

# **BOLERO RESOURCES CORP.**

## **Management Discussion and Analysis For The Nine Months Ended September 30, 2009**

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**November 23, 2009**

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended September 30, 2009 and 2008 and with the audited consolidated financial statements for the years ended December 31, 2008 and 2007 and related notes included therein. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's website can be found at [www.boleroresources.ca](http://www.boleroresources.ca).

### **Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

### **Overview**

Bolero Resources Corp. ("Bolero" or the "Company") is a junior natural resource company focused on the acquisition and exploration of natural resource properties in precious metals and base metals. Bolero was incorporated under the British Columbia Company Act on August 13, 1985, and was continued under the laws of the Province of Ontario on September 19, 2007. The Company is a reporting issuer in British Columbia, Alberta and Ontario and is listed on the TSX Venture Exchange under the symbol "BRU." The Company is also listed on the Frankfurt Exchange under the symbol "U7N".

Our long-term goals for Bolero include:

- acquiring and developing cash producing assets;
- building and strengthening our core operations in natural resource exploration and development; and
- increasing return on investment for our shareholders.

### **Overall Performance**

The Company incurred a loss from operations for the three months ended September 30, 2009 of \$176,836 compared with a loss of \$298,094 for the prior year. The Company incurred a loss from operations for the nine months ended September 30, 2009 of \$464,088 compared with a loss of \$999,462 for the prior year. In the three and nine month periods ending September 30, 2009, operating expenses were cut significantly from the prior year as a result of a reduction in the level of activity brought about by the lack of funds.

The Company effected a consolidation of its shares on a 10:1 basis (ten old for one new) in July 2009. The consolidation also affected all options and warrants outstanding at that time.

During the first nine months of fiscal 2009, the Company was in need of equity funding. The Company had successfully been able to convert some of its debt for shares and a small financing for gross proceeds of \$96,210 closed in April 2009. The Company focussed its efforts on attempting to raise additional equity funds, however, the process took more time than is usual due to the challenging financial market conditions. Subsequent to September 30, 2009, the Company closed a non-brokered private placement in which it issued 7,000,000 units for gross proceeds of \$1,050,000.

In addition, subsequent to third quarter end 2009, the Company entered into an agreement to acquire 11 mining claims in British Columbia, Canada of which 2,653 hectares are directly tied to the northwest and 1,930 hectares are tied directly to the east of property on which a discovery hole made by International Wayside Gold Mines Ltd. is located.

## Operating Activities

### **The Bald Butte Agreement**

The Company entered into an option agreement dated February 18, 2005 whereby the Company can acquire a 100% interest in the Bald Butte Property in southwestern Montana. The option agreement includes a total of 22 patented claims, comprising approximately 350 acres, and an area of interest with a radius of 0.5 miles from the property boundaries.

Under the option agreement, the Company is required to make certain cash payments and issue treasury shares. Details of the contractual requirements are disclosed in the notes to the audited year end financial statements.

Bald Butte is a quartz vein stockwork hosted molybdenite deposit, located approximately three miles southwest of the historic Marysville gold mining district of Montana. Bald Butte is accessible by existing roads and a rail siding is within eight miles. A power line crosses a portion of the property and two existing flotation mills, MRI and Phillipsburg, are both within 80 miles.

A Small Miner's Exclusion Statement ("SMES"), as provided for in the provisions of the Montana Metal Mines Reclamation Act was submitted to the Montana Department of Environmental Quality ("DEQ"). The Company is excluded from the permitting requirements of the Act by the SMES submission.

The Company provided G & T Metallurgical Service, Kamloops, BC, material from the Bald Butte deposit for metallurgical testing. The first phase of metallurgical testing, designed to determine molybdenum recovery rates, determined that molybdenum in the deposit can be recovered into rougher concentrate between 90 to 95 percent. The rougher concentrate can then be processed into a marketable molybdenum concentrate with an overall molybdenum recovery rate of about 80 percent. (A marketable molybdenum concentrate contains at least 50 percent molybdenum.)

