follow-up drilling.

High grade drill intersections continued to be intercepted at Kopsa.

Highlights included :

New Gold zone identified in BelKopDD 48 - 11.20 m @ 6.85 g/t Au, 0.11% Cu  
Infill results in the high-grade part of the main zone continue to deliver good results e.g.  
92.19 m @ 3.16 g/t Au (BelKopDD 43)  
30.86 m @ 3.52 g/t Au 0.13% Cu (BelKopDD 60)  
17.4 m @ 1.97 g/t Au 0.32% Cu (BelKopDD 62)  
Further drilling extends the main zone resource updip and along strike e.g.  
31.55 m @ 1.37 g/t Au, 0.12% Cu (BelKopDD 45)

## Rantasalmi

In Q1 2011, the Company commenced a 5,000 metre diamond drill program on their Osikonmäki prospect; one of three drilled gold occurrences on their 100% owned Rantasalmi gold property. 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 category and to extend the current resource along strike and down dip.

Highlights from the first seven holes drilled:

- S Lode System extended to surface with BELOSI026 intersecting 6 m @ 11.1 g/t Au
- S Lode System extended down plunge with BELOSI032 intersecting 13.49m @ 5.72 g/t Au
- Several new hanging wall shears intersected in BELOSI025 e.g. 0.53m @ 8.1 g/t Au, 4.42m @ 2.74 g/t Au

## **OUTLOOK**

The Hitura nickel mine has made an exemplary restart during 2010. Management's focus is to continue the performance through 2011 and cement the longer term future of the Mine through expanding resources and continuing to convert existing resources into reserves. Extending the open pit is one of the options available to the company to meet its stated goals of increasing mill utilization by 25% to its maximum capacity of 750,000 tpa, lower the overall cost base of the mine and increase annual production to 3,000 tpa of nickel in concentrate.

In addition Belvedere is completing studies on the Kopsa gold deposit in preparation for scoping studies on the feasibility of commencing gold production in parallel to nickel production on the Hitura site.

## **LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION**

The Company's overall liquidity risk has improved 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 (see Our Business and Operations Review above). The Company generated €7,120,735 in revenues in fiscal 2010 (2009: €Nil).

In Q3, the Company signed a €2 million convertible loan facility with Investec Bank Plc to fund the capital costs and general working capital requirements of the Hitura Nickel Mine, and to fund the feasibility studies on the Kopsa gold deposit. On February 10, 2011 the Company announced that it had given notice to prepay the full amount owing under the convertible loan. Upon the receipt of the repayment notice, Investec opted to convert the full outstanding principal amount of €2 million into 19,094,286 common shares of Belvedere as allowed for in the terms of the loan agreement which will have a positive impact on the Company's working capital position in Q1 2011.

The Company also completed a private placement in Q1 2011 through the issuance of 10,420,000 units (the "Units") at a price of C\$ 0.24 per unit. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of Belvedere at an exercise price of \$0.40 per share until July 28, 2012. A finder's fee of 5% was paid to Ocean Equities on the funding of the issue. The net proceeds of Cdn\$ 2,375,760 will be applied to the general working capital of the Company and to develop its gold assets.

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, 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. 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.

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

Currency	At December 31, 2010	At December 31, 2009
Canadian Accounts	1,601,271	2,071,936
Euro Accounts	305,186	363,992
Sterling Accounts	4,048	7,187
Total	1,910,505	2,443,115

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%

Cash flow used in operating activities was €1,069,041 and reflects the restart of mining operations at Hitura and the fair valuation gain on the Hitura assets acquired. This compares to cash used of 2,677,255 in 2009, including the loss on bankruptcy adjustment.

Cash flow from financing activities was €3,610,408 including net proceeds from a private placement and the loan from Investec. This compares to cash flow generated from a private placement of €1,116,000 in 2009.

Capital spending on exploring mineral properties and mining equipment was €3,061,706 (2009: €399,585).

At December 31, 2010, the Company had a working capital deficit of €1.9 million. Subsequent to year end, in Q1 2011, the Company's net working capital position improved significantly by generating net proceeds of Cdn\$2,375,760 (€1,830,414) from a private placement and through conversion of the €2 million Investec debt into equity.(See detailed notes under Going Concern)

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

As at May 2, 2011 the Company had cash resources of €3.5 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 December 31, 2010.

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. The Company's contract with Jinchuan Group Ltd for the sale of nickel, copper and cobalt concentrate contains an embedded derivative as described under "Risk Factors" below.

