



belvedere

RESOURCES

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Management's Discussion & Analysis ('MD&A')
For the Quarter Ended March 31, 2008

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 29, 2008 and covers the results of operations for the first quarter of fiscal 2008. It is intended to supplement the audited consolidated Financial Statements and notes thereto which are expressed in Euros and are prepared in accordance with Canadian Generally Accepted Accounting Principles. This MD&A should be read in conjunction with both the annual audited financial statements and notes thereto for the year ended December 31, 2008 and the related annual MD&A. The financial statements and MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward-looking statements relating to the potential future performance. Additional information relating to the Company is available from the Canadian securities regulators on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

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

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

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

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

OUR BUSINESS & OPERATIONS REVIEW

The Company is engaged in the acquisition, exploration, development and mining of mineral properties in Finland. During the first quarter, the Company continued expanding nickel operations and started a large exploration programme on their gold projects. An overview of the Company's operating regions can be found at Appendix A of this MD&A.

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

Operational highlights include:

- Nickel:
 - Starting underground production at Särkiniemi West nickel mine

- Starting Phase 3 drilling at the Valkeisenranta nickel project to develop depth and strike extents to the existing resource
- Completing the new VT3 production ramp down to the 450 level at Hitura north
- Gold:
 - Starting drilling on the Hirsikangas and Kangaskylä gold properties

The Company's senior management and Board of Directors have a range of experience in the natural resource and mining sectors that includes exploration, mining and marketing, as well as experience in the legal and corporate finance areas.

SELECTED FINANCIAL INFORMATION

The following selected financial information 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.

Effective January 1, 2007, the Company changed its measurement and reporting currency from the Canadian dollar ("Cdn\$") to the Euro ("€"). Due to the Hitura and Finn Nickel acquisitions and related changes, including holding a greater proportion of the Company's funds in Euros, the Euro is now the functional currency of the Company's operations. For year ending December 31, 2006 and all prior reporting periods, the Company reported its financial statements in Canadian dollars so all comparative figures disclosed in these 2007 financial statements have been restated to the Euro.

The Company incurred a loss for the quarter ended March 31, 2008 of €3,165,356 or €0.03 per share, which compares with a loss of €199,021 or €0.01 per share reported for fiscal 2007. The principal causes of these variations are explained after the 'Financial Highlights' table following.

Selected Annual Financial Information All amounts in €'000, except shares and per share figures	Quarter ended 31 March 2008	Quarter ended 31 March 2007	Quarter ended 31 March 2006
Revenue	5,804	-	-
Operating Expenses **	8,457	4	-
G&A Expenses **	641	140	60
Other (income) and expenses	(27)	55	-
Income tax (recovery)	(808)	-	-
Net (loss)	(3,165)	(199)	60
Loss Per share (basic and diluted)	(0.03)	(0.01)	()
Cash Flow (used) from operating activities	(1,545)	(179)	(80)
Cash Flow (used) from investing activities	(863)	(859)	(99)
Cash Flow from financing activities	-	252	814
Net increase (decrease) in cash	(3,114)	(791)	619
Cash at end of period	8,408	1,494	750
Total Assets	43,757	5,448	3,245
Total Liabilities	12,365	110	78
Working Capital	7,715	1,477	778
Weighted average number of shares outstanding	74,760,948	39,653,153	30,142,136
Dividends per Share	0	0	0

**: Including stock based compensation

During the first quarter:

- Sales of payable Nickel in concentrate from Hitura were 17% lower than the prior quarter at 490 tonnes. This was a consequence of lower grade headings being mined out pending development of new access drifts.
- Due to the transition from open pit to underground mining, sales of payable Nickel in concentrate from Särkiniemi were 45% lower than the prior quarter at 84 tonnes. Open pit mining activities stopped in November 2007 and ore was processed from stockpiles until the commencement of underground mining in late March 2008.
- Operating expenses increased as a consequence of the high levels of operating development, repairs, ground preparation/ support and definition drilling taking place at both operating locations
- G&A expenses are increased materially as a result of the overall increase in corporate activity following the two acquisitions made in fiscal 2007 and other income was materially higher than in the same period last year as a consequence of higher cash balances on deposit. The tax consequences of acquisitions made in fiscal 2007 result in a future income tax recovery of €807,590.
- Cash and cash equivalents increased to €8,408,403 (2007: €1,477,466) primarily as a result of a private placement which occurred in April 2007. The reduction in cash during the current quarter of €3,113,578 was due in large part to funding ongoing development of our nickel and gold properties.
- Compared to the same period in fiscal 2007, accounts receivable, inventories and prepaid expense balances increased materially as a result of the start-up of mining operations but are lower compared to the fourth quarter as a consequence of lower production.
- Capital assets increased to €32,302,145 (2007: €2,409,765) as a consequence of the acquisition of Hitura and Finn Nickel as well as the ongoing investment in development of our Nickel properties and our gold exploration programme.
- All current and long term liabilities increased as a consequence of the acquisitions and/or the start-up of mining operations.