Using geological mapping and data interpretation, and the results from 50 earlier drill holes, a resource calculation determination was completed. In December 2006, the NI 43-101 compliant report on the Bald Butte property was completed by Broad Oak Associates, Toronto, Ontario. The report indicated an inferred resource of 105 million tons at a grade of 0.071% molybdenum (0.12% MoS<sub>2</sub>) which was calculated using the polygonal method, containing 150 million pounds of molybdenum, (250 million pounds of MoS<sub>2</sub>). The inferred resource was calculated using a 0.04% molybdenum cut-off grade. The contained MoS<sub>2</sub> represents total material contained and does not take into account metallurgical recoveries. The report recommended a two phase drilling program to increase the geological knowledge of the deposit.

In 2007, based on the recommendations from the Broad Oak Technical Report, the Company initiated a 18,000 foot drill program on the Bald Butte deposit. The objectives of the drill program were: to conduct confirmatory infill and step out drilling to expand the overall resource and upgrade portions of it to the

measured and indicated categories; and to conduct additional exploratory drilling in the area of the Bald Butte pit where high grade mineralization had previously been reported. Drilling commenced on June 16, 2007. The Company engaged ALS Chemex of Reno, Nevada to analyze the core samples from the drill program.

Twenty two holes were drilled during the 2007 program. The drill holes were not sequentially numbered. The results of the first four diamond drill holes (BB07-1, BB07-2, BB07-5, and BB07-10) were reported on October 17, 2007. The average Mo grade (using a 0.04% Mo cut-off) by hole are as follows: 0.060%Mo for Hole BB07-1 from a depth of 188 feet to 408 feet, 0.041%Mo from a depth of 578 to 598 feet, and 0.176%Mo from a depth of 778 to 798 feet; 0.074%Mo for Hole BB07-2 from a depth of 30 feet to 470 feet; 0.063%Mo for Hole BB07-5 from a depth of 30 feet to 720 feet; and 0.041%Mo for Hole BB07-10 from a depth of 229 feet to 579 feet.

Three of the four new holes were drilled to the depths planned but, hole BB07-2, which the Company had planned to drill to a depth of 1,000 feet, encountered a broken zone that forced abandonment of the hole at a depth of 470 feet. The last 110 feet of hole BB07-2 averaged 0.106% Mo.

These first four holes have established continuity of the upper (main) zone of mineralization as projected in the Company's preliminary modeling and have better defined the limits of a deeper zone in the north eastern portion of the mineralization which may represent a structurally controlled feeder zone.

Results for the fifth and sixth diamond drill holes (BB07-3 and BB07-13) were reported on November 13, 2007. Hole BB07-3, averaged 0.054% Mo (0.090% MoS<sub>2</sub>) from a depth of 110 feet to a depth of 820 feet for an interval of 710 feet. This average includes all footage within this interval including those intercepts which were below a 0.03% Mo cut-off.

Results for Hole BB07-13 indicated a 370 foot intercept from 470 feet to 840 feet averaging 0.056% Mo (0.093% MoS<sub>2</sub>). In addition, Hole BB07-13 has numerous lower grade intervals both above and below the main mineralized zones.

Drilling at Bald Butte ceased on December 10, 2007 due to intensely cold weather, high winds and snowstorms in the project area. With the cessation of drilling, the Company logged, cut, photographed, sampled and assayed the core. The 2007 drilling indicated that the intensely altered contact zone of the Bald Butte quartz monzonite intrusive is especially strongly mineralized.

The Company engaged Geomatrix, an environmental consulting firm from Helena, Montana to assist in carrying out an environmental monitoring program. Initial surface water sampling and drill hole water monitoring was initiated.

A detailed land status study of the Bald Butte property and the surrounding area has been completed. Based on the results of the study, fifty new claims were staked around the core group of patented claims to provide a buffer for exploration and eventual mining activities.

The Company press released a NI 43-101 compliant updated mineral resources estimate on the Bald Butte project that was prepared by Broad Oak Associates on March 31, 2008. The press release stated that there was an indicated resource of 139,428,000 tons at a grade of 0.06% Molybdenum (168.5 million pounds of Molybdenum) calculated using a block model with standard kriging. It also stated that there was an additional inferred resource of 45,121,000 tons at a grade of 0.056% Molybdenum (50.6 million pounds of Molybdenum). The resources were calculated using a 0.04% molybdenum cut-off grade for both categories and did not take into account metallurgical recoveries. The NI 43-101 has been posted on SEDAR.

