Melkior Resources Inc.

Management's Discussion and Analysis

For the year ended August 31, 2008

Management has prepared the following discussion and analysis (MD&A) which constitutes management's review of financial and operating factors affecting Melkior Resources Inc. ("Melkior" or the "Company") for the year ended August 31, 2008.

This MD&A should be read in conjunction with the Company's financial statements and related notes as at August 31, 2008. All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

Nature of activities

Melkior is a development stage company engaged in the acquisition and exploration of mining properties located in Québec and Ontario.

Overall performance

Melkior has a $4,448,898 working capital as of August 31, 2008 ($4,174,992 as of August 31, 2007) which will allow the Company to execute its exploration program for at least the next two years.

In Fiscal 2008, Melkior raised $2,200,000 ($4,380,000 in 2007) by private placements and $152,525 ($627,475 in 2007) via the exercise of warrants and options.

Exploration for Fiscal 2008 totalled $2,328,604 versus $1,890,571 in Fiscal 2007. The main exploration expenditures in Fiscal 2008 were on Timmins West, Launay and Rim Nickel. Mining properties at a total cost of $998,832 were acquired in Fiscal 2008 versus $405,199 in 2007.

Selected annual information

	Fiscal year ended August 31		
	2008	2007	2006
	$	$	$
Income	1,267,908	180,732	14,197
Net loss	(267,034)	(155,036)	(281,714)
Net Loss per share, basic and diluted	-	-	(0.01)

	As at August 31		
	2008	2007	2006
	$	$	$
Total assets	14,671,491	11,464,686	6,557,720

Results of operations

Total expenses went from $612,768 in Fiscal 2007 to $1,857,942 in Fiscal 2008 due to:

- A $672,000 stock-based compensation expense was recorded in Fiscal 2008 following the grant of 2,800,000 options while in Fiscal 2007 the stock-based compensation expenses was $271,000 following the grant of 1 400,000 options.
- A $697,000 fair value variation was recorded in Fiscal 2008 on the 4,100,000 shares received from Otish Energy Inc. following the sale of the properties in the Mont Otish (nil in Fiscal 2007).
- Professional and consulting fees increased in Fiscal 2008 due to more activities operated by the Company and legal fees relating to the Otish sale and Rim Nickel purchase.

	2008	2007
	$	$
Legal	74,731	20,169
Accounting	72,333	66,529
Audit	32,875	23,975
Management	47,700	27,851
Professional and consulting fees	**227,639**	**138,524**

- General and administrative increased from $89,475 in Fiscal 2007 to $123,700 in Fiscal 2008 due to:
  - A $19,870 XII.6 tax on flow-through exploration paid in Fiscal 2008 (nil in Fiscal 2007).
  - Melkior has enhanced its general insurance coverage now that it is often the operator of major exploration program.

Interest income was $181,471 in Fiscal 2008 versus $95,302 in Fiscal 2007 due to more cash and cash equivalents, term deposits and exploration funds on deposit.

The management fees income decreased from $77,157 in Fiscal 2007 to $24,231 in Fiscal 2008 since these fees were mainly earned as the operator of the Otish properties and these properties were sold in Fiscal 2008. In Fiscal 2008, Melkior started to earn management fees on the Rim Nickel West property.

Melkior recorded a $323,000 recovery of future income taxes in Fiscal 2008 ($277,000 in Fiscal 2007) representing the tax impact of the flow-through shares issued.

Investing activities

The main mining assets of the Company are Timmins West, Rim Nickel – McFaulds, Launay, Eldorado Nickel and Ungava. The total exploration budget for Fiscal 2009 is $2,300,000.

Deferred exploration expenses 2008	**Ungava**	**Launay**	**Otish**	**Timmins West**	**Eldora-do**	**Rim Nickel McFaulds**	**Others**	**Total**
	$	**$**	**$**	**$**		**$**	**$**	**$**
Balance beginning	1,134,915	3,933,257	522,268	360,083	1,189	-	10,554	5,962,266
Additions								
Drilling	-	259,378	-	835,048	-	-	-	1,094,426
Geology – prospecting	-	13,375	(3,432)	73,536	2,910	5,070	895	92 354
Geophysics geochemistry	-	5,311	306,280	28,661	14,749	589,767	71,016	1,015,784
Analysis	-	-	8,504	26,521	-	-	-	35,025
Line cutting	-	-	-	14,754	30,463	-	-	45,217
Logistics	-	30	1,370	5,457	-	-	-	6,857
Travelling	-	446	987	33,537	726	-	3,245	38,941
	-	278,540	313,709	1,017,514	48,848	594,837	75,156	2,328,604
Options		25,554	-	35,140	35,139	-	-	95,833
Amortization		-	2 748	-	-	-	-	2,748
Recharge	-	-	(97,769)	-	-	(200,726)	-	(298,495)
	-	304,094	218,688	1,017,514	83,987	394,111	75,156	2,128,690
Deductions								
Tax credits	-	(1,512)	(21,953)	-	-	-	-	(23,465)
Disposal	-	-	(571,385)	-	-	-	-	(571,385)
Balance, end	1,134,915	4,235,839	147,618	1,412,737	85,176	394,111	85,710	7,496,106