SUBSEQUENT EVENT

On May 22, 2008, the Company announced that it had entered into a new off-take agreement for its nickel concentrate with Jinchuan Group in China. This agreement replaces the Company's existing off-take agreements which expire on June 30, 2008.

The effect of this new agreement is that all nickel concentrate will be sold at prevailing LME rates resulting in a material increase in revenues, margins and cash flows as approximately 80% of Nickel sales (all of Hitura mine production) has been subject to a legacy fixed price agreement paying considerably less than current LME pricing levels.

SUMMARY OF QUARTERLY RESULTS

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

Quarterly Results

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

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2008				
Revenue				5,804
Comprehensive loss for the year				(3,165)
Basic and diluted loss per share				(0.03)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2007				
Revenue	7,962	6,847	17	-
Comprehensive loss for the year	34	(3,603)	(502)	(199)
Basic and diluted loss per share	0.01	(0.07)	(0.01)	()

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2006				
Revenue	-	-	-	-
Net earnings (loss)	(566)	(186)	(160)	
Earnings (loss) per share-basic & diluted	(0.01)	(0.01)	(0.01)	

The above figures have been restated to the Euro for comparison to the 2007 financial statements which are expressed in Euros for the first time as a result of the Euro become the dominant currency within the Company.

Revenues in the first quarter of fiscal 2008 and the third and fourth quarters of fiscal 2007 reflect the new Nickel production and net losses continue to fluctuate as a consequence of an increase in corporate activity and exploration drilling. The financial result is also adversely affected as a consequence of approximately 80% of our production in these three quarters being subject to a fixed price agreement paying considerably less than current LME pricing levels.

EXPLORATION AND DEVELOPMENT UPDATE

Exploration and development of the nickel projects remain the main priority of the Company. Exploration is focused on resource and reserve development of near term development projects and existing production areas. Much of the development work has been devoted to bringing a second production centre online at Kotalahti in eastern Finland. Exploration drilling has also commenced on the Hirsikangas and Kangaskylä gold projects.

Nickel Exploration

Resource development and exploration drilling totalling approximately 4600m continued on the Hitura, Hautalampi and Valkeisenranta Nickel projects.

Kotalahti Production Centre:

- Stage three drilling aimed at upgrading the existing resource and developing strike and depth extents to the known mineralisation is continuing at Valkeisenranta with 630m completed during the quarter.
- Underground development completed at Särkiniemi and first ore shipments from Särkiniemi West underground were made to the Hitura mill

- Resource definition drilling totalling 2530m was completed during the quarter as part of an 8000 – 10000m programme at Hautalampi. Metallurgical studies are underway on core from the new drilling

Hitura Production Centre

Exploration drifting and drilling continued throughout Q1 08. In total, 1200m of drilling completed in the quarter on the Mid and South Hitura complexes. Deep exploration drilling has also now started at North Hitura.

Gold Exploration

Gold exploration recommences with the start of a 5000m diamond drill programme on the Hirsikangas project. This programme aims to develop a maiden indicated resource statement by years end on this significant new gold discovery in Finland. In addition a bedrock percussion drilling campaign has commenced at the Kangaskylä property to locate the source of numerous gold rich boulders identified in the area.

During fiscal 2008, investment in nickel and gold exploration activity will increase substantially in order to aggressively expand resources on current projects and discover new mineral resources in and around existing production centres. Currently drilling is taking place at four different exploration and development sites and a detailed breakdown of the Company's Reserves and Resources can be found at Appendix 5 to the 2007 annual MD&A.

OUTLOOK

Considerable time and resources are being dedicated to exploration, increasing production and developing new mines. The Company is also investing heavily in training and developing corporate reporting processes. Production forecasts for fiscal 2008 indicate annual Nickel production of 2,500 tonnes of Nickel in concentrate. See 'Forward Looking Information' for a description of the factors that may cause actual results to differ from this forecast.

Exploration activities will continue to focus on supporting long term production growth through near mine resource development around the Hitura and Kotalahti Production Centres. Additionally, definition drilling will commence on nickel deposits in the Pori area with a view to developing a third production centre in Southwest Finland.

Significant emphasis will also be placed during the coming year on developing our gold business, which is geographically close to our nickel production centres. Priority will be given to exploration programmes which will rapidly grow existing resources on projects with large scale potential.

Under the terms of a new offtake agreement nickel revenues are expected to increase significantly in the second half of fiscal 2008. This is due to the fixed price agreement for the Hitura concentrate (80% of current production) expiring on June 30, 2008 and effective July 1, 2008, all of Belvedere's base metal concentrate will be exposed to LME pricing.