## **RELATED PARTY TRANSACTIONS**

The Company paid €34,089 to Midas Exploration relating to wages of an executive director (2009: €47,490) and management fees of €54,511 to ATC Group in the Netherlands (2009: €43,405).

## **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, 2010. 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 generated operating income for the year ended December 31, 2010 of €652,464 and net income of €3,307,151, including a gain on fair valuation of the Hitura assets acquired of €3,861,870. At December 31, 2010, the Company held unrestricted cash of €385,505, and had a net working capital deficit of €1,911,823. Subsequent to year end, the Company's net working capital position improved significantly as a result of the following events.

The net proceeds of the €2 million convertible loan facility in August as further described in Note 11 to the financial statements for the year ended December 31, 2010, provided general working capital and the resources to fund the capital costs associated with the restart of operations at the Hitura Nickel Mine and the feasibility studies of the Kopsa gold deposit. As further described in Note 20 to the financial statements for the year ended December 31, 2010, in February 2011, the Company announced that it had given notice to prepay the full amount owing. Upon the receipt of the repayment notice, Investec opted to convert the full outstanding principal amount of €2 million into 19,094,286 common shares of Belvedere.

As further described in Note 20 to the financial statements for the year ended December 31, 2010, the Company generated net proceeds of Cdn\$2,375,760 (€1,830,414) from a private placement completed in January 2011.

The above funding and conversion of the €2 million debt into equity post year end, in conjunction with the restart of nickel production and a profitable fixed price sales agreement in place, will provide sufficient financing for at least the next 12 months.

### Measurement Uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items that require, 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.

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

In February 2008, the Accounting Standards Board ("AcSB") announced that accounting standards in Canada will be harmonized with IFRS and that public companies will be required to present their financial

statements, with comparative data, under these standards for fiscal years beginning on or after January 1, 2011. Consequently, the Company will issue its first interim consolidated financial statements in accordance with IFRS as issued by the IASB beginning with the first quarter ending March 31, 2011, with comparative financial results for 2010.

### **IFRS Conversion Plan**

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.

### **Potential Significant Impacts on Transition to IFRS**

The Company has completed its initial assessment of the impacts of the transition to IFRS. Based on an analysis of Canadian GAAP and IFRS in effect at December 31, 2010, the Company has identified several differences between the Company's current accounting policies and those expected to apply in preparing IFRS consolidated financial statements. Information on those changes that management considers most significant to the Company are presented below.

#### *Share-based payments*

The Company has modified its accounting for stock-based compensation in two significant respects to conform with the guidance in IFRS 2 *Share-Based Payments*. Under GAAP, the fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur. Under IFRS, a fair value measurement is required for each vesting instalment within the option grant. Each instalment must be valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each instalment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods. The adoption of IFRS 2 *Share-Based Payments* will likely result in an increase of stock-based compensation recognized during the year ended December 31, 2010.

#### *Asset Retirement Obligation*

Under IFRS, adjustments to decommissioning provisions are made each period for changes in the discount rate, among other factors. Adjustments for changes in the discount rate are not contemplated under GAAP. As a result, there will be an adjustment in the measurement of the Hitura asset retirement obligation as of December 31, 2010 on transition to IFRS.

#### *Impairment of assets*

Under GAAP, if there is an indication that an asset may be impaired, an impairment test must be performed. This is a two-step impairment test in which (1) undiscounted future cash flows are compared to the carrying value; and (2) if those undiscounted cash flows are less than the carrying value, the asset is written down to the fair value. Under IFRS, an entity is required to assess, at the end of each reporting period, whether there is any indication that an asset may be impaired. If such an indication exists, the entity shall estimate the recoverable amount of the asset by performing a one-step impairment test, which requires a comparison of the carrying value of the asset to the higher of value in use and fair value less costs to sell. Value in use is defined as the present value of future cash flows expected to be derived from

the asset in its current state. Additionally, another difference exists as IAS 36, *Impairment of Assets* allows for the reversal of any previous impairment losses where circumstances have changed such that the impairments have been reduced. GAAP prohibits reversal of impairment losses. The Company has concluded that the adoption of these standards will not result in a change to the carrying value of its assets on transition to IFRS.

