B E L V E D E R E
resources

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Management's Discussion & Analysis ('MD&A')
For the Quarter Ended September 30, 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 November 28, 2008 and covers the results of operations for the third 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, 2007 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'.

Production in the third quarter was:

Hitura	149,179 tonnes of concentrate
Särkiniemi:	26,075 tonnes of concentrate
Total:	175,254 tonnes of concentrate

This produced 660 tonnes of nickel in concentrate.

Operational highlights include:

- Nickel Production:
    - Production from Hitura and Särkiniemi was the strongest in any quarter since the acquisition of Hitura and Finn Nickel in fiscal 2007 and exceeded targets, with 660t of nickel in concentrate produced during the quarter.
    - All deliveries in the quarter were to our former offtake partner and as at the end of the quarter the Company had 701 tonnes of Nickel concentrate in inventory (an 835% increase over the prior quarter) due to delays in finalising logistics arrangements with our new offtake partner.
    - Underground mining from Särkiniemi West met all targets and finished ahead of schedule.

- Nickel Development and Exploration:
    - A mining permit was granted for the Särkiniemi East deposit
    - The Hautalampi resource estimate was upgraded by 31%
    - A test mining permit was granted for the Hautalampi project
    - An environmental permit was granted for the Luikonlahti mill

- Gold:
    - Completed drilling on the Hirsikangas and Kangaskylä gold properties in the Bothnia region.

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 comprehensive loss for the quarter ended September 30, 2008 of €10,966,948 or €0.14 per share, which compares with a loss of €3,908,248 or €0.08 per share reported for the same period in fiscal 2007. The principal cause of these variations relates to an impairment charge on the carrying value of mining assets due to the recent collapse in nickel, copper and cobalt prices as a result of the global financial crisis impacting unfavourably on the profitability of the Hitura and Sarkiniemi operations. This and other variations are explained after the 'Financial Highlights' table following.
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Selected Annual Financial Information All amounts in €'000, except shares and per share figures	Quarter ended 30 September 2008	Quarter ended 30 September 2007	Quarter ended 30 September 2006
Revenue	1,675	6,961	-
Operating Expenses **	2,681	6,666	-
G&A Expenses **	409	4,397	193
Other (income) and expenses	(48)	(194)	185
Mineral property impairment loss	14,000	-	-
Income tax (recovery)	(4,298)	(3,908)	(378)
Net (loss)	(11,069)	-	-
Loss Per share (basic and diluted)	(0.14)	(0.08)	(0.01)
Cash Flow (used) from operating activities	(3,881)	640	(146)
Cash Flow (used) from investing activities	(2,000)	1,234	(1,220)
Cash Flow from financing activities	5,244	62	3,371
Net increase (decrease) in cash	(535)	1,936	2,005
Cash at end of period	3,330	14,260	2,435
Total Assets	32,322	67,640	5,952
Total Liabilities	12,998	15,819	19
Working Capital	319	14,592	2,511
Weighted average number of shares outstanding	79,115,118	56,430,623	42,415,436
Dividends per Share	0	0	0

***: Including stock based compensation*

During the third quarter:

- Third quarter production was the highest to date with 660t of nickel in concentrate produced from the Hitura and Särkiniemi mines. Delivered tonnes were substantially reduced compared to the prior quarter as concentrate was stockpiled while necessary logistic arrangements were completed before starting shipments to our new offtake partner in China. A brief work stoppage due to strike action at Hitura also disrupted production briefly before the end of the quarter.
- Delivered tons of Nickel in concentrate from Särkiniemi were 69% lower than the prior quarter at 34 tonnes as a consequence of completion of underground mining operations.
- Delivered tons of Nickel in concentrate from Hitura were 67% lower than the prior quarter at 146 tonnes.
- Operating expenses decreased significantly as a consequence of a credit adjustment in respect of the higher inventory level at the end of the third quarter.
- G&A expenses decreased materially primarily due to a charge for stock compensation expense of €4.1m made in the third quarter of 2007. Other income was lower than in the same period last year as a consequence of lower cash balances on deposit.
- The ongoing challenging conditions in financial markets, the commodity markets and the related uncertainty about the future business environment prompted management to conduct a review of the Company's mineral properties. A provisional asset impairment loss of €14,000,000 consisting of €3,319,959 and €9,018,115 in acquisition costs for Hitura and Särkiniemi respectively and, €680,042 and €981,885 in capitalized expenditures respectively, has been applied against the carrying value of these projects in the third quarter.

