Melkior Resources Inc.

Management's Discussion and Analysis

For the nine-month period ended May 31, 2010

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, 2010. 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, 2010 with the Company's MD&A included in the 2009 Annual Report. All figures are in Canadian dollars unless otherwise noted. The Company's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

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
In December 2009, the Company closed a private placement of $6,059,502 by issuing 9,243,001 units at a price of $0.30 and 9,959,400 flow-through common shares at a price of $0.33. The private placement allows the Company to aggressively expand its work programs in West Timmins and East Rim Nickel.

Exploration for the nine-month period ended May 31, 2010 ("Q3-2010") totalled $1,647,617 versus $1,129,832 for the nine-month period ended May 31, 2009 ("Q3-2009"). The main exploration expenditures in Q3-2010 were on the West Timmins Carscallen property.

Results of operations
The net income for Q3-2010 was $155,170 versus a net loss for Q3-2009 of $2,284,019.
Total expenses were $774,337 in Q3-2010 versus $2,339,958 in Q3-2009, due to the following:

- Write-offs for $8,469 in Q3-2010 of mining assets relating to Ungava. In Q3-2009, Melkior wrote off mining assets relating to Ungava and Mont Otish for $1,472,686.
- $204,376 of stock-based compensation expense was recorded in Q3-2010 while in Q3-2009 the stock-based compensation expense was $12,000.
- A $35,244 fair value loss was recorded in Q3-2010. In Q3-2009, the fair value loss was $557,088 on the 1,025,000 shares (4,100,000 consolidated 4 to 1) received from Otish Energy Inc. following the sale of the properties in the Mont Otish area.
- Professional and consulting fees increased in Q3-2010:

	Q3-2010	**Q3-2009**
	$	**$**
Legal	13,809	6,170
Accounting	70,466	71,796
Audit	6,300	7,000
Management	52,250	46,220
	142,825	131,186

- General and administrative costs increased to $256,247 in Q3-2010 ($122,664 in Q3-2009) due to:
    - A bonus of $100,000 paid to the president of the Company, Jens E. Hansen.
    - Additional involvement of Nathalie Hansen, director, in the daily administration of the Company in Q3-2010.

Results of operations (Cont'd)

- During Q3-2010, Melkior increased investor relations activities and incurred a cost of $103,767 in investors and shareholders relations compared to $57,108 in Q3-2009. Melkior signed an agreement in October 2009 with the investor relations firm Agoracom whereby Melkior will disburse a monthly fee of $3,000 and has granted 225,000 stock options exercisable at $0.30 $ until November 1, 2011. Melkior terminated this contract in May 2010.

Interest income was $20,535 in Q3-2010 versus $53,230 in Q3-2009 due lower interest rates available.

Melkior recorded a $884,000 recovery of future income taxes in Q3-2010 (none in Q3-2009) representing the tax impact of the flow-through shares issued.

Investing activities

Deferred exploration expenses Q3-2010	**Ungava**	**Launay**	**Otish**	**Troilus**	**Timmins**	**Rim Nickel**	**Others**	**Total**
	$	$	$	$	$	$	$	$
Balance beginning	-	404,989	78,068	394,341	2,185,704	622,915	117,392	3,803,409
Additions								
Drilling	-	900	-	-	1,134,944	480	-	1,136,324
Geology – prospecting	7,775	11,939	-	-	32,089	4,760	8,264	64,827
Geophysics geochemistry	7,040	-	-	-	201,626	171,708	9,855	390,229
Line cutting	-	-	-	-	56,237	-	-	56,237
Management	-	-	-	-	-	-	-	-
	14,815	12,839	-	-	1,424,896	176,948	18,119	1,647,617
Options	-	-	-	-	33,375	4,125	-	37,500
Recharge	-	-	-	-	(110,604)	(5,790)	-	(116,394)
	14,815	12,839	-	-	1,347,667	175,283	18,119	1,568,723
Deductions								
Tax credits	(6,346)	(4,905)	-	-	-	-	-	(11,251)
Write-off	(8,469)	-	-	-	-	-	-	(8,469)
Balance, end	-	412,923	78,068	394,341	3,533,371	798,198	135,511	5,352,412

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	36,869	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

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%)

Melkior holds a 100% interest in 1,376 claim units or 22,016 hectares in the East Rim Nickel project in the McFaulds "Ring of Fire" exploration area in Northern Ontario. MEGATEM and VTEM airborne surveys have been completed and a series of targets with massive sulphide geophysical signatures have been located. It is anticipated that these will be drill ready in March-April 2010.

Melkior also owns a 50% interest in 941 claim units or 15,056 hectares in the West Rim project. MEGATEM airborne surveying has been completed on this property. Both the East and West Rim blocks were staked to cover large regional gravity anomalies which are typically associated with the worlds major nickel districts (Sudbury, Raglan, Norilsk). Drilling by Noront Resources Limited (TSXV: NOT) has demonstrated the potential for significant nickel-copper-PGE discoveries in the "Ring of Fire".

On January 18, 2010, the Company signed an agreement to acquire 100% interest in the Broke Back and Riverbank properties, located in McFaulds region in Ontario. The Company can acquire the 100% interest from two of the original vendors of East and West Rim Nickel by reimbursing out of pocket staking costs of $167,400 and by undertaking approximately $400,000 of assessment work. The vendors of the original East Rim property will retain a 2% NSR royalty. The stakers of Broke Back and Riverbank are North American Exploration Limited and Geotest Corporation. Jens Hansen, president of the Company, is a principal of Geotest Corporation.

