Melkior Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2009

The attached Management's Discussion and Analysis has been prepared by Management of Melkior Resources Inc. and has not been reviewed by an auditor.

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The following Management's Discussion and Analysis (the "MD&A") of the financial condition and results of the operations of Melkior Resources Inc. ("Melkior" or "the Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine-month period ended May 31, 2009. This MD&A should be read in conjunction with the Company's financial statements and related notes for the nine-month period ended May 31, 2009 with the Company's MD&A included in the 2008 Annual Report.

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 Quebec and Ontario.

Overall performance
Melkior has a $2,978,765 working capital (current assets minus current liabilities) as of May 31, 2009 ($4,448,898 as of August 31, 2008) which will allow the Company to execute its exploration program for at least the next two years.

On June 30, 2009, the Company closed a private placement of 4,758,928 units at a price of $0.21 per unit for gross proceeds of $999,375. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant will entitle its holder 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.

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. As of May 31, 2009, $458,985 is spent on Troilus.

Exploration for the nine-month period ended May 31, 2009 ("Q3-2009") totalled $1,129,832 versus $1,455,233 for the nine-month period ended May 31, 2008 ("Q3-2008"). The main exploration expenditures in Q3-2009 were on Troilus, Rim Nickel McFaulds and Timmins West. Mining properties at a total cost of $87,870 were acquired in Q3-2009 versus $989,050 in Q3-2008 (when the Rim Nickel McFaulds was acquired for $856,000).

Results of operations
Total expenses went from $1,742,163 in Q3-2008 to $2,339,958 in Q3-2009 due to:

- The Company wrote off for $1,472,686 of mining assets relating to Ungava and Monts Otish (see discussion in investing section);
- A $577,088 unfavorable fair value variation was recorded in Q3-2009 on the 4,100,000 shares received from Otish Energy Inc. following the sale of the properties in the Mont Otish ($696,773 in Q3-2008);
- A $12,000 stock-based compensation expense was recorded in Q3-2009 following the grant of 300,000 options ($672,000 in Q3-2008 following the grant of 2,800,000 options);
- Professional and consulting fees are detailed as follow:

	Q3-2009	Q3-2008
	$	$
Legal	6,170	54,590
Accounting	78,796	67,764
Management	35,535	38,425
Consulting	10,685	-
Professional and consulting fees	131,186	160,779

Results of operations (Cont'd)

- General and administrative increased from $101,430 in Q3-2008 to $122,664 in Q3-2009 due to:
  - Melkior paid $13,000 in director fees in Q3-2009 ($6,000 in Q3-2008);
  - Melkior shares the administrative support at it's Ottawa office for $17,494 ($5,841 in Q3-2008);
- Melkior incurred $9,326 of exploration work and received a $31,852 mining right credit adjustment on properties that were sold last year in the Mont Otish (nil in Q3-2008).
- Melkior was less active with investors and incurred $57,108 in Q3-2009 ($87 904 in Q3-2008).

Interest income was $53,230 in Q3-2009 versus $134,404 in Q3-2008 due to less cash and cash equivalents and term deposits being invested and lower interest rates.

The management fees income decreased from $20,784 in Q3-2008 to $2,709 in Q3-2009. In Q3-2008, these fees were earned as the operator of the Otish properties (sold during Fiscal 2008) whereas in Q3-2009, the fees were mainly earned as the operator of the Rim Nickel West property.

Investing activities

Deferred exploration expenses Q3-2009	**Ungava**	**Launay**	**Otish**	**Troilus**	**Timmins West**	**Eldora-do**	**Rim Nickel**	**Others**	**Total**
	$	$	$	$	$		$	$	$
Balance beginning	1 134 915	4 235 839	147 618	-	1 412 737	85 176	394 111	85 710	7 496 106
Additions									
Drilling	-	4 835	-	291 909	80 267	-	-	-	377 011
Geology – prospecting	11 860	20 031	15 291	42 762	39 154	3 895	20 115	16 008	169 116
Geophysics geochemistry	1 800	700	21 578	53 186	81 132	81 289	219 092	525	459 302
Line cutting	-	-	-	11 422	53 275	-	-	-	64 697
Management	-	-	-	59 706	-	-	-	-	59 706
	13 660	25 566	36 869	458 985	253 828	85 184	239 207	16 533	1 129 832
Options	2 000	5 110	-	2 000	8 028	7 029	7 000	-	31 167
Recharge	-	-	-	-	-	-	(26 904)	-	(26 904)
	15 660	30 676	38 869	460 985	261 856	92 213	219 303	16 533	1 134 095
Deductions									
Tax credits	(5 686)	(5 046)	-	(68 524)	-	-	-	-	(79 256)
Write-off	(1 144 889)	-	(106 419)	-	-	-	-	-	(1 251 308)
Balance, end	-	4 261 469	78 068	392 461	1 674 593	177 389	613 414	102 243	7 299 637