  A further and more detailed mineral property impairment test will be completed before our year end results for fiscal 2008 are released based on our updated NI 43-101 Reserves and Resources and updated financial projections. The ongoing global liquidity crisis, commodity market volatility and its wider implications for the operating environment of our mining operations could result a further impairment of mineral properties in the future

- The reduction in cash during the current quarter to €3,330,048 (Q2/08: €3,864,949) was due to funding ongoing development of our nickel and gold properties.
- Accounts receivables were lower compared to the second quarter of fiscal 2008 as a result of delays in starting up shipments with our new offtake partner.
- Inventories were materially higher compared to the second quarter as a consequence delays in putting in place logistics arrangements with our new offtake partner in China.
- Prepaid expenses are higher compared to the second quarter as a consequence of transportation costs paid in advance.
- Capital assets decreased to €23,056,039 (Q2/08: €35,496,074) primarily as a consequence of the €14,000,000 mineral property impairment write-down..

SUBSEQUENT EVENT

On October 15, 2008 the Company announced that due to the heavy fall in nickel prices, a programme to further reduce operating costs had been initiated at its Hitura Nickel Mine. Effective November 2, 2008 all mine development work was suspended.

The suspension of mine development required the temporary dismissal of 36 mine employees out of a permanent workforce of 110 employees. On November 6, 2008 another 65 employees were placed on temporary dismissal notice. If the temporary dismissals are initiated, the Company has the option to request workers return to work within 90 days of the notices having been issued.

This action gives the Company the option to put Hitura on care and maintenance should there be no short term improvement in the nickel price. Conversely, if the nickel price recovers, management could immediately request any dismissed workers to return to work, with no significant impact on the sustainability of the Hitura Mine.

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 2008	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Revenue		1,675	5,004	5,804
Comprehensive loss for the period		(10,967)	(1,405)	(3,162)
Basic and diluted loss per share		(0.14)	(0.02)	(0.03)
Fiscal 2007	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Revenue	7,962	6961	17	-
Comprehensive loss for the period	34	(3,603)	(502)	(199)
Basic and diluted loss per share	0.01	(0.07)	(0.01)	(0.01)
Fiscal 2006	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Revenue	-			
Net earnings (loss)	(566)			
Earnings (loss) per share-basic & diluted	(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 for our first full year of operations (since Q3 07) reflect the new Nickel production and net losses continue to fluctuate as a consequence of an increase in corporate activity and heavy inward investment into mining operations and new development projects in Finland. The financial result has been adversely affected as a consequence of approximately 80% of our production in these four quarters being subject to a fixed price agreement paying considerably less than LME pricing levels during that period.

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. The company has moved several steps closer to production on the Kotalahti Production centre with several key permitting stages completed. Exploration drilling has also continued on the Hirsikangas and Kangaskylä gold projects in the Bothnia region of Finland. (See Appendix A)

Nickel Exploration and Development

Exploration and delineation drilling totalling approximately 3,693 metres continued on the Hautalampi and Valkeisenranta Nickel projects in the third quarter.

Kotalahti Production Centre:

- At Särkiniemi West, underground mining operations were completed with 26,075 tonnes of ore being transported to the Hitura mill (YTD: 55,734 tonnes). Delivered tonnes of nickel in concentrate attributable to Särkiniemi were 34.4 tonnes during the third quarter (YTD: 223.7 tonnes).
- Permission to mine the Särkiniemi East deposit was granted..
- At Hautalampi, a total of 9,293 m of resource definition drilling over 84 holes has been completed to date (Q3: 1,122 m over 10 holes; YTD: 7,920 m over 71 holes). During the recent drilling campaign, approximately 70% of the previous indicated resource has been converted to the measured category, and the total resource was increased by 31%.
- At Valkeisenranta, stage three drilling aimed at upgrading the existing resource and developing strike and depth extents to the known mineralisation is continuing with 6 holes totalling 2,571 metres completed during the quarter. (Year To Date (YTD) 4,796 metres).

