

BOLERO RESOURCES CORP.
(A Development Stage Company)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009**

(UNAUDITED – PREPARED BY MANAGEMENT)
These financial statements have not been reviewed by the Company's auditor

BOLERO RESOURCES CORP.
(A Development Stage Company)
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
AS AT

	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
ASSETS		
Current		
Cash	\$ 1,334,496	\$ 1,508,272
Receivables	6,468	7,023
Prepaid expenses	8,396	8,630
	1,349,360	1,523,925
Equipment (Note 5)	12,210	13,041
Oil and gas properties	2	2
Mineral properties (Note 6)	3,083,509	2,260,160
Drilling and reclamation deposits (Note 7)	123,356	127,861
Future income tax asset	-	312,500
	\$ 4,568,437	\$ 4,237,489
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 16,254	\$ 31,395
Asset retirement obligations (Note 8)	172,138	178,497
	188,392	209,892
Asset retirement obligations (Note 8)	12,000	12,000
	200,392	221,892
Shareholders' equity		
Capital stock (Note 10)	17,495,871	17,107,871
Warrants (Note 10)	830,510	728,626
Contributed surplus (Note 10)	3,207,782	3,190,488
Deficit	(17,166,118)	(17,011,388)
	4,368,045	4,015,597
	\$ 4,568,437	\$ 4,237,489

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 6 and 14)
Subsequent events (Note 15)
On behalf of the Board:

“R. B. Duncan”, Director

“Roger Steininger”, Director

See accompanying notes to the unaudited interim consolidated financial statements.

BOLERO RESOURCES CORP.**(A Development Stage Company)****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT****FOR THE THREE MONTHS ENDED MARCH 31**

	2010	2009
EXPENSES		
Amortization	\$ 831	\$ 1,132
Consulting fees (Note 9(b))	12,763	4,332
Management fees (Note 9(a))	30,000	30,000
Office, rent, and miscellaneous	6,833	5,936
Professional fees (Notes 9 (c) and (d))	51,287	16,046
Shareholder communications and promotion	28,293	4,500
Stock-based compensation (Note 10)	17,294	79,854
Transfer agent and filing fees	8,573	8,504
Travel and accommodation	-	-
Loss before other items	155,874	150,304
OTHER ITEMS		
Foreign exchange loss (gain)	(1,144)	4,538
Net loss and comprehensive loss for the period	154,730	154,842
Deficit, beginning of year	17,011,388	9,604,608
Deficit, end of period	\$ 17,166,118	\$ 9,759,450
Basic and diluted loss per common share	\$ 0.01	\$ 0.02
Weighted average number of common shares outstanding	19,979,716	7,918,481

See accompanying notes to the unaudited interim consolidated financial statements.

BOLERO RESOURCES CORP.**(A Development Stage Company)****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31**

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	\$ (154,730)	\$ (154,842)
Items not affecting cash:		
Amortization	831	1,132
Unrealized foreign exchange (gain)/loss	(1,854)	1,344
Stock-based compensation	17,294	79,854
	(138,459)	(72,512)
Change in non-cash working capital items:		
(Increase)/decrease in receivables	555	(1,214)
(Increase)/decrease in prepaid expenses	234	3,199
(Decrease) in accounts payable and accrued liabilities	(6,555)	43,082
Net cash flows from operating activities	(144,225)	(27,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of private placement units	-	54,000
Share issue costs	(8,586)	-
Net cash flows from financing activities	(8,586)	54,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property expenditures	(20,965)	(2,308)
Net cash flows from investing activities	(20,965)	(2,308)
Increase (decrease) in cash during the period	(173,776)	24,247
Cash, beginning of year	1,508,272	29,690
Cash, end of period	\$ 1,334,496	\$ 53,937
Cash paid for interest during the period	-	-
Cash paid for taxes during the period	-	-

Supplemental disclosure with respect to cash flows (Note 11)

See accompanying notes to the unaudited interim consolidated financial statements.

BOLERO RESOURCES CORP.
(A Development Stage Company)

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

1. NATURE AND CONTINUANCE OF OPERATIONS

Bolero Resources Corp. (“the Company”) was incorporated in British Columbia on August 13, 1985 and is listed on the TSX Venture Exchange (“TSX-V”). The Company’s principal business is the acquisition and exploration of mineral properties. To date, the Company has not generated significant revenues from its operations and is considered to be in the development stage as defined by the Canadian Institute of Chartered Accountants (“CICA”) Accounting Guideline 11 “Enterprises in the Development Stage”.