In May 2008, the Company reported the results of six additional drill holes from the 2007 drill program. The mineralization of the holes demonstrated internal continuity and the results were consistently adding tonnage to the resource. These drill results were not included in the 43-101 report. A summary of the intercepts for the six holes is provided below:

All lengths in feet

Hole Number	From	To	Interval	Mo%	Total Depth	Vertical Angle
BB07-6	390	870	<b>480</b>	<b>0.081</b>	999	-90
BB07-7	180	1,070	<b>890</b>	<b>0.056</b>	1,290	-90
BB07-9	60	580	<b>520</b>	<b>0.061</b>	682	-60
BB07-14	320	1,060	<b>740</b>	<b>0.057</b>	1,400	-90
BB07-23	90	900	<b>810</b>	<b>0.071</b>	900	-90
BB07-24	0	1,098	<b>1,098</b>	<b>0.068</b>	1,098	-90

These six holes were to explore a portion of the Bald Butte resource where the dome-like ore shell overlying the main quartz monzonite intrusive is overprinted by a second pulse of mineralization related to a shallower, later wedge of quartz monzonite that rises to the northeast from the main intrusive mass. The holes have confirmed the continuity and grade of the mineralization in the northern portion of the resource. Hole BB07-23 with an intercept of 810 feet at 0.071% Mo and Hole BB07-9 with 520 feet at 0.061% Mo, have extended the limits of the mineralization to the northeast and have defined a zone of shallow mineralization that will be further evaluated in the next drilling program.

In June 2008, the results of the final 10 drill holes were reported. These drill results were not included in the 43-101 report. The summary of the intercepts for the last ten holes is provided below:

Hole	From	To	Interval	Mo%
BB07-2A1	370	610	240	0.113
	<b>40</b>	<b>920</b>	<b>880</b>	<b>0.079</b>
BB07-4	1060	1350	290	0.032
BB07-8	140	280	140	0.082
	670	770	100	0.076
	<b>0</b>	<b>999</b>	<b>999</b>	<b>0.050</b>
BB07-11	340	580	240	0.060
	720	960	240	0.080
	<b>250</b>	<b>960</b>	<b>710</b>	<b>0.053</b>
BB07-12	730	1060	330	0.046
BB07-15	950	1280	330	0.030
BB07-16	460	1030	570	0.046
BB07-22	0	240	240	0.017
	240	1080	840	0.062
BB07-31	190	420	230	0.036
	630	900	270	0.058
	<b>190</b>	<b>900</b>	<b>710</b>	<b>0.041</b>
BB07-32	90	910	820	0.078

The results from the last ten holes confirm the continuity and grade of the deposit. The resource is likely larger than that reported in the most recent 43-101, and is still open in several directions. Holes BB07-8, 16, and 31 were drilled at the previously defined edges of the deposit. These three holes encountered significant molybdenum grades indicating that the Bald Butte deposit is still open to the northwest, northeast, and southeast. Additional drilling is needed to determine the full extent of the deposit.

Details for the drill results of each hole and its mapped location has been posted on the Company's website.

The Company has obtained permits for eleven additional holes for the next drilling program and access roads and drill pads have been constructed for most of these sites.

Dr. Roger Steininger, Ph.D., CPG (AIPG), a Company Director, is the "qualified person" (as such term is defined by NI 43-101).

As at September 30, 2009, the Company has incurred \$1,067,378 in acquisition costs and \$5,249,094 toward deferred development costs on the Bald Butte mineral property. Costs include estimated asset retirement obligations.

### **Cannivan Gulch Mining Exploration and Option Agreement**

On December 30, 2004, Bolero entered into the Cannivan Gulch Mining Exploration and Option Agreement ("MEOA") to acquire a 100% interest in the Cannivan Gulch molybdenum project. The property was acquired from MKM Enterprises and Verde Ltd. based out of Missoula, Montana. In order to earn a 100% interest in the property, net of a 2% Net Smelter Royalty (NSR), Bolero is required to make specific cash and share payments. These requirements are disclosed in the notes to the financial statements.

The Cannivan Gulch property was previously explored between the years 1968 and 1981 by Cyprus-Amax, Amoco and others. A total of 55 core holes totalling 88,450 feet were drilled and 2,514 feet of underground development was completed. A review of all the previous work on the property was completed. Forty-six (46) drill pulp samples from the historical drill holes on the property were re-analyzed in 2007 by ALS Chemex. The new analyses tracked well with the historical Mo results and all results are available on the Bolero web site.