Hitura Production Centre:

- During the third quarter, a record 175,254 tonnes of ore was milled at Hitura, generating 660 tonnes of nickel in concentrate from the Hitura and Särkiniemi mines. (YTD: 484,226 tonnes milled to produce 1607 tonnes of nickel in concentrate). This represents a 37% increase from the previous quarter and 22% increase on Q3 07. This was primarily due to access to higher grade ores at Hitura and Särkiniemi West.
- Development of the new VT3 production ramp down to the 600 m level is completed. The ramp is part of a major initiative to increase safety and production levels at the mine. The new mine plan minimises development within the less competent rocks that host the ore and allows access to several stopes at any one time. Full production from the 580 level is planned to commence in January.

Gold Exploration

- At Hirsikangas, gold exploration continues with 8 diamond drillholes totalling 1,510m drilled during the third quarter. This phase of drilling is now complete with a total of 2,639.20 metres drilled over 15 holes. On receipt of the final assays and quality control checks, the company will interpret the data with a view to generating an NI 43-101 compatible resource estimate, with recommendations for further work.
- At Kangaskylä, the bedrock percussion drilling campaign was completed with 90 drillholes completed in the third quarter. The drilling campaign totalled 171 holes drilled. Most of the geological and geochemical data has now been received, and is currently being interpreted. The company's objective is to locate the source of numerous gold rich boulders identified in the area.

A detailed breakdown of the Company's Reserves and Resources can be found at Appendix 5 to the MD&A. for the year ended December 31, 2007.

OUTLOOK

In the third quarter of 2008, the share prices of mining stocks continued to be very volatile and were under considerable downward pressure and our market capitalization fell below book value. Management focus has turned to preserving cash balances to the greatest extent possible, by minimizing operating costs and by curtailing capital expenditures without compromising safety, health or environmental standards.

As the recent heavy falls in commodity prices intensified following the end of the third quarter, management continues to actively assess and review the viability of all projects in light of the current unstable economic climate. Staff are now unfortunately on temporary dismissal notice allowing management the option to put Hitura on care and maintenance should the nickel price not improve in the short term. If a recovery in nickel price occurs, this approach allows management most operational flexibility because any workers under notice can be requested to return to work immediately and with no significant impact on the sustainability of the Hitura Mine.

A further and more detailed mineral property impairment review will be completed before our year end results for fiscal 2008 are released based on our updated NI 43-101 Reserves and Resources and updated financial projections. The continuation of the global liquidity crisis, the commodity market volatility and its wider implications for the operating environment of our mining operations could result a further impairment of mineral properties in the future

Since July 1, 2008, the Company's nickel concentrates are sold to the Jinchuan Group under the terms of an offtake agreement exposed to LME pricing. Deliveries commenced in October and final pricing is decided based on average monthly prices from December and forecast revenues will be substantially lower than forecast in the MD&A for the second quarter of fiscal 2008 due to unfavourable movements in the price of nickel which have been partially offset by the favourable movement in US$:€: exchange rates.

Mine-planning and a revised scoping study is being completed at Hautalampi in the light of changing metal prices and will be completed before Christmas. Management is also pleased with the recent granting of the environmental permit at Luikonlahti mill, the mining permit for the Sarkiniemi East deposit and the Test Mining Permit at Hautalampi. These permits may enable the startup of mining operations at Hautalampi as planned in the second half of 2009 subject to Nickel prices and securing additional capital to permit the start-up of activities.

The Company continues to invest in safety, training and develop corporate reporting processes. Despite the current challenging conditions overall production for 2008 is expected to be within range of the forecast target of 2,500 tonnes of Nickel in concentrate.

Exploration activities will continue to focus on supporting long term production growth through near mine resource development around the Hitura and Kotalahti Production Centres. The definition drilling planned for the nickel deposits in the Pori area (with a view to developing a third production centre in Southwest Finland), has been put on hold until Hautalampi is in production through the Luikonlahti Mill.