In 2009 and subject to positive feasibility studies and permitting approvals being obtained, the second production centre in the Kotalahti district is scheduled to come on stream. The Luikonlahti mill will be commissioned with ore from the nearby Hautalampi deposit. In addition to a nickel cobalt concentrate which carries a substantial cobalt credit, a separate copper concentrate will be produced.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date, the Company has relied significantly on private placement financings of its equity securities to finance its operations. With limited cash resources and insufficient income at this stage to cover expenses, the liquidity risk is significant. Financings have previously been completed in Canadian dollars

and therefore there is an exchange risk at the corporate level to movements between the Canadian dollar and Euro on funds being transferred to Finland.

The nickel sold from Hitura and the majority of the Company's expenses are denominated in Euros therefore operational cash flows are substantially protected against movements in foreign exchange. There is however an exchange rate risk to movements between the Euro and US Dollar on the price of nickel sold from the Särkiniemi mine. As part of a new offtake agreement, referred to above, coming into effect on July 1, 2008 the Company's exposure to both fluctuations in the price of nickel and exchange rate movements is likely to increase. Management is currently working on ways to mitigate the downside exposure to unfavourable movements in both exchange rates and the price of nickel.

Our holding of cash balances is kept under review and surplus funds are held on deposit at rates set by reference to the prevailing prime rate. The only source of debt which the Company has currently is a loan from Tekes, Finland for €219,000 which is repayable within two years. This loan was made to Finn Nickel prior to the acquisition to finance the development of its projects. Floating charges totalling €200,000 in favour of Nordea Bank, Finland as security over a €200,000 bank overdraft and a €100,000 pledge over land at the Mäntymäki deposit were also in effect at Finn Nickel at March 31, 2008. The Company has no other fixed, floating rate or interest-free financial liabilities by way of borrowing.

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

Currency	At March 31, 2008	At March 31, 2007
Canadian Accounts	4,729,357	1,283,269
Euro Accounts	3,669,964	202,678
Sterling Accounts	9,082	7,882
Total	8,408,403	1,493,829

At the date of this MD&A, interest received on Euro deposits ranges from 3%– 3.75% and is 3% on Canadian dollar balances.

The significant increase in corporate activity and the start-up of mining operations resulted in cash flow used for operating activities increasing by €1,366,105 to €1,545,483 (2006: cash used €179,378).

No financing activities took place during the quarter and in the first quarter of fiscal 2007 €251,745 was raised through the exercise of warrants. Investment in Mineral Property, plant and equipment however continued, increasing from €284,903 to €862,900 between quarters

At March 31, 2008, the Company had working capital of €7.7 million. In common with many development and exploration companies, the Group raises finance for significant capital investment, exploration and appraisal activities in discrete tranches. As a result, the directors have agreed to progress a financing plan during the coming 6-9 months and remain confident that a fundraising will be successfully completed before 31 December 2008. The directors have therefore concluded that the Group is a going concern.

As at May 29, 2008 the Company had cash resources of €6 million and includes restricted cash of €1.5 million relating to a letter of credit in favour of the Finnish Ministry of Mines to cover the estimated total costs of reclamation and site restoration for the Hitura mine.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, security deposits, accounts receivable, accounts payable, and other liabilities. At March 31, 2008, the carrying values of these instruments approximated their fair values based on the nature of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Commitments

The Company has a number of commitments affecting the current as well as future periods. Details of these commitments can be found at Note 9 of the audited financial statements.

A planned major shutdown of the mill at Hitura is taking place during the second quarter for essential maintenance. This maintenance programme is expected to cost approximately € 540 000 and will involve the renewal of conveyor and other ore handling systems at the mill.

Three new underground ground support and production rigs have also been ordered for use at Hitura. The value of this order is €1.8m and this equipment is due for delivery during the third and fourth quarters of fiscal 2008.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2008 the Company paid management fees of €93,566, to directors or officers of the Company (2007: Management Fees: €191,875, Consultancy: €78,000 and Rent: €11,667 respectively).

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 financial statements. 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

While the annual financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, certain historical adverse conditions and events cast substantial doubt upon the validity of this assumption.

During the years ended December 31, 2007, 2006 and 2005, the Company incurred losses of €4.3 million, €1 million and €0.4 million, respectively. The funds required to continue operations and exploration activities during this period have been financed primarily from the issue of equity.

At March 31, 2008, the Company had working capital of €7.7 million. In common with many development and exploration companies, the Group raises finance for significant capital investment, exploration and appraisal activities in discrete tranches. As a result, the directors have agreed to progress a financing plan during the coming 6-9 months and remain confident that a fundraising will be successfully completed before 31 December 2008.