Deferred exploration expenses 2007	**Ungava**	**Launay**	**Otish**	**Timmins West**	**Eldora-do**	**Others**	**Total**
	$	**$**	**$**	**$**		**$**	**$**
Balance, beginning	1,133,819	3,905,396	-	59,045	-	-	5,098,260
Additions							
Drilling	-	600	439,084	5,799	-	-	445,483
Geology – prospecting	1,650	14,877	619,688	100,455	889	18,105	755,664
Geophysics – geochemistry	-	17,194	187,879	117,597	300	589	323,559
Analysis	-	25	14,310	1,698	-	966	16,999
Line cutting	-	9,036	45,293	34,219	-	-	88,548
Logistics	-	-	196,319	8,378	-	780	205,477
Travelling	-	250	20,926	32,892	-	773	54,841
	1,650	41,982	1,523,499	301,038	1,189	21,213	1,890,571
Depreciation	-	-	1,374	-	-	-	1,374
Recharge	-	-	(740,388)	-	-	(10,554)	(750,942)
	1,650	41,982	784,485	301,038	1,189	10,659	1,141,003
Deductions							
Tax credits	(554)	(14,121)	(262,217)	-	-	-	(276,892)
Disposal	-	-	-	-	-	(105)	(105)
Balance, end	1,134,915	3,933,257	522,268	360,083	1,189	10,554	5,962,266

Jens E. Hansen, P. Eng. and President and Director of Melkior, qualified person under NI 43-101, has reviewed the following technical disclosure.

Investing activities (Cont'd)

Rim Nickel-McFauld's
(East Rim 100% - nickel copper, West Rim 50% - platinum group)

Melkior undertook an agreement April 9, 2008 with subsequent amendments to acquire 100% of the East Rim Nickel property and 50% of the West Rim Nickel property with Bold Ventures Inc. (Bold) holding the other 50%. The consideration was a $306,000 payment and 2,500,000 common shares of the company. Two directors advanced funds to the company for the staking costs, these were reimbursed without mark-up or interest. An NSR royalty of 1% to 2% applies to portions of the property.

Bold paid for the staking of the West Rim property and has completed $125,000 of exploration to acquire its 50% interest.

In June 2008, Melkior and MacDonald Mines Exploration Ltd. Jointly staked seven claim units (50-50). This joint block is known as the Riverside property. The East Rim property consists of 1,335 claim units totalling 21,680 hectares. The West Rim property consists of 909 claim units totalling 14,656 hectares.

In April 2008, Melkior completed a 1,738 line kilometre airborne time-domain electromagnetic and magnetometer survey over East Rim Nickel. The maps have been examined by Melkior and several electromagnetic conductors with a high probability of being caused by massive sulphides were mapped. These are of particular interest since they occur within an area of a strong gravity anomaly that could be caused by an ultra-mafic intrusive body. In July 2008, a similar survey of West Rim Nickel was completed consisting of approximately 1440 line kilometres.

Melkior's two properties were staked because of their perceived potential to hose magnetic nickel-copper-platinum group deposits. The Noront Resources Ltd. discoveries and discoveries by others confirmed this potential. Such deposits typically occur on or adjacent to major regional gravity anomalies. Melkior acquired the claims to cover two strong regional gravity anomalies. Subsequently a VTEM airborne survey has been completed to specifically define conductors on the East Rim property in order to select drill targets.

A qualified geologist completed a 43-101 report on the two properties in September 2008. The field visit portion identified a previously unmapped 300 x 600 m gabbroic outcrop on the East Rim property. This is considered geologically positive. The geologist concluded that an aggressive exploration campaign on the properties is justified

The budget for the Fiscal 2009 is planned to be in the order of $1,300,000 which includes the VTEM survey.

It should be noted that if exploration by others in the McFauld's area decreases, the company may revise its budget accordingly.

Timmins West
(100% owned – gold)

The Timmins West property was purchased from private vendors in March 2005, with the vendors retaining a 2% NSR. The initial 63 claim unit property has been expanded to 120 claim units through staking and acquisitions.

