

# **BOLERO RESOURCES CORP.**

## **Management Discussion and Analysis For The Three Months Ended March 31, 2010**

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**May 12, 2010**

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2010 and 2009 and the audited consolidated financial statements for the year ended December 31, 2009 and 2008 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 net loss for the three months ended March 31, 2010 of \$154,730 compared with a net loss of \$154,842 for the prior year. While the total loss is virtually the same, the Company did experience an increase in most of its operating expenditures relative to the prior year. The increase in expenditures was offset by a reduction in stock based compensation. The Company's activities were minimal throughout most of fiscal 2009 as a result of lack of funds.

During the first quarter of fiscal 2010, the Company hired geological consultants to develop and coordinate the work programs for a number of its properties. The Company also acquired new resource

properties. 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. In May 2010, the Company acquired additional claims which now provide the Company with 57 mineral claims covering 22,654 hectares which adjoin and completely surround Spectrum's property on the southern, eastern and western sides.

The Company entered into negotiations to acquire some of the assets of Gryphon Gold Corporation ("Gryphon"). The negotiations were unsuccessful. The Company is no longer pursuing Gryphon.

Subsequent to quarter end, the Company closed two flow-through financings in which the Company issued 1,289,286 units for a price of \$0.35 per unit for gross proceeds of \$451,250. The Company has sufficient funds for the exploration and development of its Canadian properties for the medium term however, the Company will be raising additional funds for the development of its US based property and administrative activities.

## **Operating Activities**

### **Cannivan Gulch**

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 was geologically logged and sawed in half. One half was sent to ALS Chemex Laboratories in Elko, Nevada for analysis and the remaining half was 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 including 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 progressing to develop a better understanding of the deposit's geology.

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 March 31, 2010, the Company has incurred \$559,097 in acquisition costs and \$598,188 toward deferred development costs on the Cannivan Gulch property. Costs include estimated asset retirement obligations.

### Arcadia

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.

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.

Hole Id	From	To	Interval (m)	Au (g/t)
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 for this project as defined by NI 43-101.

While the Company has retained its interest in the Arcadia property, it does not anticipate performing any additional exploratory work for the foreseeable future and accordingly has written off the capitalized costs incurred on the property.

### **Barkerville**

In October 2009, the Company entered into an agreement to acquire 11 mining claims in British Columbia of which approximately 2,653 hectares are directly tied on to the northwest, and 1,930 hectares are tied directly east, of the property on which the discovery hole announced October 7, 2009 by International Wayside Gold Mines Ltd. is located. The terms of the agreement are disclosed in the notes to the financial statements.

On October 7, 2009, International Wayside Gold Mines Ltd. announced that drill hole BC09-12 intercepted gold mineralization from 3.048 metres (10 feet below surface) to 87.48 metres (287 feet below surface):

- 84.4 metres (277.0 feet) of 16.5 grams per tonne (g/t) (0.481 ounce per ton) gold;
- Including 37.5 metres (123.1 feet) of 36.1 g/t (1.052 ounces per ton) gold.

As at March 31, 2010, the Company had incurred \$1,222,760 in acquisition costs for the Barkerville property.

### **Red Chris**

In December 2009, the Company purchased a 100% interest in twelve strategic claims in the Red Chris area of north-western British Columbia. The claims are contiguous with the Red Chris copper-gold property where Imperial Metals Corp. announced assay results from its recent drilling program. The terms of the agreement are disclosed in the notes to the financial statements.

The 2009 results from Imperial Metals Corp.'s Deep East Zone as reported on December 10th, 2009 are as follows:

"Drill hole RC09-350 previously reported the highest grade intercepted at Red Chris to date (NR Nov 09/09: RC09-350 returned 152.5 metres grading 4.12% copper and 8.83 g/t gold starting at a depth of 540.0 metres). The higher grade material extends to 962.5 metres and averages 2.00% copper and 3.80 g/t gold over 432.5 metres. With all intervals assayed, drill hole RC09-349 intercepted 625.3 metres of 0.82% copper and 0.93 g/t gold starting at 390.0 metres depth."

The significant intervals encountered in holes RC09-349 and RC09-350 of Red Chris East Zone are shown below. (Imperial Metals Corp, December 10, 2009)

Drill Hole	Zone	Total Length (m)	Interval From (m)	Interval To (m)	Interval Length (m)	Copper %	Gold g/t	Silver g/t
RC09-349	East	1150.6	390.0	1015.3	625.3	0.82	0.93	1.11
			545.0	582.5	37.5	1.51	1.89	1.54
			*866.6	919.9	53.3	1.83	2.62	2.60
RC09-350	East	1477.4	420.0	1067.5	647.5	1.50	2.68	3.22
			530.0	962.5	432.5	2.00	3.80	4.42
			*540.0	692.5	152.5	4.12	8.83	10.46
			692.5	962.5	270.0	0.83	1.02	1.12

There is no assurance that similar mineralization will be discovered on the Bolero property.