Deferred exploration expenses Q3-2008	**Ungava**	**Launay**	**Otish**	**Timmins West**	**Eldora-do**	**Rim Nickel**	**Others**	**Total**
	$	$	$	$		$	$	$
Balance beginning	1,134,915	3,933,257	522,268	360,083	1,189	-	10,554	5 962 266
Additions								
Drilling	-	254,908	-	374,101	-	-	-	629,009
Geology – prospecting	-	10,048	(5,452)	46,596	2,910	506	-	54,608
Geophysics geochemistry	-	2,600	179,803	18,367	13,517	304,177	63,910	582,374
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	26,899	726	-	3,244	32,302
Options	-	17,888	-	24,598	24,597	-	-	67,083
Amortization	-	-	2,748	-	-	-	-	2,748
	-	285,920	187,960	537,293	72,213	304,683	67,154	1,455,223
Recharge	-	-	(97,769)	-	-	-	-	(97,769)
	-	285,920	90,191	537,293	72,213	304,683	67,154	1,357,454
Deductions								
Tax credits	-	(1,512)	(21,953)	-	-	-	-	(23,465)
Disposal	-	-	(562,024)	-	-	-	-	(562,024)
Balance, end	1,134,915	4,217,665	28,482	897,376	73,402	304,683	77,708	6,734,231

Investing activities (Cont'd)

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

Rim Nickel - McFaulds
(East Rim 100% - Nickel, West Rim 50%)

East Rim
Melkior owns the 21,680 hectare East Rim Property in the "Ring of Fire" discovery area of North Central Ontario, which cover a large, significant regional gravity feature. The property is possibly underlain by large volumes of dense mafic or ultramafic rocks of the type that can host significant nickel copper massive sulphide occurrences as demonstrated by the work of Noront Resources Ltd.

To identify massive sulphides on the property, Melkior undertook a 1738 line kilometre MEGATEM airborne survey. The survey and its interpretation were carried out by Fugro Airborne Surveys. Ten conductors were identified as first priority massive sulphide bedrock prospects and 8 as second priority. In addition one first priority target occurs on ground owned 50-50 by Melkior and MacDonald Mines Exploration Ltd.

An exposure of highly altered dioritic to gabbroic intrusive rocks measuring approximately 300 by 600 metres was identified by Melkior's consulting geologist in the south eastern portion of the East Rim claims. This confirms Melkior's interpretation that highly prospective mafic rocks are present.

Following the MEGATEM survey, Melkior contracted a detailed follow up VTEM helicopter survey of 650 line kilometres over the majority of the bedrock targets to evaluate the potential drill targets.

Timmins West (Carscallen Gold)
(100% owned – gold)

The exploration results to date have identified fault structures containing gold over a length of approximately 1 kilometre. The length of the gold zone is considered very significant. Surface work and drilling have confirmed the continuity of the veins. Drilling has intersected significant gold including 60.27 g/t over 1.8 metres and 19.8 g/t over 3.3 metres (NR Jan 14, 2009). The next exploration phase will focus on exploring at depth, on strike and searching for cross structures that could indicate greater widths.

The 2009 winter program consisted of a 17.6 kilometre Induced Polarization (IP)/ Resistivity survey and a 41 kilometre magnetometer survey. The grid covered the 1010 zone, the Zam-Zam zone and their potential extensions in a north-south line direction. The final data defined new IP anomalies extending the Zam-Zam zone approximately 100 metres northward beyond current drilling. In addition, a deeper, east-west IP anomaly approximately 700 metres long has been identified north of the Zam-Zam zone. It coincides in places with strong, isolated magnetic anomalies. The gold values are accompanied by anomalous silver and are consistently in association with pyrite, frequently disseminated. For this reason Induced Polarization which detects disseminated sulphides is an ideal geophysical tool.