A Plan of Operation for a drilling program was submitted to the U.S. Forest Service on March 12, 2007. The key objective of the 2007 drill program was to drill four holes totalling approximately 1,890 metres (6,200 feet). The holes were designed to confirm and expand the historical non 43-101 compliant resource and to bring the resource into compliance with the NI 43-101 requirements. The core obtained from the drilling would also be used for metallurgical studies to supplement the historical results. Discussions were held with the U.S. Forest Service and the Montana Department of Environmental Quality, Montana Department of Fish Wildlife and Parks and other groups regarding permitting and environmental issues. The Company's proposed drilling activities were also explained to local interest groups.

A water monitoring plan was designed and preliminary field visits were made to evaluate environmental issues. Previous environmental reports on the Cannivan property, prepared by Western Technology and Engineering Inc. for Amoco in June 1982, were obtained and reviewed. A preliminary surface water sampling program was initiated.

In July 2007, water rights to the property were transferred to the Company and in August 2007, these rights were filed with the State of Montana.

In August 2007, the Company obtained a letter of approval for its proposed drill program. A helicopter-supported core drilling program was initiated at Cannivan Gulch on September 7, 2007 after significant

delays caused by a slow permitting process and a lack of helicopters during a very difficult fire season in Montana. Two holes (CG07-1 and CG07-2) were completed during September for a total footage of 2,077 feet. Freezing water lines and intense snow storms forced the termination of the drilling program in early October 2007. Core from both holes has been geologically logged and sawed in half. One half was sent to ALS Chemex Laboratories in Elko, Nevada for analysis and the remaining half has been archived for future use.

Drill Hole CG07-1 totalled 602 feet and was designed to test near-surface mineralization in the immediate area of old Hole CG-1 which was drilled by Cyprus Mines Corporation (later Amoco Minerals Company) in 1973. Drill Hole CG07-1 averaged 0.059% over its entire depth.

Drill Hole GC07-2 was drilled as a step out approximately 200 feet north of the east-west section containing old holes GCG-22 and CG-23 and 155 feet north of angle hole CG-13. The entire 1,475 foot length of this hole is in mineralization and strong alteration. The average grade for the entire hole is 0.097%Mo. The hole includes intercepts of 0.212%Mo over 68.5 feet, 0.349%Mo over 20 feet, 0.591%Mo over 10 feet and 0.511%Mo over 10 feet. This hole is particularly significant because it extends strong near-surface mineralization approximately 200 feet northward beyond the previously defined limits of the main zone of mineralization.

A NI 43-101 compliant report prepared by Broad Oak Associates was completed for the Cannivan Gulch deposit. The report stated that there is an indicated resource of 177,945,700 tons at a grade of 0.06% Molybdenum (225 million pounds of Molybdenum) calculated using a block model with standard kriging. The report also stated that there is an additional inferred resource of 146,363,500 tons at a grade of 0.06% Molybdenum (166.9 million pounds of Molybdenum). The resources were calculated using a 0.04% molybdenum cut-off grade for both categories and do not take into account metallurgical recoveries. The report recommended a two phase program which includes a total of approximately 18,000 feet of diamond drilling.

The Company received the permits for an additional 18 hole drill program. Access roads and drill pads were constructed. The 2008 drilling program was designed to test the limits of the expanded mineralization to the north. Three holes totaling 4,526.5 feet were drilled at Cannivan Gulch prior to the termination of the program due to lack of funds. One hole was drilled to test a southern extension and two were drilled to test northern extensions of the deposit. Both of the northern holes indicate that the deposit may be substantially larger in that direction.

The results of the three holes were press released in December 2008 and are summarized below.