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. The preparation of these interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2010. For further information, see the financial statements including the notes thereto for the year ended December 31, 2009.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, the achievement of profitable production, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The Company’s exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2010, the Company had working capital of \$1,160,968 and an accumulated deficit of \$17,166,118 compared to working capital of \$1,314,033 and an accumulated deficit of \$17,011,388 as at December 31, 2009. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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BOLERO RESOURCES CORP.**(A Development Stage Company)**

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles, and their basis of application is consistent with that of the previous year, except where disclosed below. Outlined below are those policies considered particularly significant.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Montana Molybdenum Corporation ("MT Moly"), a company incorporated under the laws of Montana, U.S.A. Significant inter-company balances and transactions have been eliminated upon consolidation. All references to the Company should be treated as references to Bolero Resources Corp. and its subsidiary.

Cash and equivalents

Cash and equivalents include balances with banks and short-term investments with original maturities of 90 days or less. The Company did not have any cash equivalents as at March 31, 2010 and 2009.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is being provided for annually using the declining balance method of amortization at the following rates based on the estimated useful lives of the equipment:

Office equipment	20%
Machinery and other equipment	20%
Vehicles	30%
Computer equipment	30%

Foreign currency translation

The Canadian dollar is the functional currency of the Company, all of whose operations are classified as integrated for foreign currency translation purposes. Under this method, all monetary assets and liabilities are translated at the rate of exchange at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date. Income and expenses are translated at the rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities are recognized in the statement of operations.

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production.

The cost of mineral property interests includes any cash consideration paid and the fair market value of shares issued, if any, on the acquisition of property interests. Acquisition costs of properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property claim acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

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BOLERO RESOURCES CORP.**(A Development Stage Company)**

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Mineral properties (Continued)**

The Company reviews capitalized costs on its mineral properties on a periodic basis and when events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of revenues from the property or from the sale of the property.

Asset retirement obligations

The Company follows the recommendations of CICA Handbook Section 3110, Asset Retirement Obligations. Under this standard, the fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets.

As at March 31, 2010 and 2009, asset retirement obligations were not discounted as management was not able to estimate the timing of payments. Management does not believe the effect is material on the overall financial statement presentation.

Flow-through shares

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to mineral properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change occurs. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Stock-based compensation

Stock options and direct awards of stock granted to employees and non-employees are recorded at fair value on the date of grant and the associated expense is recognized over the vesting period and included in contributed surplus. When options are exercised, consideration paid for the shares on the exercise of stock options and the amount in contributed surplus is credited to capital stock.

Loss per share

The Company uses the treasury stock method to calculate diluted loss per share. The treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. See Note 10 for potentially dilutive options and warrants. The outstanding options and warrants to purchase common shares were not included in the computation of the diluted loss per share because the effect would be anti-dilutive.

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BOLERO RESOURCES CORP.**(A Development Stage Company)**

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of the assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Significant estimates made by the Company include factors affecting the recoverability of mineral properties, valuation of asset retirement obligations, stock-based compensation, warrants and future tax assets and liabilities. Actual results could differ from those estimates.

Joint ventures

The Company accounts for its operating joint venture operations using the proportionate consolidation method whereby the Company's share of assets, liabilities, revenues and expenses of the joint venture is included with those of the Company. The Company currently has an interest in a joint venture. The Company's proportionate share of its exploration interests in the joint venture were carried at cost, however the Company wrote off the capitalized costs in the joint venture as of December 31, 2009.

Financial instruments

Financial assets, comprised of cash, classified as held-for-trading, are measured at fair value with changes in those fair values recognized in net income. Receivables and drilling and reclamation deposits, which are classified as loans and receivables, and accounts payable and accrued liabilities, which are classified as other financial liabilities are measured at amortized cost using the effective interest method of amortization. The Company has not classified any of its financial instruments as available for sale, and accordingly, as at March 31, 2010 and 2009, other comprehensive loss was equal to net loss.

New accounting changes**Fair value hierarchy and liquidity risk disclosure**

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At March 31, 2010, the Company's financial instruments that are carried at fair value, consisting of cash, have been classified as Level 1 within the fair value hierarchy.

Future accounting changes**(i) International financial reporting standards ("IFRS")**

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company has determined the differences between Canadian GAAP and IFRS and is working through its implementation plan for the convergence of Canadian GAAP and IFRS.