Investing activities (Cont'd)

On July 7, 2009, the Company started a drilling program which will initially consist of 8 to 10 holes for a total of at least 1200 metres. On July 21, Melkior announced it was increasing the drilling to 1 800 metres. The objective of the drill program is to test a new 700 metre long East-West Induced Polarization (IP) anomaly immediately north of the previously drilled Zam-Zam and 3 other zones where gold values in drilling that include 60.27 g/t over 1.8 metres and 19.8 g/t over 3.3 metres were obtained and surface sampling in narrow quartz-pyrite veins graded up to 843.7 g/t gold. It will be drilled to depths of 100 to 200 metres. To date the majority of the holes drilled have intersected gold are consistently associated with pyrite that is detectable by IP. Previous drilling has concentrated on north-south structures which have intersected gold bearing structures in four zones over a total strike length of 950 metres. These zones remain open along strike to the north and the south and to depth. Deep drilling of the north-south structures is in the planning stages.

The Melkior property is located 5km west of the Lake Shore Gold Corp Bristol mine and adjoins the property of West Timmins Mining Inc. In the summer 2009, Melkior staked 18 additional unit claims over 288 hectares. This enlarges the Carscallen property to 102 claim units and 1603 hectares.

Timmins Loveland
(100% owned - or copper nickel)

An airborne VTEM survey flown by Amador Gold Corp has recently covered Amador's claims and the adjoining Melkior claims. Amador has agreed to sell Melkior the data. The geological unit which hosts Amador's gold, Cominco and Hollinger zones appears to extend onto Melkior's Loveland property.

Timmins Eldorado
(100% owned - nickel)

A 530 line kilometre VTEM airborne electromagnetic and magnetic survey has been completed on the Eldorado property which is located 20 kilometres southeast of Timmins. The property adjoins Liberty Mines Inc and is located 10 kilometres northwest of the Golden Chalice Resources Inc Langmuir Nickel discovery.

Several massive sulphide type conductors potentially caused by base metal sulphides have been identified by the airborne survey. These represent high priority targets for follow up by geophysics and drilling. The groundwork is scheduled to be undertaken this winter to be followed by drilling.

Shaw property
(100% - gold)

Melkior has staked in the summer 2009 107 claim units totalling 1712 hectares for a 100% interest in the south western portion of Shaw Township, the Shaw Gold property. This claim group is 25 kilometres due east of the Lake Shore gold deposit and immediately north of Melkior's Eldorado property.

Big Marsh
(100% owned – base metals)

The Big Marsh property is located in Carscallen Township two kilometres north of the Melkior Timmins gold property. A program of line cutting and geophysics is underway. These claims adjoin a property being actively explored for base metals by San Gold Corp.

On December 15, 2008, the Company acquired claims in the Carscallen Township near Timmins, Ontario for $5,000. These claims adjoin the Big Marsh property and will be referred to as Big Marsh, being contiguous with the original property. A portion of the property was covered by cut lines and a magnetometer survey. One line was surveyed by Induced Polarisation. If anomalous responses are obtained, drilling will be considered.

Investing activities (Cont'd)

Bristol and Fripp properties
(100% owned)

Melkior staked in the summer 2009 the Bristol and Fripp properties. The Bristol property is adjacent to West Timmins Mining and located five kilometres north of Lake Shore whereas the Fripp property is located 25 kilometres to the southeast of Lake Shore. Line cutting and geophysical exploration is underway on those properties.

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

An airborne survey was flown in early 2008 and a program of prospecting over selected anomalies has been undertaken. Anomalous gold values, worthy of follow up were identified. Further surface work is planned for the 2009 summer.

Launay - Gold.
(100% owned - gold)

The February 26, 2009 press release outlines the drilling results performed in 2008. Melkior drilled 11 holes in 2008 with the objective of evaluating the potential for extensions. Five holes at Zone 75 encountered anomalous gold. Three holes drilled at the Principal zone encountered wide, low grade gold zones.

Additional land covering 2150 hectares was acquired by Melkior corresponding to the extension of the same magnetic feature that bears Zone 75 and Principal Zone deposits. The wide gold intersections demonstrate the potential for locating a high tonnage/low grade deposit in the area.

Following an evaluation of existing data, more work may be undertaken.

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.