While management has been successful in obtaining sufficient funding for the Company's operating and capital exploration requirements in the past, there is no assurance that such funding will be available to the Company, or that it will be available on terms which are acceptable to management. If funding does not become available, the Company may not be able to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Measurement Uncertainty

The Company's history of operating losses from mining operations indicate at March 31, 2008, that the recorded costs for mineral properties and related fixed assets may not be recoverable. To recover these costs, and the carrying values of mineral properties and other mining assets, over the life of the mine will require an increase in both tonnage and grades of ore processed and concentrates produced annually, a reduction in the workforce and associated mining costs through the curtailment of certain development projects or an increase in realised sales revenues, or some combination of all three.

There is significant uncertainty associated with the ability of the Company to achieve the increase in production or reduction in costs necessary to recover the carrying value of the mineral properties and related assets. In addition, nickel price and/or exchange rate movements, the success of the Company in realizing the benefit of the production improvements, changes in the costs of labour, and the other costs or unforeseen production difficulties all would have an impact on the ability of the Company to achieve its goals from operations. The amount of working capital currently available for use by the Company could mean that a minor adverse development could have a significant impact on the Company's operations and ability to recover costs.

Mineral Reserves & Deferred Exploration Costs

The Company expenses exploration expenditures and near term ore development costs as incurred. Property acquisition costs and longer term development costs incurred to expand ore reserves are deferred and depleted on a units-of-production basis over proven and probable reserves which are currently accessible by the Company. Management's estimate of nickel price, recoverability, proven and probable reserves, operating capital and reclamation costs are subject to risk and uncertainties affecting the recoverability of the Company's investment in mineral properties. The Company assesses capitalized costs for recoverability on an annual basis or more frequently if changes in circumstances suggest that possible impairment. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, reserves and operating, capital and reclamation costs on an undiscounted basis. If the net carrying value of the property exceeds the estimated future net cash flows, the property will be written down to fair value.

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 grants a number of individuals employee stock options and is likely to do so again in the future. The number of share options being granted is considered by the directors to be consistent with companies of a similar size and profile to Belvedere. The cost of share based payments is calculated using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost.

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 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

The Company implemented changes in accounting policies, effective March 31, 2008 as follows:

CICA 3855, Financial Instruments Recognition and Measurement. Financial instruments other than trade receivables, trade payables, and certain other financial liabilities including long term debt are now recorded at fair value, not historical cost. If a financial instrument is measured at fair value, changes in its fair value are recognized in operations in the period in which they occur except for investments, and possible certain other assets, designated as being "available for sale" securities, where changes in the fair value are recorded directly in shareholders' equity in a special account called "other comprehensive income" until the asset disappears or is impaired. At that time, the gains and losses are transferred to the operations statement. The result of applying this standard is that income from these investments is reported in the statement of operations as if the asset were accounted for at historical cost.

CICA 1530, Comprehensive Income, introduced new rules for the reporting and display of comprehensive income. Comprehensive income is the change in shareholders' equity of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments, gain and losses on certain derivative instruments and foreign currency gains and losses related to self-sustaining foreign operations (cumulative translation adjustment).

CICA 3865, Hedges, is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline AcG-13 "Hedging Relationships", and Section 1650 "Foreign Currency Translation", by specifying how hedge accounting applies and what disclosures are necessary when it is applied.

CICA 3831, Non-monetary Transactions, replaced the former CICA 3830, Non-monetary Transactions. This statement will be effective for fiscal periods beginning after January 1, 2006. Earlier application is permitted for non-monetary asset exchanges executed in periods beginning on or after July 1, 2005. Retroactive application is prohibited. This new Canadian standard is, in all material respects, consistent with the new U.S. standard described above.

The impact of these changes, if any, is described within the Company's December 31, 2007 consolidated financial statements.

RISK FACTORS

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

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

Dependence on Strategic Property

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

Success of Current and Future Exploration Cannot be Assured

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

Liquidity and Investment Risk

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

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

The value of the common shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

Nickel Price Volatility

Belvedere's revenues are expected to be derived primarily from the extraction and sale of nickel concentrate. The price of nickel has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond Belvedere's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. In recent years the price of nickel has been affected by

changes in the worldwide balance of Nickel supply and demand, largely resulting from economic growth and political conditions in China and other major developing economies. While this demand has resulted in higher prices for nickel in recent years, if Chinese economic growth slows, it could result in lower demand for nickel. The effect of these factors on the price of nickel cannot be accurately predicted. Any material decrease in the prevailing price of nickel for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on Belvedere's results of operations and financial condition.

Exploration, Mining and Processing Licences

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

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

OTHER MATTERS

Outstanding Share Data

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

Common Shares	79,133,336
Warrants	3,741,422
Options	3,755,000

Further Information

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

APPENDIX A- OVERVIEW OF OPERATING REGIONS

