



BELVEDERE

resources

Suite 404, World Trade Centre, 999 Canada Place, Vancouver, British Columbia, V6C 3E2, Canada.

Management's Discussion & Analysis ('MD&A') **For the Quarter Ended September 30, 2009**

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

This MD&A has been prepared as of November 27, 2009 and covers the results of operations for the third quarter and year ended December 31, 2008. It is intended to supplement the audited annual consolidated Financial Statements and notes thereto which are expressed in Euros and are prepared in accordance with Canadian Generally Accepted Accounting Principles. The financial statements together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward-looking statements relating to the potential future performance. Additional information relating to the Company is available from the Canadian securities regulators on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

All statements in this document, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, constitute 'forward looking statements' and these statements are made as of the date hereof. Any forward looking statements are based upon reasonable assumptions, but no guarantees or assurances can be given that actual results will be consistent with such statements.

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

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

Readers should not place undue reliance on any forward looking statements. Forward looking statements are not guarantees of future performance and actual results may differ materially. The Company undertakes no obligation to update these forward looking statements in the event that management's beliefs, estimates or opinions, or other factors, change. The technical (non-financial) aspects in this report have been prepared by Dr. Toby Strauss, the Company's Chief Operating Officer, who is acting as Qualified Person in compliance with National Instrument 43-101 with respect to this MD&A.

OUR BUSINESS & OPERATIONS REVIEW

The Company is engaged in the acquisition, exploration, development and operation of mineral properties in Finland. As previously announced, despite management's best efforts to restore revenues by asset sales and examining the possibility of fast-tracking the Kopsa gold deposit into production, the worsening financial position and negative equity forced Finn Nickel (Belvedere's nickel subsidiary) to file for voluntary bankruptcy on July 17, 2009. As part of the rescue attempt for Finn Nickel, a \$US 7.5m Prepayment debt owed to Jinchuan (and guaranteed by Belvedere) was converted into Preference Shares in Belvedere on July 7, 2009.

The Company intends to concentrate on exploring and developing its gold assets, held in another subsidiary within Finland which remains unaffected by the Finn Nickel bankruptcy.

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

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 remains 100% shareholder of Finn Nickel and therefore is required to fully consolidate the results of this subsidiary until such times as the assets and liabilities of Finn Nickel have been disposed of, or discharged, by the administrators of the bankruptcy estate. As a consequence, the selected financial information below includes all bank indebtedness and other net liabilities of Finn Nickel and will continue to do so until the bankruptcy estate is wound up.

The Company incurred a net loss for the quarter ended September 30, 2009 of €1,429,627 or €0.02 per share, which compares with a net loss of €11,068,756 or €0.14 per share per share reported for fiscal 2008. 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, except shares and per share figures	Quarter ended 30 September 2009	Quarter ended 30 September 2008	Quarter ended 30 September 2007
Revenue	-	1,675	6,961
Operating Expenses **	945	2,681	6,666
G&A Expenses **	485	409	4,397
Other (income) and expenses	(1,430)	(48)	(194)
Mineral property impairment loss	-	14,000	-
Income tax (recovery)	-	(4,298)	-
Net (loss)	(1,430)	(11,069)	(3,908)
Loss Per share (basic and diluted)	(0.02)	(0.14)	(0.08)
Cash Flow (used) from operating activities	(6,329)	(3,881)	640
Cash Flow (used) from investing activities	(76)	(2,000)	1,234
Cash Flow from financing activities	6,376	5,244	62
Net increase (decrease) in cash	95	(535)	1,936
Cash at end of period	1,895	3,330	14,260
Total Assets	17,289	32,322	67,640
Total Liabilities	18,407	12,998	15,819
Working Capital	(1,855)	319	14,592
Weighted average number of shares outstanding	79,183,336	79,115,118	56,430,623
Dividends per Share	0	0	0

**: Including stock based compensation

During the third quarter:

- No nickel was produced or sold by the Company and therefore there was a material reduction in operating expenses as a consequence of putting the Hitura mine into care and maintenance. In the prior year, very high levels of operating development, repairs, ground preparation/ support, increasing energy costs and definition drilling were also taking place at both Finn Nickel operating locations.
- The Company made a loss for the quarter ended September 30, 2009 of €1,304,621 or €0.02 per share, which compares with a loss of €1,038,525 or €0.01 per share for the previous quarter and a loss of €10,966,948 or €0.14 per share reported for the same period of fiscal 2008.
- General and administrative expenses increased to €484,730 (2008: €361,066) substantially as a consequence of a lower stock compensation charge and ongoing expense reduction initiatives.
- Other Income and Expenses were €6,048 as a consequence of lower interest income on cash balances during the year and higher interest expenses, particularly as a result of the debt owed to Jinchuan for a small part of the period.
- The carrying values of assets were largely unchanged at the end of the quarter and accordingly no further mineral property impairment charges were recorded. This item also applies to explaining the difference in the future income tax recovery line between reporting periods.
- Cash and cash equivalents decreased to €1,895,321 (2008: €4,355,276) as a result of funding care and maintenance activities and maintaining our gold projects.
- Accounts receivable, inventories and prepaid expense balances continue to decline consistent with a lower level of economic activity and as consumables are used up in the care and maintenance of assets.
- Working capital still remains negative as a consequence of the remaining unsecured interest payable by the bankrupt Finn Nickel estate to Jinchuan totalling €2,105,389.
- Compared to the prior quarter, total assets increased 2% to €17,088,649 primarily as a consequence of gold exploration drilling restarting. Compared to the same quarter in the last fiscal year however there has been a material change as a consequence of the impairment charges against Nickel properties recorded in the second half of fiscal 2008. (2008: €32,322,066)
- Compared to the prior quarter, current and long term liabilities increased €106,889 to €13,453,300 primarily as a consequence of Jinchuan agreeing to convert short term debt into preference shares in July 2009. Accounts payable has fallen compared to the previous financial year as a consequence of stopping mining activities but has risen compared to the previous quarter as exploration drilling on gold projects increases once again. A €516,144 reversal in a future income tax provision also contributed to a change between years.

SUBSEQUENT EVENTS

On November 16th, the administrators have disposed of a substantial portion of the assets of Finn Nickel to Vulcan Resources a company operating in Finland and Australia.

Vulcan has acquired a package of assets including the Luikonlahti mill and the Hautalampi and Valkeisenranta nickel properties for €4.71 million. A deposit of €1.4 million has been paid with the remainder of the sum payable by year end.

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 2009				
Revenue		-	-	-
Comprehensive loss for the period		(1,305)	(1,030)	(1,365)
Basic and diluted loss per share		(0.02)	(0.01)	(0.02)
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2008				
Revenue	6,815	1,675	5,004	5,804
Comprehensive loss for the period	(13,481)	(10,967)	(1,405)	(3,165)
Basic and diluted loss per share	(0.17)	(0.14)	(0.02)	(0.03)
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2007				
Revenue	7,962			
Comprehensive loss for the period	34			
Basic and diluted loss per share	0.01			

Revenues in the fourth quarter of fiscal 2007 reflect the new Nickel production and net losses continued to fluctuate as a consequence of an increase in corporate activity and exploration drilling until the end of the second quarter of fiscal 2008. Delays in starting up shipments to a new offtake partner then impacted revenues in the third quarter of 2008 and mineral property impairment charges of €14 and €9 million respectively in the final two quarters of the year contributed to the material increase in comprehensive losses being reported. Losses for the first three quarters of fiscal 2009 reflect costs associated with maintaining operating assets in care and maintenance mode and the resumption in exploration drilling on gold projects.

EXPLORATION AND DEVELOPMENT UPDATE

No exploration or development was conducted during the quarter as a consequence of the Company's need to focus on conserving cash reserves. However, Management has spent considerable time and effort in completing studies on the Company's main gold projects (Kiimala, Hirsikangas and Osikonmäki). The studies and reviews of the gold projects have been used to prioritise drilling programmes and targets in preparation for drilling in Q4 2009.

In November 2009 the Company started a drill programme on the Kiimala Project.

OUTLOOK

The Company is now focussed on the development of its gold assets. This includes the further exploration and development of the Kiimala, Hirsikangas and Osikonmäki Gold Properties either in-house or with joint venture partners. Management believes that further drilling will significantly grow existing resources on projects that have large scale potential and early production possibilities.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

The Company's overall liquidity risk has changed significantly from the prior year as a result in the rapid drop in the price of nickel in the second half of 2008 which sharply reduced operating margins and cash flow. These factors resulted in all operating assets being placed on care and maintenance and the Company has not generated any revenues in this fiscal year.

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

Shortly before the end of the quarter, the Company raised C\$1.85 million (C\$1,739,000 net of expenses) by way of private placement. These funds will be used to finance ongoing exploration activities on gold projects in Finland and provide adequate working capital to the Company meantime. The limited cash resources and with insufficient income at this stage to cover expenses mean that the liquidity risk is remains significant. Financings have all 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 Company's operating results and cash flow are affected by changes in the Euro exchange rate relative to the US Dollar and Canadian Dollar. Exchange rate movements can have a significant impact on operating results as a significant portion of the Company's operating costs are incurred in Euros. The Company's exposure to both fluctuations in the price of nickel and exchange rate movements increased the exposure to market price changes in the price of Nickel as well as the US Dollar: Euro exchange rate in fiscal 2008 when the fall in the price of Nickel had a material impact on the performance of the Company in the fourth quarter.