Drilling started on December 4, 2008 and was completed on January 20, 2009. The current grassroots program consisted of drilling 6 holes for 933 metres. The holes targeted specific airborne geophysical anomalies with coincident electromagnetics and magnetics. Prior to drilling these targets they have been confirmed by ground geophysics. The geophysical anomalies drilled are indicative of those typically caused by massive sulphides which in this environment can host copper-zinc sulphides with accompanying gold and silver. Sulphides were intersected in 3 of the 6 holes. Significant base metals were not observed in the core.

As of May 31, 2009, $458,985 has been spent on Troilus.

Investing activities (Cont'd)

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

Considering the market conditions where it's difficult to finance an exploration program for the Ungava project located in the far north, the Company doesn't expect to do work on the property in the near future and consequently wrote-off the mining property costs and deferred exploration expenses for $1,346,689. Xstrata Nickel is the 51% partner. Melkior has engaged a consultant to study all existing data on the property to determine if additional work could be required when market conditions improve.

Otish
(100% Molybdenum – Diamonds exploration rights)

Following the airborne survey completed in the fall 2008 on the McLeod molybdenum property in the Otish Mountains, the Company decided to drop half of the claims and consequently wrote off half of the mining property costs and deferred exploration expenses for $97,645. In addition, the Company wrote off the deferred exploration expenses relating to the exploration rights on diamonds in the Otish Mountains for $28,352.

Overall
Exploration will be concentrated on the Timmins area properties for cost effective exploration. Nickel Rim McFaulds remains a high priority situation where a partnership with others could be considered. Possible work on other properties will be reviewed during the coming months.

Financing activities
There was no financing activity done in Q3-2009.

Working capital
The Company has a working capital of $2,978,765 as at May 31, 2009 as compared to $4,448,898 as of August 31, 2008. 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.

	May 31 2009	**February 28 2008**	**November 30 2008**	**August 31 2008**
	$	**$**	**$**	**$**
Income	9,574	12,318	34,047	41,152
Net loss for the period	(73,612)	(1,582,614)	(627,793)	(74,627)
Net loss per share	-	(0.02)	(0.01)	-

	May 31 2008	**February 29 2008**	**November 30 2007**	**August 31 2007**
	$	**$**	**$**	**$**
Income	44,262	1,133,641	48,853	110,830
Net profit (loss) for the period	(484,412)	312,385	(20,380)	34,301
Net loss per share	(0.01)	-	-	-

Industry and economic factors affecting the Company's performance
Details of risk factors are outlined in the Company's MD&A included in the 2008 annual report.

Related party transactions
In the normal course of operations:

a) For the nine-month period ended May 31, 2009 ("Q3-2009'), companies controlled by Jens E. Hansen (President and Director) charged:
   i) Professional fees relating to geology amounting to $38,890 ($43,631 in Q3-2008) capitalised in deferred exploration expenses;
   ii) Management fees amounting to $35,535 ($30,225 for Q3-2008) expensed in professional and consulting fees;
   iii) Rent totalling $27,000 ($27,000 for Q3-2008) expensed in general and administrative;
   iv) Medical fees of $5,319 (nil in Q3-2008) expensed in general and administrative.
b) For Q3-2009, a company controlled by Ingrid Martin (Chief Financial Officer) charged professional fees of $45,625 ($41,781 for Q3-2008);
c) For Q3-2009, Nathalie Hansen (director nominated November 7, 2008) charged:
   i) Professional fees relating to geophysics or geology of $27,150 capitalised in deferred exploration expenses or mining properties;
   ii) Consulting fees of $6,600 expensed in investors and shareholders relations or professional and consulting fees.
d) As at May 31, 2009, the balance due to the related parties amounted to $22,149 (May 31, 2008 – $22,799) and was recorded in accounts payable and accrued liabilities. This amount 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.

Critical accounting estimates
The preparation of interim financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas where management judgement is applied are mining asset valuations and stock-based compensation. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

- 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. Disclosure and presentation requirements pertaining to this section are contained in Note 7d) of the Financial Statements of May 31, 2009;
- 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 has no impact on the Company's financial results.
- 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. Disclosure and presentation requirements pertaining to this section are contained below;

IFRS Convergence

In February 2008, the Canadian Accounting Standards Board 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 changeover date for Melkior will be September 1, 2011, to be in line with its August year end.