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

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.

Until the end of the second quarter of fiscal 2008, the nickel sold from Hitura and the majority of the Company's expenses were denominated in Euros therefore operational cash flows were substantially protected against movements in foreign exchange. There was 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, which came 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 with exposure to market price changes in the price of Nickel as well as the US Dollar: Euro exchange rate. The impact of this change will have a material impact on the performance of the Company in the fourth quarter of 2008.

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 Company currently has two debts, both being loans made to Finn Nickel. The first loan is from Tekes, Finland for €219,000 which is repayable within two years made prior to the acquisition, to finance the development of its projects. The second is a US$7.5 million loan to cover the shortfall in revenues due to a one-off delay in concentrate deliveries associated with the logistics involved in changing offtake partner to Jinchuan Group and is scheduled to be repaid in 2009 from concentrate deliveries. 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 September 30, 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 September 30, 2008	At September 30, 2007
Canadian Accounts	1,780,552	11,485,651
Euro Accounts	1,529,632	2,774,379
Sterling Accounts	19,864	-
Total	3,330,048	14,260,030

At the date of this MD&A, interest received on Euro deposits ranges from 2%– 3% and is 2% on Canadian dollar balances.

Falling Nickel prices and the exceptionally low sales of Nickel concentrate reported in the quarter arising from the switchover of offtake partners, delays in arranging logistics contracts and no shipments to our new offtake partner in the quarter resulted in a significant increase in a material increase cash flow used for operating activities over the prior quarter increasing by €4,520,937 to €3,880,867. Increased corporate activity and the start-up of mining operations resulted in an even more material change over the the third quarter of fiscal 2007. (2007: cash generated €640,080).

Financing activities during the quarter represent a loan advanced by Jinchuan of US$7,500,000 (€5,243,655) to provide the Company with additional working capital pending start-up of shipments of concentrate to China which started shortly after the end of the quarter. Investment in Mineral Property, plant and equipment however continued with €1,999,777 million being invested.

At September 30, 2008, the Company had working capital of €0.3 million. In addition to discussing Jinchuan to reschedule the terms of the repayment of $7.5m prepayment against concentrate, the Directors and management are currently evaluating a number of alternative ways of financing the Company. These include various forms of debt financing, working in partnership with larger mining groups, exploring a closer collaboration with our Chinese smelting partner and as a last resort, equity financing. Despite, the turmoil in the world financial system, the directors remain confident that the Company is a going concern.

As at November 30, 2008 the Company had cash resources of €4,669,969 which 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 September 30, 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 8 of the audited financial statements.

Two new underground ground support rigs are still on order for use at Hitura. The value of this order is €1.13m, however discussions are underway with the supplier to try and cancel delivery of one machine currently.

Under the terms of an offtake agreement dated with the Jinchuan Group of China, Company is obliged to deliver 15,000 tonnes of Nickel concentrate annually. As at the end of the quarter, the Company still to make a shipment under this contract- shipments started in October 2008. Also, under the terms of a prepayment agreement dated August 20, 2008 the Company is due to start repaying the US$7.5m advance provided by Jinchuan as follows:

$2.5m by December 31, 2008
$0.5m monthly thereafter

Interest on this payment has been accrued in these financial statements and is calculated at a rate of LIBOR plus 3.5%. Discussions are currently taking place with Jinchuan in an effort to restructure the terms of this advance against sales.

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 September 30, 2008, the Company had working capital of €0.3 million. The successful rescheduling of the repayment of $7.5m to Jinchuan will materially improve this figure and, concurrently to these discussions, the Directors and management are currently evaluating a number of alternative ways of financing the Company. These include various forms of debt financing, working in partnership with larger mining groups, exploring a closer collaboration with our Chinese smelting partner and as a last resort, equity financing. Despite, the turmoil in the world financial system, the directors remain confident that the Company is a going concern.

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 September, 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 or 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	79,183,336
Warrants	3,741,422
Options	3,630,000

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