Exploration on the Timmins West Project has only been ongoing since 2005 when the properties merits consisted of a couple isolate gold occurrences. After two years later of exploration and 5,389 meters of drilling in 71 drill holes Melkior can now describe the Timmins West property as comprising two high priority target areas with a combined strike length of 950 meters. These priority target have yielded: up to 843.7 g/t gold in grab samples; 2008 drill hole intersections have retuned 60.27 g/t gold over 1.8 meters and a second interval in the same hole 8.12 g/t gold over 2.45 meters (TW-08-10-13).

Investing activities (Cont'd)

The purpose of the 2008 drill program was to extend the strike length of existing gold mineralized systems and to provide drill intercepts of the vein systems at regular shallow intervals along the strike extensions. These drill results will be used to focus future drilling in areas of maximum economic interest, and provide better understanding of the gold bearing structures. The majority of the drilling was conducted in the 1010 Vein area. Thirty three holes were drilled along 425 meters of established strike length of the 1010 vein. Nine holes were drilled into the ZamZam Zone and five into the Shenkman Area linking the ZamZam and Shenkman vein systems together.

Management believes that the exploration to date has identified that the mineralization on the Timmins West Project is hosted with in a discrete north – south trending structural conduit. Based on near 100% hit ratio of drill holes into this structural and hydrothermal conduit it is anticipated that the mineralized structure extends significantly beyond the limits defined to date. It is further anticipated that along this structural break, areas with increased mineralized widths will be encountered. It is pursuing these dilation zones that is the focus of our ongoing exploration efforts.

The ZamZam Zone was discovered in the summer of 2007 during trenching aimed at identifying the source of an Induced Polarization anomaly. The zone is a structurally controlled hydrothermal conduit in a competent intrusive host with associated quartz pyrite veining. Assays in 2007 from the trench returned spectacular values:

28 of the 54 samples exceeded 10.0 g/t gold
20 of the 54 samples exceeded 28.0 g/t gold
5 of the 54 samples exceeded 100.0 g/t gold
The maximum assay was 843.72 g/t gold

These results included high grade assays from relatively narrow pyrite filled fractures, up to 843.7 g/t gold in a grab sample and up to 12.7 g/t gold over 3.0 meters in a chip sample. Trenching conducted in 2008 north of the pre-existing ZamZam Zone extended the surface expression of the mineralized system for an additional 30 meters, resulting in a total trench length of 125 meters and grab samples of up to 34.9 g/t gold. Subsequent to the trenching nine holes were drilled into the ZamZam Zone and five into the Shenkman Area linking the vein systems together. The combination of drilling and surface trenching has extended the ZamZam Zone strike length to 525 meters where it remains open.

The 1010 Vein is located 800 metres southwest of the ZamZam Zone discovery area between two historic shafts located 60 metres apart. A summary of some of these trench assays indicates a consistent high grade mineralization with visible gold:

37 of the 92 samples exceeded 10.0 g/t gold
28 of the 92 samples exceeded 28.0 g/t gold
11of the 92 samples exceeded 100.0 g/t gold
The maximum assay was 245.03 g/t gold

Selected widths of the mineralized system include:

34.45 g/t gold over 0.6 metres
28.08 g/t gold over 0.9 metres
6.34 g/t gold over 0.9 metres
3.53 g/t gGold over 1.9 metres

Drilling on the 1010 Zone in 2007 returned 19.80 g/t gold over 3.18 meters (WKD-07-18).

Investing activities (Cont'd)

At the southern end of trenching on the 1010 vein the vein encounters a quartz porphyry where the host rock is intensely silicified and mineralized over widths in excess of one meter. Assay results returned 13.2 g/t gold at the end of bedrock exposure where trenching was terminated due to overburden and ground water conditions. Several drill holes were conducted in this area and have not yet been reported.

The northern end of the 1010 vein is offset by a 10 meter wide dextral shear zone. Trenching in 2007 uncovered the 1010 extension 50 meters to the north east of the shear zone/vein intersection. A Grab samples returned assay results of up to 467.00 g/t gold. Drilling on the northern extension of the 1010 Zone (WKD-07-17B) has returned 17.14 g/t gold over 1.2 meters. This is the same area where TW-08-10-13 returned 60.27 g/t gold over 1.8 meters and a second interval returned 8.12 g/t gold over 2.45 meters. Several other drill holes were conducted in this area and have not yet been reported.

The budget for 2009 is, at this stage, related to receipt of all drill results and a compilation of the data. The budget for the completion is $120,000 with further work to be determined by the compilation.

Troilus
(50% earn-in copper-zinc-gold)

On October 20, 2008, the Company signed an agreement whereby it has the option to earn a 50% interest in some Troilus properties in Quebec from Beaufield Resources Inc. ("Beaufield") by spending $500,000 on exploration over a three year period. Of the above amount, $250,000 must be spent before June 30, 2009. Beaufield will be the operator. The President of the Company is also the President of Beaufield. The Boards of Directors of both companies have approved this transaction.