(ii) Business combinations

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011 and is currently assessing the impact of this standard.

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BOLERO RESOURCES CORP.
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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future accounting changes (Continued)

(iii) Consolidations and non-controlling interests

CICA Handbook Section 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company will adopt these standards on January 1, 2011 and is currently assessing the impact of these standards.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholder's equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2010. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

There have been no changes in the risks, objectives, policies and procedures from the previous year. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to receivables. The receivables relate to goods and services tax due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has sufficient cash to meet its current short and mid term funding requirements for its work programs however, it will require additional equity financing to meet its general administrative operational needs.

Market risk

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt therefore, interest rate risk is minimal.

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BOLERO RESOURCES CORP.
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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

4. FINANCIAL RISK FACTORS (Continued)

(b) Foreign currency risk

The majority of the Company's administrative expenditures are transacted in Canadian dollars. The Company's cash flows relating to exploration activities in the United States are exposed to foreign exchange risks as the majority of exploration expenditures are incurred in US dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management does not hedge its foreign exchange risk. As at March 31, 2010 the Company had drilling and reclamation deposits of US\$121,842, a bank balance of US\$8,677, payables of US\$2,344 and asset retirement obligations of US\$180,000. A 1% change in foreign exchange rates between the Canadian and US dollar at March 31, 2010 would result in a \$525 foreign exchange impact.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(d) Title risk

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables over the next three-month period.

5. EQUIPMENT

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 5,329	\$ 3,429	\$ 1,900	\$ 5,329	\$ 3,329	\$ 2,000
Machinery and other equipment	9,887	6,172	3,715	9,887	5,977	3,910
Vehicles	3,125	2,446	679	3,125	2,390	735
Computer equipment	31,151	25,235	5,916	31,151	24,755	6,396
	\$ 49,492	\$ 37,282	\$ 12,210	\$ 49,492	\$ 36,451	\$ 13,041

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

6. MINERAL PROPERTIES

At March 31, 2010, expenditures incurred on mineral properties were as follows:

	Cannivan Gulch Project, Montana	Barkerville, British Columbia	Red Chris, British Columbia	Rare Earth Claims, British Columbia	Three months Ended March 31, 2010	Year ended December 31, 2009
Acquisition costs:						
Balance, beginning of year	\$ 559,097	\$ 967,650	\$ 139,494	\$ -	\$ 1,666,241	\$ 1,477,817
Claim staking	-	-	-	-	-	-
Additions during the period	-	255,110	120	549,379	804,609	1,305,302
	559,097	1,222,760	139,614	549,379	2,470,850	2,783,119
Less: write offs	-	-	-	-	-	(1,116,878)
Balance, end of period	559,097	1,222,760	139,614	549,379	2,470,850	1,666,241
Deferred exploration costs:						
Balance, beginning of year	593,919	-	-	-	593,919	6,573,027
Assays	-	-	-	-	-	-
Metallurgical & water sampling	-	-	-	-	-	-
Rental of storage facilities	4,269	-	-	-	4,269	19,454
Field supplies	-	-	-	-	-	-
Geologists and other labour	-	-	4,471	-	4,471	302
Licences, permits and maintenance fees	-	-	-	-	-	14,649
Reports, drafting, maps	-	-	-	-	-	-
Travel, meals & accommodation	-	-	-	-	-	-
Field admin and other expenses	-	-	-	-	-	-
Advances	-	-	10,000	-	10,000	-
Balance, end of period	598,188	-	14,471	-	612,659	6,607,432
Less: write offs	-	-	-	-	-	(6,013,513)
Total	\$ 1,157,285	\$ 1,222,760	\$ 154,085	\$ 549,379	\$ 3,083,509	\$ 2,260,160

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

6. MINERAL PROPERTIES (Continued)

Cannivan Gulch Project, Montana, USA

During the year ended December 31, 2004 the Company entered into an option agreement to acquire a 100% interest in the Cannivan Gulch deposit, which is located in northern Beaverhead County, Montana. The optionors will retain a 2% net smelter returns royalty ("NSR"). The Company issued 33,333 common shares valued at \$58,916 as finders' fees during the years ended December 31, 2005 and 2006.