The acquisition agreement gives Bolero a 4,417.02 hectare property package immediately adjacent to the southwest side of the Red Chris property. The newly acquired tenures are underlain by Upper Triassic age Stuhini volcanic and sedimentary formations that are the principal host rocks of the Red Chris deposit. The property border is approximately 5.5 km southwest of the Red Chris East Zone discovery.

There has been previous work on the property. Work in 1998 in the area of the newly acquired tenures by Homestake Canada Inc., including geological mapping and geochemical sampling, outlined stratigraphy prospective for Eskay Creek style mineralization. Nearby intrusions have alteration and other characteristics similar to those observed at the Red Chris deposit. (reference ARIS #25767)

The Company retained Terracad Geoscience Services Ltd. to initiate the planned work program on the property. This program will focus its efforts on the Eskay Creek- style mineralization and intrusion and alterations discovered in 1998 by Homestake Canada Inc.

The initial work will comprise of property reconnaissance and permitting followed by field work when conditions are suitable. A temporary camp will be required and work will include prospecting, geological reconnaissance, grid preparation, geochemical soil sampling and/or MMI (mobile metal ion) soil sampling, magnetometer survey, possibly a VLF-EM survey, and rock chip sampling of any mineral zones. Upon completion of the initial program and evaluation of results, it may be possible to proceed to more detailed property work including drilling.

Erik Ostensoe, P. Geo., is the Company's Independent Qualified Person for this project as defined by National Instrument 43-101.

As at March 31, 2010, the Company had incurred \$139,614 in acquisition costs and \$14,471 towards deferred development costs for the Red Chris property.

## Rare Earth Claims

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. The Carbonatite Syndicate Claim Group is 80 km northeast of Prince George, BC and comprises 43 mineral claims covering approximately 16,072 hectares, making it the largest contiguous land package adjoining the Spectrum Mining Corporation property. The terms of the agreement are disclosed in the notes to the financial statements.

Highlights from Spectrum's neighboring property included a 48.64 metre interval which averaged 3.55% rare earth elements ("REE"), a 72.0 metre interval that averaged 2.92% REE, and a 144 metre interval which averaged 2.20% REE in three separate drill holes. In 2009, eleven NTW diamond drill holes totaling 1835 metres were drilled in the "Main Zone" from two new drilling platforms on Wicheeda. All 11 drill holes intersected significant rare earth mineralization and the Wicheeda deposit remains open in all directions.

World recognized carbonatite-rare earth specialist Dr. Anthony Mariano has examined drill core samples as well as rock samples. He concluded that the Wicheeda mineralization is mainly monazite and a bastnaesite-synchisite mineral. A heavy liquid and magnetic separation study on a composite sample of Wicheeda drill core was able to produce a high grade REE concentrate that contained 56.09 wt. % REE.

The test indicated that the Wicheeda rare earth mineralization could produce a marketable concentrate. It was noted that applying a flotation circuit should produce a 60% LREE concentrate from Wicheeda that would exceed the concentrate grade of Molycorp's Mountain Pass which for over 40 years was the largest domestic supplier of rare earth concentrates in the world.

REE's are critical components in many high-tech applications. Although demand for REEs is growing rapidly, over 90 percent of global production is controlled by China, which has recently imposed restrictions on their exports. With insatiable consumer demand for high tech electronics, clean energy mandates from countries around the globe and increasing military spending, it seems likely that demand will only rise as supplies are threatened.

In April 2010, the Company retained Mackevoy Geosciences Ltd. to initiate an extensive 90 day work and drill program on the Rare Earth Claim Group. Crews are now being mobilized and work is expected to begin shortly. Mackevoy Geosciences Ltd. is a geological consulting company that specializes in "high-tech" progressive mineral exploration and detailed mineralogical, geochemical, and petrogenetic investigations of geological systems. Mackevoy have a proven track record of discoveries which include tungsten skarns, massive sulfides, nickel, gem, pegmatite and carbonatite / alkaline intrusion occurrences in British Columbia, Yukon Territory, Northwest Territories, and Greenland.