## **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. The following are the optional exemptions available under IFRS 1 that the Company currently intends to elect on transition to IFRS. The Company continues to review all IFRS 1 exemptions and will implement those determined to be most appropriate in our circumstances on transition to IFRS. The list below and comments should not be regarded as a complete list of IFRS 1 that are available to the Company as a result from the transition to IFRS.

### *Share-based payments*

IFRS 1 permits the application of IFRS 2 *Share Based Payments* only to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS. The Company expects to elect this exemption and to apply IFRS 2 for equity instruments granted after November 7, 2002 that had not vested by January 1, 2010.

### *Business combinations*

Under IFRS 1 an entity has the option to retroactively apply IFRS 3 *Business Combinations* to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after the date of transition. The Company expects to elect this exemption under IFRS 1, which removes the requirement to retrospectively restate all business combinations prior to the date of transition to IFRS.

### *Borrowing costs*

IAS 23 *Borrowing Costs* requires capitalization of eligible borrowing costs. Under IFRS 1, a first-time adopter may elect to apply the transitional provisions prescribed by IAS 23, and thereby be exempt from having to apply the standard to past transactions. The Company expects to elect this exemption under IFRS 1, which removes the requirement to capitalize eligible borrowing costs on past transactions.

The discussion above on potential significant impacts on transition to IFRS is provided to allow readers to obtain a better understanding of the Company's IFRS changeover plan and the resulting potential effects on our consolidated financial statements. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. This discussion reflects the Company's most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could change these assumptions or expectations. The Company is still in the process of completing the selection of IFRS accounting policies and the quantification of identified differences. Accordingly, the discussion above is subject to change.

## **RISK FACTORS**

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 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 currently derived 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. 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.

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 December 31, 2010 in regards to this embedded derivative.

#### Electricity Prices

The Company is party to a supply contract and a contract on portfolio management with respect to the supply of electricity at its Hitura Nickel Mine. Under the terms of the supply contract, the Company purchases electricity at spot prices. Under the terms of the portfolio management contract, the supplier carries out hedging activities with respect to those volumes supplied to the Company. As a result, the Company is exposed to gains and losses relating to the movement in electricity spot prices against the hedged positions established by the supplier under the terms of the portfolio management contract. At December 31, 2010, the Company recorded a €450,066 gain in respect of its hedged positions at that date.

#### 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. 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.

### 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.

## **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	7,250,000

### Further Information

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's web site [www.belvedere-resources.com](http://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:*

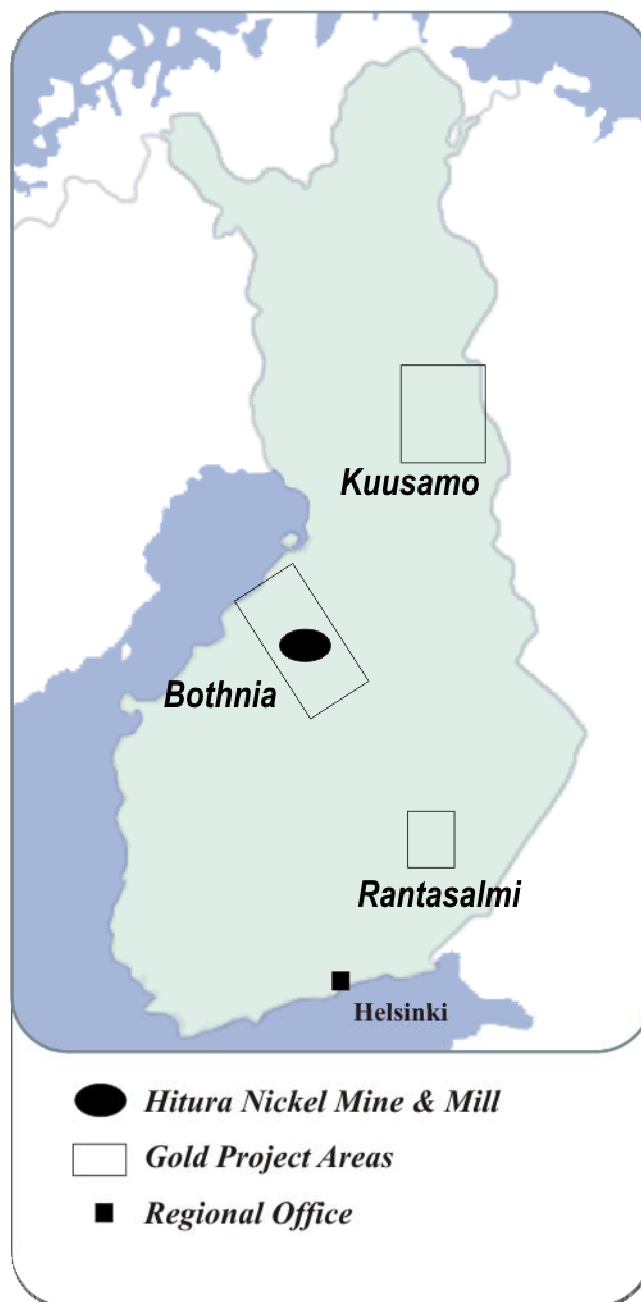
- *Risks inherent in the natural resource exploration, development and production*
- *Lack of operating cash flow and the Company's dependency on additional capital*
- *Competition in the mineral exploration and mining industries*
- *Governmental regulation and environmental liability*
- *Uncertainty 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 2010**