Pursuant to the agreement, the Company is required to make cash payments and issue common shares as follows:

Date	Cash payments	Common share issuances
On execution of option agreement	US\$50,000 (paid - \$64,500)	10,000 (issued, valued at \$18,375)
On or before December 31, 2005	US\$50,000 (paid - \$58,000)	10,000 (issued, valued at \$25,000)
On or before December 31, 2006	US\$50,000 (paid - \$58,500)	10,000 (issued, valued at \$28,000)
On or before each anniversary date from December 31, 2007 to December 31, 2008	US\$75,000 (paid - \$73,647) for 2007	10,000 (issued, valued at \$26,000) for 2007
On or before December 31, 2009	US\$75,000 (paid - \$78,158)	-
On or before each anniversary date from December 31, 2010 to December 31, 2109	US\$100,000	-

In December 2008, the Company and the Cannivan Gulch optionors reached an agreement that the 2008 property cash and common share payments would be settled with the issuance of 150,000 common shares of the Company. The shares were issued in January 2009 for a value of \$60,000.

Barkerville Property, British Columbia, Canada

In October 2009, the Company entered into an agreement to acquire 11 mining claims in British Columbia, Canada. The initial terms of the agreement were a cash payment of \$35,000 (paid), the issuance of 1,500,000 shares of the Company (issued for value of \$870,000) upon TSX Venture Exchange approval, 1,500,000 shares six months after the date of the agreement plus a 1% NSR. The Company was also committed to spend \$50,000 on exploration prior to July 1, 2010. A finder's fee of 100,000 common shares (issued for value of \$58,000) was paid in relation to this agreement.

In January 2010, the property agreement was amended to reduce the number of the Company's shares to be issued to the vendors by an aggregate of 1,000,000 shares. In addition, the vendors of the claims have waived the requirement for Bolero to expend \$50,000 on exploration on the claims by July 1, 2010. As consideration for the amendment, the Company issued 500,000 shares valued at \$255,000 as the final instalment of shares owing on the 11 mining claims.

Red Chris Property, British Columbia, Canada

In December 2009, the Company entered into an agreement to purchase a 100% interest in twelve strategic claims in the Red Chris area of north-western British Columbia. As consideration for the agreement, the Company is to make a cash payment of \$20,000 (paid) and issue 175,000 common shares (issued for value of \$105,000). A finder's fee of 15,000 common shares (issued for value of \$9,000) was paid in relation to this agreement.

In addition to the agreement, the Company paid \$5,000 for an option for a period of 35 days, to acquire two additional property packages from the same vendor for \$15,000 and 150,000 common shares. The option expired subsequent to year end without being exercised.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6. MINERAL PROPERTIES (Continued)

Rare Earth Claims, British Columbia, Canada

In March 2010, the Company entered into an option agreement to acquire 100% interest in the Carbonatite Syndicate Rare Earth Claim Group, surrounding Spectrum Mining Corporation's recently reported "Wicheeda" rare earth discovery. As consideration for the option, the Company will issue 1,500,000 common shares (issued for value of \$405,000) and 500,000 purchase warrants for common stock of the Company (issued for value of \$101,884). The warrants are exercisable for a period of two years at a price of \$0.50. The vendors will retain a 1% net smelter return royalty (NSR) under standard industry terms with a 0.5% buyout for \$500,000. A finder's fee of 150,000 common shares (issued for a value of \$40,500) was paid in relation to this agreement.

7. DRILLING AND RECLAMATION DEPOSITS

The Company has issued bonds in the amount of \$123,356 (US\$121,842) to the Department of Environmental Quality ("DEQ") to ensure the protection of the environment as a result of the exploration and drilling programs of the Bald Butte and Cannivan Gulch properties and reclamation of Bald Butte (See Note 8).

8. ASSET RETIREMENT OBLIGATIONS

The Company estimates its asset retirement obligations at the Bald Butte and Cannivan Gulch properties, based on its understanding of its requirements to reclaim the currently disturbed areas as \$184,138 (US\$180,000). The Company has assigned certain certificates of deposit to the DEQ for the restoration in these areas (see Note 7). The restoration of the Bald Butte property of \$178,497 will occur in 2010 however, management is not able to estimate the timing of payments related to the Cannivan Gulch asset retirement obligations of \$12,000 and accordingly, the value of the asset retirement obligation has not been discounted. The discounted amount would not be material to the consolidated financial statement presentation.