Summary of 2008 drilling results at Cannivan Gulch  
(all intervals at a 0.04% Mo cut-off)

Drill hole	Total Depth	Interval	Thickness	Average Grade Mo
GC08-01	1799 feet	280-310 feet	30 feet	0.044% Mo
		1040-1060 feet	20 feet	0.152% Mo
		1580-1600 feet	20 feet	0.042% Mo
		1650-1690 feet	40 feet	0.039% Mo
GC08-02	1617.5 feet	<b>0-480 feet</b>	<b>480 feet</b>	<b>0.120% Mo</b>
		580-1050 feet	470 feet	0.073% Mo
		1180-1290 feet	10 feet	0.063% Mo
GC08-03	1110 feet	490-510 feet	20 feet	0.064% Mo
		710-790 feet	80 feet	0.112% Mo
		890-930 feet	40 feet	0.166% Mo
		1000-1110 feet*	110 feet	0.055% Mo
GC07-02	1475 feet	0-1475 feet	1475 feet	0.098% Mo

(\* hole ended in mineralization)

GC08-01 was drilled along the southern margin of the deposit and encountered narrow mineralized intervals suggesting that there is limited room to expand the deposit in this direction. Holes CG08-02 and CG08-03 were drilled along the northern margin of the deposit, as follow up to the long interval of mineralization in CG07-02 drilled in 2007. These results indicate that a significant expansion of the deposit is likely to the north and northeast. The most significant aspect of CG08-02 is the 480 feet of higher-grade material starting at the surface. These results indicate that a re-interpretation of the geology in this part of the deposit is needed and once completed is likely to open opportunities to discover additional mineralization. Work is now in progress to develop a better understanding of the deposit's geology and identify additional drill targets.

Dr. Roger Steininger, Ph.D., CPG (AIPG), a Company Director, is the "qualified person" (as such term is defined by NI 43-101).

As at September 30, 2009, the Company has incurred \$480,939 in acquisition costs and \$589,985 toward deferred development costs on the Cannivan Gulch property. Costs include estimated asset retirement obligations.

### **Arcadia Property**

In 2007, the Company entered into an Option and Joint Venture Agreement to acquire a 50% interest in the Arcadia property, a 1,280 hectare area of Inuit-owned land located in Canada's Nunavut territory from Alix Resources Corp. (formerly "NPN Investment Group Inc."). The obligations under the Option and Joint Venture Agreement were fulfilled in 2008.

The Arcadia property represents an Archean lode-gold deposit located on the Arctic Ocean in Canada's Nunavut territory. A historic resource estimate of 640,650 tonnes averaging 7.2 g/t gold (containing about 148,000 oz. gold) in the North Central Vein and 139,524 tonnes averaging 8.6 g/t gold (or 38,600 contained oz. gold) in the Fred Vein have been reported for the property. These resource estimates were completed prior to 2001 and are not NI 43-101 compliant and therefore, cannot be relied upon. All of the historic diamond drilling data has been compiled into a Gemcom database.

Apex Geoscience Ltd. was retained to manage the work program on Arcadia. The required permits for drilling were obtained, and drilling began at the end of May 2008. The goals of the 2008 drilling at the Arcadia Bay GH Zone were to test the southern extent of D3 veins and to extend the zone of high grade mineralization intersected in G88-3 to the north and to the south along strike.

Five drill holes were collared. A total of 263 split core samples were taken for assay and geochemical analysis, comprising approximately 60% of the total core drilled. All of the analysis for the 2008 Arcadia Bay drilling was carried out by TSL labs in Saskatoon. All samples were fire assayed for Au using a 50g aliquot. Trace element ICP analysis was also carried out.

Gold fire assay results for the 2008 drill holes yielded some encouraging intersections, which are summarized in the table below.

<b>Hole Id</b>	<b>From</b>	<b>To</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
08ARC-02	95.50	97.00	1.50	4.73
08ARC-03	90.00	102.00	12.00	4.00
	90.98	97.83	6.85	6.70
	94.00	95.25	1.25	15.67
08ARC-04	92.50	98.50	6.00	1.24
08ARC-05	70.00	74.50	4.50	0.86
	106.89	107.63	0.74	20.44

Most of the quartz vein intersections were intersected at approximately 45 degrees to the core angle so therefore true widths will be approximately 0.7 times the "intervals".