The property consists mostly of claims staked recently by Beaufield and totals 303 claims or 12,308 hectares.

The budget for exploration expenditures in Fiscal 2009 at Troilus is $300,000.

Delta-Kenty Ungava Quebec
(49% owned copper-nickel-platinum group)

The Company holds a 49% interest in the Delta-Kenty property located in the Ungava region in Quebec. The property consists of 41 claims totalling 656 hectares and is located WSW of the Raglan mine of Xstrata Nickel (formally Falconbridge Ltd). Xstrata Nickel owns 51%. They have not proposed a work program for 3 years.

Subject to an agreement dated July 21, 1987, exploration up to 1999 done by Melkior, its predecessors and partners totalled $1,669,805 The mineral resource calculated by Xstrata Nickel measured: 817,600 metric tones, 3.05% nickel, 1.26% copper, 0.222 g/t gold, 1.007 g/t platinum and 1.647 g/t palladium (per NI43-101/4.2(2b) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources; Melkior is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon)..

In 2004 the partners carried out ground geophysics operated by Falconbridge (now Xstrata Nickel) over the D4, D5, D6, D8, D9 and D10 occurrences. The 2004 program included the drilling of two holes totalling 473 metres. The holes were located approximately 500 metres apart on conductors on the D-4 occurrence. Drill hole D-04-107 targeted an electromagnetic anomaly. It intersected 1.0% nickel and 0.31% copper over 3.5m (28m to 31.5m). Drill hole D-04-108 targeted another electromagnetic anomaly, it intersected 99.77m (45.12m to 144.89m) averaging 0.65% Ni and 0.26% Cu including 12.66m (49.34m to 62m) grading 0.8% Ni and 0.4% Cu. This represents a new target meriting follow-up. Melkior's share of the cost of the 2004 program operated by Falconbridge was $289,000.

Melkior has recently engaged an independent consultant to evaluate all existing data on the property including an airborne VTEM survey by Goldbrook Ventures Inc flown in 2007. Goldbrook overflew the Delta property in the course of surveying their own lands and kindly made the data available to Xstrata and Melkior.

Investing activities (Cont'd)

The budget for exploration in Fiscal 2009 is $315,000 and is dependant on the compilation results and the market conditions.

Launay
(100% owned – gold)

The Company holds 120 claims located in the Launay township of Quebec of which 31 claims are subject to a 1% royalty that can be repurchased for a $1,000,000 cash payment.

The Launay property covers approximately 4,772 hectares and is located 40 km west of Amos, Quebec. The property can be reached by highway 111, running between Amos and La Sarre, Quebec. This highway crosses the property in its southern portion and a number of trails and forestry roads crisscross it.

The property is underlain by the Launay pluton as well as the eastern part of the Tascherau batholith. Seven (7) gold occurrences have been historically identified on the property. Two of these contain significant gold mineralization contained within N-S structures within a tonalite intrusion which is located at the contact between the Launay pluton and the Taschereau batholith. The host tonalite forms a band 200 to 400 metres wide and approximately 2km long. It is magnetic, altered, sheared, brecciated and locally mineralized with auriferous pyrite.

A near surface resource of 541,000 tonnes grading 0.12 g/t gold was calculated in 1988 (per NI43-101/4.2(2b) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources; Melkior is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon).

On April 16, 2007, Melkior agreed to acquire the Launay-Trojan group of claims in the Privat Township, 60 kilometres northeast of Rouyn-Noranda, Québec. Melkior paid the stakers $20,000 cash and issued 200,000 shares valued at $110,000 based on the stock quotation of the day of the agreement. The stakers are entitled to a 2% NSR royalty of which half (1%) may be purchased by Melkior for $1,000,000.

In April 2008, Melkior has completed a 1782 metre drill program consisting of eleven holes at Launay. The drill program targeted the two zones discovered and initially drilled in the 1980's namely; The Principal Zone and Zone 75. Four of the eleven holes were drilled the Principal Zone and seven holes were drilled on Zone 75. Another hole, totalling 279 metres was drilled on the nearby Trojan gold prospect. A total of 806 samples have been submitted for gold assay.

All holes intersected anomalous gold of which the three best holes, which were drilled in the Principal Zone were:

ML-08-09 – 18 metres 0.45 g/t gold
ML-08-10 – 18 metres 0.85 g/t gold
ML-08-11 – 25.5 metres 0.537 g/t gold

The good values in the current drilling were lower than those encountered in historical drilling. Before preceding with further work all previous work will be compiled and evaluated.

The budget for compilation is $40,000.

Investing activities (Cont'd)

Timmins Eldorado Nickel
(100% owned – nickel)

In June 2007, Melkior staked 243 claims primarily in Eldorado Township in the Timmins mining camp. These claims were staked immediately following an announcement by Golden Chalice Resources of a significant nickel discovery in adjacent Langmuir Township.