Region	Operation/ Activity	Key Facts
<b>NICKEL</b>		
Hitura	Nickel Operations	<ul style="list-style-type: none"> <li>• Hitura Nickel Mine purchased from Finn Nickel Bankrupt Estate in February, 2010</li> <li>• Operating since 1970, the mine is a 620,000t/a underground operation.</li> <li>• Sales agreement for 18 months of production signed with Jinchuan in April 2010</li> <li>• Production at Hitura restarts in July 2010</li> <li>• First delivery of concentrate from Hitura is made in August 2010</li> <li>• New environmental permit awarded for Hitura mine site and tailings</li> <li>• Updated NI 43-101 resource and reserve estimate released in October</li> <li>• Dec 2010 – Hitura achieves 130% of 2010 production targets</li> </ul>
	Nickel Exploration	<ul style="list-style-type: none"> <li>• No nickel exploration was completed</li> </ul>
<b>GOLD</b>		
Bothnia Exploration	Hirsikangas	<ul style="list-style-type: none"> <li>• No work done in Q4 2010</li> </ul>
Bothnia Exploration	Ängesneva (Kiimala Property)	<ul style="list-style-type: none"> <li>• 3000 m drilling programme completed in March 2010</li> <li>• NI 43-101 compliant resource estimate announced June 2010</li> </ul>
Kuusamo	Haarakumpu	<ul style="list-style-type: none"> <li>• No work done during Q4 2010</li> </ul>
Rantasalmi	Osikonmäki	<ul style="list-style-type: none"> <li>• No work done during Q4 2010</li> <li>• Interpretation and resource estimate ongoing</li> </ul>
Bothnia Exploration	Kopsa	<ul style="list-style-type: none"> <li>• Kopsa Gold project purchased from Finn Nickel Bankrupt Estate in February, 2010</li> <li>• 3200 m drilling programme commenced in March 2010 and completed in June 2010</li> <li>• Interim drill results released in May 2010</li> <li>• Final drill results releases in August 2010</li> <li>• Initiated metallurgical study</li> <li>• Initiated mineral resource estimate</li> </ul>

## APPENDIX 3- 2010 PRODUCTION SUMMARY

All production has come from the Hitura Nickel mine

Month	Ore Tonnes Milled	Concentrate Tonnes	Ni t in Concentrate
July	16,203	771	57
August	42,837	1,847	154
September	42,173	1,825	152
October	49,581	2,225	194
November	37,742	1,637	131
December	46,093	1,963	171

## 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
<b>Hitura</b>	<b>Total Ore Reserves</b>	<b>1,322,000</b>	<b>0.67</b>	<b>0.24</b>

### Nickel Resources

Prospect	Category	Tonnes	Ni%	Cu%
Hitura	Measured & Indicated	2,422,000	0.66	0.22
Hitura	Inferred	615,000	0.67	0.27

#### 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 <sup>2</sup>		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	Kouervaara	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 May, 2010, 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.

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 €15,417 has 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

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 13<sup>th</sup> 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/cm<sup>3</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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/cm<sup>3</sup> 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 30<sup>th</sup>, 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 2<sup>nd</sup> 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 1<sup>st</sup> pass, 63.6% in the 2<sup>nd</sup> pass and the remainder of 27.7% populated in the 3<sup>rd</sup> 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<sup>3</sup>. 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 2<sup>nd</sup>, 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 6<sup>th</sup> September 2002

**KOUVERVAARA** The historical resource estimate for Kouvertaara 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 30<sup>th</sup> 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)".*