Our holding of cash balances is kept under constant review. To the best of our knowledge, the only sources of debt which the Company had at the end of the quarter were included in the bankrupt estate of Finn Nickel. These include a loan from Tekes, Finland for €133,000 which is repayable within two years and was made to Finn Nickel prior to the acquisition by the Company to finance the development of its projects. The Company also believes 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 remain in effect at Finn Nickel at September 30, 2008.

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

Currency	At September 30, 2009	At September 30, 2008
Canadian Accounts	2,524,672	1,780,552
Euro Accounts	(637,592)	1,529,632
Sterling Accounts	8,241	19,864
Total	1,895,321	3,330,048

The overdraft in Euro accounts includes management's best estimate of cash spent by the administrators of the Finn Nickel bankruptcy estate maintaining the Hitura mine on care and maintenance. At the date of

this MD&A, no interest was being received on Euro deposits and interest being received on Canadian Dollar deposits was 0.5%.

Cash flow used for operating activities increased by 63% to €6,329,455 (2008: cash used €3,880,587). This increase was largely a result of the conversion of short term debt into preference shares held by Jinchuan and described above.

A €532 debt repayment was made on equipment. Capital spending on exploring mineral properties was €236,196 (2008: €1,999,777).

At September 30, 2009, the Company had a working capital deficit of €1.86 million substantially as a consequence of the remaining unsecured interest payable by the bankrupt Finn Nickel estate to Jinchuan totalling €2,105,389.

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 November 27, 2009 the Company had cash resources of €1.0 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 September 30, 2009.

The Company is exposed to fluctuations in interest rates, foreign currency exchange rates and commodity prices. The Company has not entered into any derivative contracts.

RELATED PARTY TRANSACTIONS

During the quarter ended September 30, 2009 there were no related party transactions.

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 September 30, 2009. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The preparation of the Company's financial statements depends upon estimates of proven and probable reserves, measured and indicated mineral resources and recoverable metals, assumptions of operating costs and future metal prices and possible values assigned to potential resources on exploration properties. Such estimates and assumptions affect the cost recovery of long-lived assets and the rate at which depletion and amortization are charged to earnings. In addition, management must estimate costs associated with mine reclamation and closure costs.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and discharge of liabilities in the normal course of operations for the foreseeable future. The Company has incurred significant recurring operating losses over the past two years, and has not generated positive cash flow from operations. For quarter ended September 30, 2009 the Company had a net loss of \$1,429,627 and held cash of €1,895,321 and had a net working capital deficit of €1,854,978. Working capital remains negative as a consequence of the consolidation entries associated with the outstanding and unsecured interest payable by the bankrupt Finn Nickel estate to Jinchuan totalling €2,105,389. Net working capital is defined as current assets minus current liabilities and includes bank indebtedness and other net current liabilities which form part of the bankruptcy estate of Finn Nickel. At November 27, 2009, the Company held cash of €1.0. These conditions (which include the Finn Nickel bankrupt estate) raise doubt about the Company's ability to continue as a going concern.

The duration and depth of this economic slowdown in markets in which the Company operates is likely to continue to impact the Company's ability to generate future revenue. Management acted to reduce the Company's operating costs in fiscal 2008 and continue to pursue cost reduction initiatives wherever possible.

The Company has been able, thus far, to finance the losses, as well as the growth of the business through a series of equity and debt private placements. As further described in Note 5 to the consolidated financial statements for year ended December 31, 2008, in August 2008, Finn Nickel Ltd entered into an agreement with Jinchuan Group Limited for the latter to provide a US\$7.5 million prepayment facility. Under the terms of the agreement, Finn Nickel agreed to repay the facility in full on or before May 31, 2009 by offset against deliveries of concentrate to Jinchuan. The prepayment facility carries interest at a rate of LIBOR plus 3.5% and is secured by a parent company guarantee.

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

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

The remaining debt obligations lie with Finn Nickel and are part of the bankruptcy estate.

Management believes that as a result of these actions, the Company has sufficient resources for the next twelve months to meet its obligations as they fall due in the ordinary course of business, however, the directors and management continue to evaluate alternative ways of financing and bringing new revenues into the Company. These include various forms of debt financing, possible merger and joint venture opportunities, equity financing and asset sales. There is no assurance however, that additional financing can be obtained, or if obtained, on terms that are acceptable to management. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or liabilities should the Company not be able to continue as a going concern

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include accounting for doubtful accounts, inventories, mineral property, plant and equipment, asset retirement obligations, stock-based compensation, allocation of purchase price of acquisitions and income and mining taxes.