9. RELATED PARTY TRANSACTIONS

During the three month period ended March 31, 2010, the Company entered into the following transactions with related parties:

- a) Paid management fees of \$30,000 (2009 - \$30,000) to a corporation controlled by a director who is also an officer of the Company.
- b) Paid consulting fees of \$764 (2009 - \$Nil) and geological consulting fees charged to mineral properties of \$4,472 (2009 - \$Nil) to a director of the Company.
- c) Paid professional fees of \$15,000 (2009 - \$15,000) to a current officer of the Company
- d) Paid or accrued legal fees of \$24,455 (2009 - \$785) to a current officer of the Company. Fees of \$1,960 (2009 - \$5,424) were included in accounts payable as at March 31, 2010. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount established and agreed to by the related parties. The repayment terms are the same as those for arms length transactions.

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BOLERO RESOURCES CORP.
(A Development Stage Company)

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

	Number of Shares	Capital Stock	Warrants	Contributed Surplus
Authorized				
Unlimited common shares without par value				
Common shares				
Balance as at December 31, 2008	7,631,847	\$ 14,380,447	\$ -	\$ 2,905,186
Issued pursuant to private placements	9,593,425	1,694,753	701,457	-
Acquisition of mineral properties (Note 6)	2,225,000	1,155,000	-	-
Finder's fees on mineral property acquisitions (Note 6)	115,000	67,000	-	-
Stock-based compensation	-	-	-	285,302
Issue costs cash	-	(117,083)	(45,077)	-
Issue costs-non cash	-	(72,246)	72,246	-
Balance as at December 31, 2009	19,565,272	\$ 17,107,871	\$ 728,626	\$ 3,190,488
Stock based compensation	-	-	-	17,294
Acquisition of mineral properties (Note 6)	2,000,000	660,000	101,884	-
Finder's fees on mineral property acquisitions (Note 6)	150,000	40,500	-	-
Flow through share renunciation	-	(312,500)	-	-
Balance as at March 31, 2010	21,715,272	\$ 17,495,871	\$ 830,510	\$ 3,207,782

- i) In January 2010, the Company issued 500,000 shares valued at \$255,000 pursuant to the amended Barkerville property agreement.
- ii) In March 2010, the Company issued 1,500,000 common shares valued at 405,000 and 500,000 warrants valued at \$101,884 exercisable at \$0.50 for a period of two years pursuant to the Rare Earth Property claims.
- iii) In March 2010, the Company issued 150,000 common shares valued at \$40,500 as a finder's fee for the Rare Earth Property claims.

Continued...

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MARCH 31, 2010 AND 2009

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Share purchase warrants

At March 31, 2010, warrants were outstanding enabling holders to acquire shares as follows:

Number of Shares (i)		Exercise Price (i)	Expiry Date
10,000		0.30	April 6, 2011(i)
160,350		0.50	April 6, 2010
	then	1.00	April 6, 2011
7,000,000		0.30	October 28, 2011
291,667		0.15	October 28, 2011
1,136,362		0.80	December 18, 2011
181,818		0.55	December 18, 2011(ii)
500,000		0.50	March 30, 2012
<u>9,280,197</u>			

(i) Exercisable into one unit at a price of \$0.30 per unit for a two-year period. Each unit consists of a common share and one half of one common share purchase warrant, with each whole warrant exercisable at \$0.50 in the first year and \$1.00 in the second year.

(ii) Exercisable into one unit at a price of \$0.55 per unit for a two-year period. Each unit consists of a common share and one half of one common share purchase warrant, with each whole warrant exercisable at \$0.80 for a two-year period.

Share purchase warrant transactions and the number of share purchase warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2008	-	-
Warrants issued pursuant to private placements	8,296,712	0.37
Warrants issued to brokers pursuant to private placements	<u>483,485</u>	0.38
As at December 31, 2009	8,780,197	\$ 0.37
Warrants issued pursuant to property acquisition	<u>500,000</u>	0.50
As at March 31, 2010	9,280,197	0.38

Continued...

BOLERO RESOURCES CORP.**(A Development Stage Company)**

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010 AND 2009

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)**Share purchase warrants (Continued)**

The weighted average grant date fair value of the warrants of \$0.20 (2009 - \$Nil) was estimated based on the following weighted average assumptions used in the Black-Scholes valuation during the year:

	2010
Risk-free interest rate	1.73%
Expected dividend yield	0.00%
Expected stock volatility	157%
Expected warrant life in years	2.0 years

Stock options

The Company is authorized to grant to directors, employees and consultants up to 20% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, less any applicable discounts, of the Company's stock as calculated on the date of grant. Options vest over an eighteen-month period or over a longer period if specified by the directors of the Company. The options can be granted for a maximum term of 5 years.