Team:
Due to the size of the Company, the CFO, who is a Chartered Accountant, will be performing the IFRS convergence and will report to the president and to the Audit Committee on the progress accomplished.

Training:
In the fall 2008, the CFO participated in a 3 days training session given by the IFRS Task Force of RCGT, the auditor of Melkior. The objective of that training was to compare Canadian GAAP to IFRS. In Spring 2009, the CFO participated in 3 other days of training given by the order of chartered accountant on specific subjects: fixed assets, grouping of companies, financial instruments and provisions and contigent liabilities. As IFRS is expected to change prior to 2011, any changes impacting the Company will have to be monitored.

Accounting Policies impacted:
The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed throughout 2009. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure. Based on the analysis of expected accounting differences conducted so far, following is a non-exhaustive list of the IFRS accounting policies that could have a potential impact on the financial statements of the Company:

First Time adoption (IFRS 1)
IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment (IAS 36, IAS36)
IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).
IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.
Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

Share-based payments (IFRS 2)
Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur.
For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

IFRS Convergence (Cont'd)

Mineral property interests, exploration and evaluation costs (IFRS 6)
Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment.
Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

Information systems:
The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expect at this point to operate the accounting system under the IFRS. Nevertheless, some excel spreadsheets will probably have to be adapted to support the change made in accounting policies.

The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1.

As the Company will perform its accounting under Canadian GAAP from September 2010 to August 2011, it has yet to determine how it will generate in parallel the accounting under IFRS so that in 2011-12 it has the comparative available. Once the extent of the adjustments needed to convert to IFRS will be established, processes will be put in place effective September 2010 to generate the dual accounting.

Internal Controls:
Since Melkior is a TSX Venture issuer, management does not make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National 52-109.

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management will make sure that once the convergence process is completed, it can still certify its fillings.

Impact on the business:
The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no foreign currency transactions, no hedging activities, no debt and no capital obligations. The Company doesn't expect that IFRS will have an impact on the requirements or business processes when it enters in flow-through financing. The Company has no compensation arrangements that will be affected by the IFRS implementation. The Company's Stock Option Plan is not affected by ratios or financial targets.

Business process will be monitored through 2009 to detect unsuspected impact.

Financial instruments and other instruments

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:

Financial instruments and other instruments (Cont'd)

Interest rate risk
The short term investments, exploration funds 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. Interest rates 1% higher would have decreased the fair value of these by $5,990 as of May 31, 2009. 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. The maximum credit risk is equivalent to the carrying value. The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on due from partners.

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
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its listed shares and unfavourable market conditions could result in the disposal of its listed shares at less than favourable prices.

The listed shares held by the Company are exclusively shares from a Venture issuer who's activities are in the mineral exploration field. Those shares were obtained following the sale of mining assets in the Otish Basin in December 2007 and the original value based on the closing price on the stock market was $1,312,000. As of May 31, 2009, the value of these listed shares is $61,500.

As of May 31, 2009, a 10% decrease in the closing price on the stock market would result in an estimated increase in net after-tax loss of approximately $6,150.

Fair Value
The fair value of the listed shares held for trading is based on the closing price on the stock market.

Outstanding share data

	As at July 17, 2009
	Number
Common shares	90,074,531
Options	6,070,000
Warrants	16,944,130
	113,088,661

Subsequent event
On June 30, 2009, the Company closed a private placement of 4,758,928 units at a price of $0.21 per unit for gross proceeds of $999,375. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant will entitle its holder 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. The Company paid a cash finder's fee to PI Financial Corp. equivalent to 7 % of the gross proceeds raised by the finder, in the amount of $22,050 plus 10% in finder's warrants, in the amount of 150,000 warrants. Each warrant entitles the finder to purchase one additional common share of the Company at a price of $0.25 per common share for a period of 24 months following the closing date. The total finder's warrant cost amount to $28,500 and this fair value was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 112%, a risk-free interest rate of 1.76% and an expected life of options of 2 years.

Special note regarding forward-looking statements
This Report contains forward-looking statements that are based on beliefs of its management as well as assumptions made by and information currently available to management of the Company. When used in this Report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", and the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in those statements. The statements contained in this Report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

July 23, 2009

(S) Jens E. Hansen	(S) Ingrid Martin
Jens E. Hansen	Ingrid Martin
President	Chief Financial Officer