Fifty eight kilometres of line cutting and magnetometer surveying have been completed.

To maintain the property in good standing, approximately $50,000 of work will be required.

Timmins – Loveland
(100% owned copper-nickel)

On November 2, 2007, the Company signed a letter of intent to acquire 100% interest in the Loveland property in consideration of $4,400 cash and 200,000 common shares of the Company. The shares were issued on January 15, 2008 and were valued at $90,000. The property is located in the Loveland Township in Ontario.

An airborne VTEM survey has been organized and flying is anticipated shortly.

The budget for exploration expenditures in Fiscal 2009 at Timmins Loveland is $20,000.

Long Lac – Geraldton
(100% owned – gold-copper)

On December 13, 2007, Melkior acquired by staking a 100% interest in 247 claim units (3952 hectares) in the eastern portion of the Beardmore-Geraldton-Long-Lac gold exploration area. Significant exploration success by Kodiak Exploration Ltd and others has attracted renewed interest in this camp which hosts numerous former gold producers.

The claims cover mapped volcanic and sedimentary units located approximately 15km east of Long Lac. An airborne electromagnetic survey conducted by the Ontario Geological Survey of the Geraldton-Long Lac area in 1988 was used as basis for the staking. Geological rock formation contacts, structures and electromagnetic anomalies were covered by the Melkior staking.

Melkior will evaluate previous exploration work and results by others on the newly acquired claims and on adjacent properties in planning a 2008 gold exploration program. An Aeroquest Limited airborne survey has been completed and ground follow-up is underway.

A 2009 budget has not been defined pending results from the airborne survey and the subsequent followup.

Otish MacLeod
(100% owned, copper-molybdenum targets)

The company staked 330 claims adjoining the Western Troy Capital Corp copper-molybdenum property in the Otish Area of Quebec. The latter is completing a feasibility study.

A 2464 kilometre airborne magnetometer-spectrometer survey was completed in August 2008. The survey detected several horizons of interest including at least four potential kimberlites. The Company obtained the cooperation of Western Troy for the use of their camp by the Company's geological consultant who undertook a preliminary examination of several targets. The results and report are pending.

Investing activities (Cont'd)

The present work program will keep the claims in good standing for four years while we monitor activity in the Otish by Western Troy and others. Planning of an exploration program is dependent on other activity in the Otish hence a program is not planned for 2009 and no budget is allocated.

Otish Uranium Exploration
(100% ownership of diamond exploration rights only – uranium interests sold)

Melkior announced the sale of its 50% interest in the Otish Basin uranium to Kakanda Resources Corp (now called Otish Energy Inc.) on March 4, 2008. Santoy will retain its 50% interest and become operator of the project. The terms of the letter of intent are as follows:

- Otish Energy paid Melkior $500,000 cash;
- Otish Energy issued 4,100,000 of its common shares to Melkior. These shares were valued at the market value on the date the letter of intent was signed which is $1,312,000;
- Melkior retains a 100% right to any kimberlite (for diamonds);
- Melkior retains a 1% Net Smelter Return (NSR) royalty on 968 claims owned by Melkior Santoy;
- Melkior retains a 0.25% NSR on the 13 Marc André claims.

A $1,062,206 gain was realized during this transaction.

Melkior is not planning a budget for diamond exploration in 2009.

Henderson Ontario
(50% owned- uranium)

The Henderson property is located in the Bancroft district of Ontario. Twenty claims were acquired in partnership with Santoy Resources Ltd by staking in 2007.

The claims cover a historical uranium occurrence originally prospected by Henderson Uranium Mines Ltd. Melkior and Santoy conducted limited prospecting and sampling on the claims in 2007. Grab samples assaying (up to 2400 ppm U3 08) were obtained.

A work program consisting of overburden removal, geophysics and sampling is planned for 2009 with an initial budget of not more than $15,000.

Other properties in Quebec
The Company owns 35 claims in Vauquelin Township and 30 claims in Tiblemont Township located approximately 50km east of Val-d'Or, Quebec. The properties and their deferred exploration expenses were written off in Fiscal 2005 since the exploration work for gold was not successful. Nevertheless, there is activity by others in the area hence the properties will be maintained in good standing. Together the Vauquelin and Tiblemont properties have approximately $770,000 in excess work credits.

Project generation
Melkior is examining other grass roots opportunities which could be assigned budgets if these projects are undertaken. Melkior will reserve a $140,000 contingency budget for Fiscal 2009.