As at March 31, 2010, the following incentive stock options were outstanding:

Number of Options Granted (i)	Exercise Price (i)	Expiry Date
20,000	1.70	December 21, 2010
25,000	3.20	February 17, 2011
210,000	2.50	September 19, 2011
30,000	3.50	January 24, 2012
70,000	5.00	March 29, 2012
195,000	3.00	March 7, 2013
10,000	2.00	May 9, 2013
347,000	0.25	July 30, 2014
<u>907,000</u>		

Continued...

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Stock options (Continued)

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options (i)	Weighted Average Exercise Price (i)
Balance, December 31, 2008	660,433	3.00
Options expired	(65,517)	2.80
Options forfeited	(34,916)	2.49
Options granted	<u>347,000</u>	0.25
Balance December 31, 2009 and March 31, 2010	<u>907,000</u>	1.97

Stock based compensation

There were no options granted during the three months ended March 31, 2010 or March 31, 2009.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the three months ended March 31, 2010 consisted of:

- a) The issuance of 500,000 common shares of the Company valued at \$255,000 pursuant to the amended Barkerville mineral property agreement.
- b) The issuance of 1,500,000 common shares of the Company valued at \$405,000 and issuance of 500,000 share purchase warrants valued at \$101,884 pursuant to the rare earth property claims.
- c) The issuance of 150,000 common shares of the Company valued at \$40,500 as finder's fee for the rare earth property claims.
- d) The decrease in asset retirement obligations of \$6,359.
- e) The decrease in drilling and reclamation deposits of \$4,505.
- f) The decrease in accrued share issuance costs of \$8,586.
- g) The decrease in future income tax asset of \$312,500.

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12. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada and the United States. Segmented information on a geographic basis is as follows:

As at March 31, 2010	Total Assets	Mineral Properties	Oil and Gas Properties	Other Assets
Assets				
Canada	\$ 3,284,925	\$ 1,926,224	\$ -	\$ 1,358,701
United States	1,283,512	1,157,285	2	126,225
	\$ 4,568,437	\$ 3,083,509	\$ 2	\$ 1,484,926

As at December 31, 2009	Total Assets	Mineral Properties	Oil and Gas Properties	Other Assets
Assets				
Canada	\$ 2,953,572	\$ 1,107,144	\$ -	\$ 1,846,428
United States	1,283,917	1,153,016	2	130,899
	\$ 4,237,489	\$ 2,260,160	\$ 2	\$ 1,977,327

Substantially all of the Company's operating expenses are incurred in Canada.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to presentation adopted for the current year.

14. COMMITMENTS AND CONTINGENCIES

The Company is obligated to spend \$1,250,000 on Canadian exploration costs by December 31, 2010 as part of the flow-through funding agreement for shares issued in December 2009. The flow-through agreement requires the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. In February 2010, the Company renounced exploration expenditures in the amount of \$1,250,000 with an effective date of December 31, 2009.

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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15. SUBSEQUENT EVENTS

- i) In April 2010, the Company entered into an agreement with Ethos Consulting ("Ethos") whereby Ethos would provide investor relations services to the Company until September 30, 2010 for a consideration of \$45,000 cash and 100,000 options exercisable at \$0.20 for a period of two years.
- ii) In April 2010, the Company closed two non-brokered private placements in which the Company issued 1,289,286 units for a price of \$0.35 per unit for gross proceeds of \$451,250. Each unit consists of a flow-through common share and one non-flow-through common share purchase warrant exercisable at \$0.50 for two years. A finder's fee of 5% of the cash proceeds was paid and 64,464 warrants were issued exercisable at \$0.35 per warrant, expiring two years from the date of issuance. The securities issued pursuant to these private placements are subject to a trading restriction of four months, with the securities released in August 2010.
- iii) In May 2010, the Company announced that it had entered into an option agreement with an arm's length vendor to acquire a 100% interest in 6,582 hectares adjoining Bolero's Carbonatite Syndicate Rare Earth Claim Group which was acquired in March 2010. With this acquisition, the Carbonatite Syndicate Claim Group, which is located 80 km northeast of Prince George, BC, now comprises 57 mineral claims covering approximately 22,654 hectares. For the acquisition of these claims, the Company will issue to the vendors 500,000 common shares upon regulatory approval of the transaction.