Subsequent to quarter end, 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 the Carbonatite Syndicate Rare Earth Claim Group it had acquired in March. With these additional claim blocks, Bolero's land package completely surrounds Spectrum's property on the southern, eastern, and western sides. This recent acquisition gives the Company a total of 57 mineral claims covering approximately 22,654 hectares.

As at March 31, 2010, the Company had incurred \$549,379 in acquisition costs related to the rare earth claims.

## 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 March 31, 2010, the Company had not recorded any significant revenues from its projects.

The net loss for the three months ended March 31, 2010 was \$154,730 compared with a net loss of \$154,842 in the prior year. An explanation of the significant changes in the operating expenses is discussed below:

- A \$8,431 increase in consulting fees as the Company utilized consultants to locate and evaluate new property acquisition opportunities;
- A \$35,241 increase in professional fees due to an increase in legal fees related to the due diligence activities and negotiations with Gryphon Gold Corporation;
- A \$23,793 increase in shareholder communications and promotion as the Company hired an investor relations firm and increased the number and nature of its external communications to investors.
- A \$62,560 decrease in stock-based compensation. There were no options granted in the first quarter of fiscal 2010. The stock-based compensation expense in 2010 relates to the amortization of the fair value of 347,000 options granted in July 2009. The stock-based compensation expense for the first quarter of 2009 relates to the amortization of the fair value of the 2,395,667 options granted 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>March 31, 2010</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Loss	(154,730)	(6,942,692)	(176,836)	(132,410)
Net Loss per common share	(0.01)	(0.70)	(0.02)	(0.01)
<b>Three Months Ended</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Loss	(154,842)	(42,002)	(298,094)	(314,955)
Net Loss per common share	(0.02)	(0.01)	(0.04)	(0.04)

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

## **Liquidity and Capital Resources**

The Company's cash position at March 31, 2010 was \$1,334,496 compared with a cash position of \$1,508,272 at December 31, 2009.

At March 31, 2010, the Company had working capital of \$1,160,968 compared to working capital of \$1,314,033 at December 31, 2009. For the three months ended March 31, 2010, the Company utilized \$138,459 for operating activities, \$20,965 for mineral property expenditures and \$8,586 for issue costs related to private placements that occurred in 2009.

Subsequent to quarter end, 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 a full non-flow-through warrant exercisable at \$0.50 for two years.

The Company has sufficient cash for its medium term work programs however additional funds are required for the development of its US based property and administrative activities. The Company anticipates raising additional funds in the near future.

The Company's only long-term liability is its asset retirement obligation. There were no material credit facilities in place as at March 31, 2010.

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

## **Related Party Transactions**

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

- a) Paid or accrued management fees of \$30,000 (2009 - \$30,000) to West Oak Capital Partners Inc., a company controlled by R. Bruce Duncan (President & CEO).
- b) Paid or accrued professional fees of \$15,000 (2009 - \$15,000) to Olga Nikitovic (CFO).
- c) Paid or accrued consulting fees of \$764 (2009 - \$Nil) and geological consulting fees charged to mineral properties of \$1,960 (2009 - \$Nil) to Roger Steininger (Director).
- d) Paid or accrued legal fees of \$24,455 (2009 - \$785) to Tom Fenton of Aird & Berlis, (Corporate Secretary). Legal fees of \$1,960 (2009 - \$5,424) were accrued in Accounts Payable as of March 31, 2010.

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 audited consolidated 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 individual heading up the IFRS conversion for Bolero has been identified and has received IFRS training. The differences between current Canadian GAAP and IFRS have been identified and a preliminary assessment of the impact of the conversion on operations has been made. An IFRS implementation plan and timetable have been created. The Company is working with its auditors as appropriate for any technical interpretations. The Company has selected its accounting policies and IFRS 1 elections. The conversion to IFRS is not expected to create significant accounting differences. The Company's current assessment is that IFRS will result in significantly more disclosure within the 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 March 31, 2010 consolidated financial statements.

## **Subsequent Events**

There are no material subsequent events other than those disclosed in the notes to 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 May 12, 2010, the Company has 23,004,558 shares outstanding, or 34,741,414 shares on a fully diluted basis. If the Company were to issue 1,007,000 shares upon the conversion of all of its outstanding stock options, and 10,729,856 upon conversion of all of its outstanding warrants, it would raise \$6,039,947.

**BOLERO RESOURCES CORP.**

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**CORPORATE DATA**

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**May 12, 2010**

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Olga Nikitovic	CFO
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**CAPITALIZATION**

Authorized:	Unlimited
Issued:	23,004,558
Escrow:	Nil

**SOLICITORS**

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**LISTINGS**

TSX Venture Exchange  
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Frankfurt Exchange  
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