A total of 16 historic drill holes have tested the GH Zone. The most significant drill intersection occurs at the north end of the GH Zone within drill hole G88-3, at a depth of 88.7 metres the hole intersected 12.0 g/t Au over 13.0 metres. During 1989 a four-hole fan (G89-7, 8, 9, 10) was drilled perpendicular to hole G88-3 and provided a second high grade intersection of the same mineralized zone. At a depth of 88.25 metres drill hole G89-7 (212az/-70) intersected 23.4 ppm Au over 5.6 metres (1 oz/t cutoff). The steepest of the four drill holes, G89-10, intersected significant mineralization near surface at a depth of 9.53 metres which returned assays of 47.6 ppm Au over 1.27 metres (no cutoff, interval consists of 3 samples containing greater than 1oz/t Au). A second mineralized intersection at depth within G89-10 returned 7.2 ppm Au over 5.45 metres, and is interpreted to correspond with high grade intersections within G88-3 and G89-7.

The assay results from the 2008 drill program have confirmed that the high grade zone intersected in historic holes G88-3, G89-07,08,10 is continuous over at least 100m on a northeast-southwest trend, and is still open to the north.

Robert McLeod, P Geo., Vice President Exploration, for Full Metal Minerals Ltd., is the qualified person as defined by NI 43-101.

As of September 30, 2009, the Company has incurred \$49,500 in acquisition costs and \$752,599 toward deferred development costs.

### **Copper Star Group of Claims**

In the first quarter of 2006, the Company acquired prospective property in the Silver Star mining district, in Madison County, Montana. Four claims were staked on the property. The property is adjacent to and on strike with, a property being explored by Coronado Resources Ltd called the Madison property. Coronado reported assay results of one of its drill holes of 41.05% copper over a core length of 27 feet within a larger intercept of 64 feet grading 19.24% copper. Additionally, Coronado reported gold assays further down the hole of 54.4 feet of 0.354 ounces of gold per ton.

During the staking operation, oxidized gossan as well as copper stained (malachite and azurite) material were found on the surface (float) of the properties acquired. The Company staked an additional two claims (Copper Star No.'s 5 and 6) after a ground survey was completed.

The Company has incurred minimal expenditures to maintain its claims.

During the third quarter of 2009, the Company decided to no longer pursue the Copper Star Group of claims and the capitalized costs of \$8,600 were written off accordingly.

### **Results of Operations**

The results of operations reflect the overhead costs incurred for mineral property acquisitions and exploration expenses incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, exploration and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions and exploration continues. As at September 30, 2009, the Company had not recorded any significant revenues from its projects.

### **Three Months Ended September 30, 2009**

Loss before other items for the three months ended September 30, 2009 was \$175,209 compared with a loss of \$287,121 in the prior year. All expense categories except transfer agent and filing fees were reduced predominantly as a function of a drop in the level of activity due to limited funding. Transfer agent and filing fees were \$14,162 higher than the prior year as a result of the cost of implementing the share consolidation.

Other Items

In the three months ended September 30, 2009, the Company incurred a foreign exchange gain of \$12,529 compared to a loss of \$4,983 in the prior year. Interest expense for the three months ended September 30, 2009 was not materially different than the 2008 interest expense. In the three months ended September 30, 2009, the Company wrote off mineral property costs of \$8,600 related to Copper Star. There were no write downs in the third quarter of 2008.

**Nine Months Ended September 30, 2009**

Loss before other items for the nine months ended September 30, 2009 was \$469,002 compared with a loss of \$952,153 in the prior year. The explanation for the reduction of the nine month expenses is the same as for the three month ended September 30, 2009. Transfer agent and filing fees increased by \$14,531.

Other Items

In the nine months ended September 30, 2009, the Company incurred a foreign exchange gain of \$19,070 compared to a foreign exchange loss of \$11,564 in the prior year due to the strengthening of the Canadian dollar relative to the US dollar. Given limited cash balances, the Company had no interest income in the first three quarters of 2009. In the prior year, the Company earned \$5,331 in interest income which offset most of its interest expense. In the nine months ended September 30, 2009, the Company wrote off mineral property costs of \$8,600 related to Copper Star while \$35,086 of property investigation costs related to Rico were written off in 2008.

**Summary of Quarterly Results**

The following table sets out selected consolidated quarterly information for the last eight quarters.

<b>Three Months Ended</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Loss	(176,836)	(132,410)	(154,842)	(42,002)
Net Loss per common share	0.01	0.0	0.0	0.0
<b>Three Months Ended</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Loss	(298,094)	(314,955)	(386,413)	(667,841)
Net Loss per common share	0.0	0.0	0.01	0.01

Note: Loss from Operations and Net Loss are the same for all quarters shown.