Financing activities

On June 9, 2008, the Company closed a private placement with Sprott Asset Management Inc. of 5,000,000 units at a price of $0.20 per unit for gross proceeds of $1,000,000. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant shall entitle the holder thereof to purchase one additional common share at a price of $0.35 per common share for a period of 24 months following the closing date.

Financing activities (Cont'd)

On November 1, 2007, the Company completed a brokered private placement of 3,030,300 flow-through common shares at a price of $0.33 per flow-through share for gross proceeds of $1,000,000. In consideration for its services, the agent received a cash commission of $80,000 representing 8% of the gross proceeds and 303,030 broker warrants equal to 10% of the number of flow-through shares sold under the private placement. Each broker warrant shall entitle the agent to purchase one additional common share of the Company at a price of $0.33 for a period of 24 months from the closing date. The Company has also raised $200,000 pursuant to a private placement of 606,060 flow-through shares.

On May 8, 2007, Melkior completed a brokered private placement for 3,157,894 units at a price of $0.475 per unit for total gross proceeds of $1,500,000. Each unit will consist of one common share and one-half of a common share purchase warrant. Each warrant will entitle its holder thereof to purchase one additional common share at a price of $0.60 per common share for a period of 18 months. The agent received a cash commission of $120,000. In addition, the agent received options equal to 10% of the number of units sold under the offering. Each option entitles the agent to purchase one unit of Melkior at a price of $0.475 for a period of 18 months.

On March 13, 2007, Melkior closed the first tranche of a private placement consisting of 3,320,000 units at a price of $0.44 per unit for total gross proceeds of $1,460,800. Each unit consists of one common share and one-half of a common share purchase warrants. Each full purchase warrant entitles its holder thereof to purchase one additional common share at a price of $0.60 for a period of 18 months. The purchase warrants will be subjected to an accelerated expiry if, on or after the date that is four months and one day from the closing, the volume weighted average price of the common shares on the TSX Venture Exchange is at least $0.80 for any period of 20 consecutive trading days. Melkior may then, within five business days of such 20 trading day period, provide notice by press release to the holders of purchases warrants (the "Accelerated Expiry Notice") that the purchases warrants shall terminate on the earlier of the date that is 25 days following the date of the Accelerated Expiry Notice or the purchase warrants expiry date. Melkior paid a finder's fee of $75,600. On March 27, 2007, Melkior closed the second tranche of its private placement consisting of 1,180,000 units at a price of $0.44 per unit for gross proceeds of $519,200. The total private placement, consisting of two tranches, raised a total of $1,980,000 by the issuance of 4,500,000 units.

On December 18, 2006, the Company completed a brokered private placement for 5,806,452 units at a price of $0.155 per unit for total gross proceeds of $900,000. Each unit consists of one flow-through common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.25 for a period of 18 months. The Company paid the agent a corporate finance fee of $5,000 and a cash commission of $63,000. The agent also received an option to acquire 580,645 common shares, exercisable at a price of $0.155 per common share for a period of 18 months.

In fiscal 2008, 435,645 warrants were exercised for a net proceed of $67,525 (3,295,000 warrants for a net proceed of $486,225 in Fiscal 2007). Finally in Fiscal 2008, 750,000 options were exercised for a consideration of $85,000 (1,030,000 options for a consideration of $141,500 in Fiscal 2007).

Working capital

The Company has a working capital of $4,448,898 of at August 31, 2008 as compared to $4,174,992 as of August 31, 2007. Management is of the opinion that, subject to continuing to be able to raise equity financing in the future, it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing. Advanced exploration of some of the mineral properties would require substantially more financial resources. In the past, the Company has been able to rely on its ability to raise financing in public or privately negotiated equity offerings. There is no assurance that such financing will be available when required, or under terms that are favourable to the Company. The Company may also elect to advance the exploration and development of mineral properties through joint-venture participation.

Summary of quarterly results

For the eight most recent quarters

	August 31 2008	May 31 2008	February 28 2008	November 30 2007
	$	$	$	$
Income	41 152	44,262	1,133,641	48,853
Net profit (loss) for the period	(74 627)	(484,412)	312,385	(20,380)
Net loss per share	-	(0.01)	-	-
Total assets	14 671 491	13,579,031	13,085,953	12,462,015
	August 31 2007	**May 31 2007**	**February 28 2007**	**November 30 2006**
	$	$	$	$
Income	110,830	49,821	13,155	6,926
Net profit (loss) for the period	34,301	(44,820)	(63,524)	(80,993)
Net loss per share	-	-	-	-
Total assets	11,464,686	11,314,149	7,800,841	6,535,286

Fourth quarter

The Company reported a net loss of $74,627 for the quarter ended August 31, 2008 (“Q4 2008”) compared to a net profit of $34,301 for the quarter ended August 31, 2007 (‘Q4 2007’). Interest income totalled $47,067 in Q4 2008 and was slightly higher than the $42,770 in Q4 2007. Also, the Company earned management fees of $77,157 in Q4 2007 while the partnership with Santoy was very active on the Otish properties. In Q4 2008, Melkior earned only $3,447 management fees on the new Bold Ventures Inc. partnership on the Rim Nickel West property.