Depreciation and depletion of mineral property, plant and equipment assets are dependent upon estimates of useful lives and reserves estimates, both of which are determined with the exercise of judgement. The assessment of any impairment of mineral property, plant and equipment is dependent upon estimates of fair value that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Asset retirement obligations are recognized in the period in which they arise and are stated as the fair value of estimated future costs. These estimates require extensive judgement about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

Mineral Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and depletion. Maintenance, repairs and renewals are charged to operations.

Mining properties and mining and process facility assets are amortized on a units-of-production basis which is measured by the portion of the mine's economically recoverable and proven ore reserves recovered during the period.

All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the units-of-production method following commencement of production.

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

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

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 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. Currently, all closure costs relate to the Finn Nickel properties.

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.

Adoption of International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Company is currently evaluating the future impact of IFRS on its financial statements, has started training key personnel on IFRS and the results and key elements, including our plan will be discussed in greater detail as information becomes available.

OFF BALANCE SHEET TRANSACTIONS/ PROPOSED TRANSACTIONS

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

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants.

Financial instrument disclosures and presentation

CICA Handbook Sections 3862 "*Financial Instruments – Disclosures*" and Section 3863 "*Financial Instruments – Presentation*" replace Section 3861 "*Financial Instruments Disclosure and Presentation*". The new standards carry forward the presentation requirements for financial instruments and enhance the disclosure requirements by placing increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Capital disclosures

CICA Handbook Section 1535 requires the Company to disclose (a) its objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of any such non-compliance.

Inventories

CICA Handbook Section 3031 replaced the existing inventories standard. The new standard requires inventory to be valued on a first-in, first-out or weighted average basis, which is consistent with the Company's previous treatment. The adoption of CICA 3031 did not have a significant impact on the Company's accounting for inventory or associated disclosures as at January 1, 2008 or for the year ended December 31, 2008.

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.

Bankruptcy Proceedings of Subsidiary

In July, 2009 Finn Nickel decided to initiate voluntary bankruptcy proceedings. Finn Nickel's main assets include the Hitura and Särkiniemi nickel mines, the Hitura and Luikonlahti processing plants, the permitted Hautalampi Ni-Co-Cu project and a number of exploration properties. The mines of Finn Nickel produced the only significant revenue generated by Belvedere but due to the collapse of the world price for nickel the mines could not be operated profitably and neither Belvedere nor Finn Nickel had the resources to continue operations until the price of nickel improves. This lack of ongoing income means that the Company will need to develop its other properties. There is no guarantee that the Company will be able to develop its other properties.

Belvedere has a finite pool of cash resources with which to continue operations. Should unexpected or unanticipated events take place that cause additional amounts of cash to be expended it is likely that Belvedere will not have sufficient resources to continue operations. In such circumstances, Belvedere will be required to seek additional financing in the capital markets and there is no guarantee that the Company will be able to raise such capital.

Liquidity risk

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

No Revenue and No Producing Properties

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

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

Success of Current and Future Exploration Cannot be Assured

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

Liquidity and Investment Risk

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

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

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

The Company's overall liquidity risk has also changed significantly from the prior year as a result in the rapid drop in the price of nickel in the second half of 2008 and the resulting in the suspension of operation and subsequent bankruptcy proceedings of Finn Nickel. Liquidity risk is also impacted by credit risk should a counterparty default on its payments to the Company.

Gold Prices

Belvedere's revenues are expected to be derived primarily from the extraction and sale of gold. The profitability of Belvedere's operations is significantly affected by changes in the market price of gold. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company. The factors that may affect the price of gold include industry factors such as: industrial and jewellery demand; the level of demand for the metal as an investment; central bank lending, sales and purchases of the metal; speculative trading; and costs of and levels of global production by producers of the metal. Gold prices may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the US dollar, the currency in which the price of the metal is generally quoted, and other currencies; interest rates; and global or regional political or economic uncertainties. The effect of these factors on the price of gold cannot be accurately predicted. Any material decrease in the prevailing price of gold for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on Belvedere's results of operations and financial condition.

Exploration, Mining and Processing Licences

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

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

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated

properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed. The Company's historical operations have generated chemical and metals depositions in the form of tailing ponds and rock waste dumps. There can be no assurances that the Company will at all times be in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in Finland where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environment regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

Title Matters

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

Competition

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

OTHER MATTERS

Outstanding Share Data

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

Common Shares	102,308,338
Warrants	Nil
Options	6,625,000

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.