## Liquidity and Capital Resources

The Company's cash position at September 30, 2009 was \$12,809 compared with a cash position of \$29,690 at December 31, 2008.

At September 30, 2009, the Company had a working capital deficit of \$395,199 compared to a working capital deficit of \$256,056 at December 31, 2008. For the nine months ended September 30, 2009, the Company obtained \$90,658 from the proceeds of its private placement net of issue costs and utilized \$69,141 for operating activities and \$38,398 for mineral property expenditures, reclamation and drilling deposits.

Any commitments to pay cash or issue shares are disclosed in the notes to the financial statements.

Since the fourth quarter of fiscal 2008, management has attempted to raise additional capital to fund its current obligations, minimum operations and future drill programs. Given the financial market conditions for most of that timeframe, the process took longer than desirable. In April 2009, the Company closed a small private placement in which it issued 3,207,000 units at \$0.03 per unit for gross proceeds of \$96,210. Each unit consisted of one common share and one half share purchase warrant. Each whole purchase warrant is exercisable at \$0.05 for the first year and \$0.10 for the second year from issuance. In October 2009, the Company closed another non-brokered private placement in which it issued 7,000,000 units at a price of \$0.15 per unit for gross proceeds of \$1,050,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.30 for a period of two years.

In July 2009, the Company consolidated its shares on a 10:1 basis (ten old for one new). Outstanding warrants and options were also consolidated on a 10:1 basis and the exercise prices were adjusted accordingly.

The Company's only long-term liability is its asset retirement obligation. There were no material credit facilities in place as at September 30, 2009.

## Related Party Transactions

During the nine months ended September 30, 2009, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$90,000 (2008 - \$120,000). \$90,000 (2008 - \$90,000) was paid or accrued to R. Bruce Duncan (President & CEO) and \$Nil (2008 - \$30,000) to Robert Gardner (former Chairman of the Board). As at September 30, 2009, \$136,500 of management fees was accrued in Accounts Payable related to 2008 and 2009 fees.
- b) Paid or accrued professional fees of \$45,000 (2008 - \$45,500) to Olga Nikitovic (CFO). As at September 30, 2009, \$68,250 was accrued in Accounts Payable related to 2008 and 2009 fees.
- c) Paid of accrued legal fees of \$9,697 (2008 - \$32,542) to Tom Fenton of Aird & Berlis, (Corporate Secretary). As at September 30, 2009, \$7,847 of legal fees was accrued in Accounts Payable.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

## Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

## **Critical Accounting Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

## **Changes in Accounting Policies**

### Current Accounting Changes

Please refer to Note 2 of the interim financial statements for a summary of current accounting policy changes.

### Future Accounting Changes

#### *International Financial Reporting Standards ("IFRS")*

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The Company is currently assessing the impact of IFRS on its financial statements.

## **Proposed Transactions**

The Company continues to review and assess possible transactions.

## **Contingencies**

The Company does not have any contingencies or commitments other than those disclosed in the notes to the September 30, 2009 interim unaudited consolidated financial statements.

## **Subsequent Events**

There are no significant subsequent events other than those disclosed in the financial statements.

## **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

## **Other MD&A Requirements**

As at November 23, 2009, the Company has 17,102,547 shares outstanding, or 25,476,564 shares on a fully diluted basis. If the Company were to issue 907,000 shares upon the conversion of all of its outstanding stock options, and 7,467,017 upon conversion of all of its outstanding warrants, it would raise \$4,012,925.

**BOLERO RESOURCES CORP.**

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**CORPORATE DATA**

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**November 23, 2009**

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**REGISTRAR & TRANSFER AGENT**

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**DIRECTORS AND OFFICERS**

R. Bruce Duncan	President & CEO & Director
R. Stuart Angus, LLB	Chairman, Director
Roger Steininger, Ph.D	Director
Olga Nikitovic	CFO
Thomas A. Fenton	Corporate Secretary

**CAPITALIZATION**

Authorized:	Unlimited
Issued:	17,102,547
Escrow:	Nil

**SOLICITORS**

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**LISTINGS**

TSX Venture Exchange  
Trading Symbol: BRU  
  
Frankfurt Exchange  
Trading Symbol: U7N