Total expenses were higher in Q4 2008 at $115,779 compared to $76,529 in Q4 2007 mainly following increased activities in investors and shareholders relations ($38,706 in Q4 2008 versus $11,975 in Q4 2007) and increased professional and consulting fees to advance the closing of the Rim Nickel acquisition ($66,860 in Q4 2008 versus $43,862 in Q4 2007).

The Company expensed $943,212 in exploration in Q4 2008 mostly on Timmins West but also on Rim Nickel and Launay properties ($1,326,921 in Q4 2007 mostly on the Otish property for which $740,388 was recharged to Santoy).

On June 9, 2008, the Company closed a private placement with Sprott Asset Management Inc. of 5,000,000 units at a price of $0.20 per unit for gross proceeds of $1,000,000, as discussed previously.

Related party transactions

In the normal course of operations:

a) For fiscal 2008, companies controlled by Jens E. Hansen (President and Director) charged:
   i) Professional fees relating to geology amounting to $69,239 ($112,338 for fiscal 2007) capitalised in deferred exploration expenses;
   ii) Management fees amounting to $37,350 ($25,451 for fiscal 2007) expensed in professional and consulting fees;
   iii) Rent totalling $36,360 ($31,117 for Fiscal 2007) expensed in general and administrative.

b) For fiscal 2008, a company controlled by Ingrid Martin (Chief Financial Officer) charged accounting fees of $51,563 ($62,600 for fiscal 2007) of which $47,938 ($58,919 in Fiscal 2007) was expenses and $3,625 ($3,681 in Fiscal 2007) was recorded as share issue expenses;

c) From February 14, 2008 (date of the Secretary's nomination) to August 31, 2008, a firm in which Michel Blouin is a partner charged legal fees amounting to $48,373 of which $3,900 was recorded as share issue expenses.

d) As at August 31, 2008, the balance due to the related parties amounted to $16,592 (August 31, 2007 – $1,736) and was recorded in accounts payable and accrued liabilities. This amount is subject to the same conditions as those of non related Parties.

Not in the normal course of business:

e) In November 2007, officers of the Company participated in private placements of flow-through shares for a total consideration of $44,900 ($47,600 for fiscal 2007).

f) As part of the acquisition of the Rim Nickel property, Norman Farrell (director) and Jens E. Hansen will receive $110,000 cash (paid September 22, 2008) which represent the reimbursement of their costs incurred in this transaction for the staking. As of August 31, 2008, this amount is recorded in accounts payable and accrued liabilities and is subject to the same conditions as those of non related parties.

These related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

Subsequent events

On October 20, 2008, the Company signed an agreement whereby it has the option to earn a 50% interest in some Troilus properties in Quebec from Beaufield Resources Inc. ("Beaufield") by spending $500,000 on exploration over a three year period. Of the above amount, $250,000 must be spent before June 30, 2009. Beaufield will be the operator. The President of the Company is also the President of Beaufield. The Boards of Directors of both companies have approved this transaction.

On November 7, 2008, the Company nominated Nathalie Hansen on the Board of directors and granted her 300,000 stock options.

Outstanding share data

	As of November 19, 2008
	Number
Common shares	85,315,603
Options	6,270,000
Warrants	12,035,202
	103,620,805

Off-balance sheet arrangements

During Fiscal 2008, the Company did not set up any off-balance sheet arrangements.

Critical accounting estimates

Management is required to make estimates and assumptions in the preparation of financial statements in conformity with generally accepted accounting principles. A description of the Company's significant accounting policies can be found in Note 3 of the Company's financial statements. Key accounting estimates made by management relates to mining assets,and stock-based compensation.

Accounting changes

Taking effect on September 1, 2007, the Canadian Institute of Chartered Accountants ("CICA") issued new sections for financial instruments:

- Section 3855, "Financial Instruments – Recognition and Measurement", provides guidance on when a financial instrument must be recognized on the balance sheet and how it must be measured. It also provides guidance on the presentation of gains and losses on financial instruments;
- Section 1530, "Comprehensive Income", requires an entity to recognize certain gains and losses in a separate statement, until such gains and losses are recognized in the statement of income;
- Section 3251, "Equity", establishes standards for the presentation of equity and changes in equity during the reporting fiscal year;
- Section 3861, "Financial Instruments – Disclosure and presentation" deal with the disclosure of financial instruments and non-financial derivatives in the financial statements.

The adoption of these sections had the following impact on the classification of the financial instruments:

- Cash and cash equivalents, listed shares and exploration funds are classified as held for trading and recorded at their fair value and their change in fair value are included in the statement of operations;
- Recorded at their amortized cost using the effective interest method including any depreciation, other receivable and due from partners are classified as loans and receivables;
- Accounts payable and expense payable are classified as other liabilities and are measured at the amortized cost using the effective interest method.

That these new sections had no significant impact on the Financial Statements as of September 1, 2007.

Taking effect on September 1, 2007, the CICA issued Section 1506 "Accounting changes" which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Company. This new section has no impact on the financial results of the Company.

Future change in accounting standards

Taking effect September 1, 2008, the Company will adopted the following new accounting policies published by the CICA:

- Section 3862, "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" describe the required disclosure and presentation for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which entity is exposed and how the entity manages those risks. The new requirements only address disclosures and will have no impact on the Company's financial results;
- Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, the quantitative data about what the entity regards as capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such non-compliance. The new requirements only address disclosures and will have no impact on the Company's financial results;
- Section 1400, "General Standards of Financial Statement Presentation", requires that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but not limited to, twelve months from the balance sheet date. The new requirements only address disclosures and will have no impact on the Company's financial results.

Accounting changes (Cont'd)

Adoption of International Financial Reporting Standard in Canada
In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRS"). The Company will get the training on the IFRS and will elaborate a plan to be ready for the Fiscal 2012 conversion.

Financial instruments

Description
On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Subsequently, financial assets and liabilities are measured and recognized as follows:

- Held for trading financial assets are measured at their fair value and changes in fair value are recognized in earnings. Changes in fair value that are recognized in earnings include interest income and realized and unrealized gains or losses, and are presented under interest income and fair value variation on financial instruments held for trading. Cash and cash equivalents, short-term investments, listed shares as well as exploration funds are classified as held for trading;
- Loans and receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts. Other receivables and du from partners are classified as loans and receivable;
- Other financial liabilities are measured at amortized cost using the effective interest method. Interest calculated using the effective interest method is presented in general and administrative expenses. Accounts payable and accrued liabilities are classified as other financial liabilities.

Impact on the statement of earnings
Melkior recorded a fair value variation for financial instruments held for trading of $683,249 unfavourable in Fiscal 2008 (nil in Fiscal 2007).

Fair Value variation on:	**2008**
	$
Listed shares	(697,000)
Treasury bills	(269)
Guarantied investment certificates	14 020
	(683,249)

Financial risk management
The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

- Interest rate risk. The short term investments and part of the cash and cash equivalents bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.
- Credit Risk. The Company is subject to concentrations of credit risk through cash and cash equivalents, short term investments and exploration funds. The Company maintains substantially all of its cash and cash equivalents, short term investments and exploration funds in financial instruments guaranteed by either a major Canadian financial institution or by the Canadian Government.

Financial instruments (Cont'd)

- Liquidity risk. Management serves to maintain a sufficient amount of cash and cash equivalents, and to ensure that the Company has at his disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and even tough the Company was successful in the past, there is no guarantee that it will succeed in the future.
- Market risk. The listed shares held by the Company are exclusively shares from venture issuers working in the mineral exploration area.
- Fair Value. The fair value of the listed shares held for trading is based on the closing price on the stock market.

Risk factors

The following discussion reviews a number of important risks which management believes could impact the Company's business. There are other risks, not identified below, which currently, or may in the future exist in the Company's operating environment.

Exploration and Mining Risks
The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on the mineral properties of which the Company intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time augments its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, or any known body of commercial ore.

Titles to Property
While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and Licenses
The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal Prices
Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition
The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees. The current markets put additional pressure on the availability of contract suppliers, equipment and personnel.

Risk factors (Cont'd)

Environmental Regulations
The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of Interest
Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of Development
The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or the provision of return on investment, and in future there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

Industry Conditions
Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The Company undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

Uninsured Hazards
Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company assets or the insolvency of the Company.

Future Financing
Completion of future programs may require additional financing, which may dilute the interests of existing shareholders. In 2008, an unforeseen financial disruption has occurred. While Management does not foresee an immediate problem, this could have a longer term negative effect.

Key Employees
Management of the Company rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency and provincial agencies
No assurance can be made that Canada Revenue Agency or provincial agencies will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expense or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada) or any provincial equivalent.

Forward looking information

This management's discussion and analysis contains forward looking statements reflecting Melkior's objectives, estimates and expectations. These statements are identified by the use of verbs such as ''believe'', ''anticipate'', ''estimate'', and ''expect''. As well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Company's projections or expectations.

November 19, 2008

(s) Jens E. Hansen	*(s) Ingrid Martin*
Jens E. Hansen	Ingrid Martin
President	CFO