The Broke Back property has 843 claim units over 134.9 sq kilometres. These are located adjacent to Noront, 10 kilometres north of the Eagle Nest nickel discoveries and 7 kilometres northwest of the Freewest Resources Canada Inc new major chromite discoveries. The Riverbank property has 87 claim units over 13.9 sq kilometres. These claims located west of the Attawapiskat River and are within the regional gravity high and adjacent to the Probe Mines Ltd Tamarack project.

Melkior is confident that owning a very large land position in Canada's newest emerging mining camp will be important in the future advancement of Melkior. The value is considerably enhanced by the world class chromite discoveries and potential mine developments anticipated in the area.

Melkior is expecting to be able to drill the East Rim targets during 2010 if contractors are available and the necessary permits obtained. Approximately 3000 metres is anticipated.

Melkior's planned budget for this program is approximately $1.5 million.

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

Melkior is continuing exploration of its Carscallen gold property. A drill program started in November 2009 completed 57 holes and 15,202 meters up to mid June 2010. The Zam-Zam and Shenkman zones have been drilled to a systematic depth of approximately 500 meters. Data from this program are being processed and inserted into a 3 D model which will be used to direct drilling below the 500 meter level. 83% of the holes drilled have encountered gold of greater than 1 g/t and up to 109 g/t. The Zam-Zam – Shenkman and the 1010 zones all remain open along strike and at depth.

Drilling stopped in mid June to permit assaying, 3D modelling and down hole geophysics to get caught up. Drilling will continue in September.

Investing activities (Cont'd)

Melkior is placing a high priority on drilling its West Timmins Carscallen gold property located in the centre of what is becoming a new gold mining district in West Timmins where there is superb infrastructure and a 100 year history of gold production. Melkior is highly encouraged by the consistency of encountering gold as drilling proceeds deeper.

The allocated budget for the West Timmins Carscallen property has been increased following the $6M financing to approximately $3.0 million, subject to exploration results

Timmins Loveland
(100% owned - or copper nickel)

On November 27, 2009, the Company signed a letter of intent with Bold Venture Inc. ("Bold") whereby Bold can acquire a 10% interest in the Loveland property by undertaking $125,000 of exploration work. The Company is the operator. Once the 10% interest is earned, Bold can decide not to pursue the exploration. Bold will therefore return its 10% interest to the Company and the Company will have to pay Bold $40,000. At any time, the Company has the right to purchase Bold's 10% interest by paying twice what Bold has spent to that time in cash.

Geophysics was carried out and one hole drilled without positive results.

Timmins Eldorado
(100% owned - nickel)

Melkior holds 328 claim units or 5,248 hectares in Eldorado and Shaw Township located approximately 10 kilometres south of Timmins. The property adjoins Liberty Mines Inc (TSX: LBE) which, following a recent financing by Jilin Jien Nickel Industry Co., Ltd, has resumed nickel production at its Redstone and McWatters Mines. Redstone is approximately one kilometre south of Melkior's claims.

On October 30, 2009, the Company signed an agreement to acquire 100% interest in mining claims in consideration of $15,500 cash and a 1% Net Smelter Return ("NSR") royalty of which 0.5% can be repurchased for $1,000,000. On February 23rd, 2010, the Company signed an agreement to acquire 100% interest in additional mining claims in consideration of $9,500 cash and a 1% Net Smelter Return ("NSR") royalty of which 0.5% can be repurchased for $1,000,000.

A detailed VTEM survey by Geotech was completed in 2009. This led to the discovery of a series of conductors with the potential for locating massive sulphide nickel bearing deposits. Upon completion of the current work Melkior plans to drill those conductors which have massive sulphide characteristics. It is anticipated 3000 metres of drilling will be required. The ground is swampy and requires winter drilling.

The budget reaches up to $400,000.

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

Since no significant exploration has been carried out on the Ungava Kenty Lake property for 3 years, the accounting rules suggest that expenses be written off. The property remains a significant asset and will be further explored at a later time. Melkior has had communication with Joint Venture partner Xstrata Nickel in this regard.

Financing activities
In December 2009, the Company closed a private placement of $6,059,502 by issuing 9,243,001 units at a price of $0.30 and 9,959,400 flow-through common shares at a price of $0.33. Also during Q3-2010, 200,000 options and 3,438 warrants were exercised for a consideration of $50,000 and $653 respectively.

Working capital
The Company has a working capital of $4,805,907 as at May 31, 2010 as compared to $3,497,210 as of August 31, 2009. The Company has also exploration funds of $2,083,462 as at May 31, 2010. 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 2010	February 28 2010	November 30 2009	August 31 2009
		$	$	$
Income	14,969	20,498	10,040	58,027
Net profit (loss) for the period	(143,415)	449,089	(150,504)	(4,025,831)
Net loss per share	-	-	-	(0.05)

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

Three factors influence greatly the variation of quarterly results: write-off of mining assets (February 2009 and August 2009), future income taxes when flow-through financing are renounced (February 2010) and fair value variation on the listed shares following the market melt down (November 2008 and May 2008).

Risk factors
Details of risk factors that could affect the Company's performance are outlined in the Company's MD&A included in the 2009 annual report.

In addition, the properties may be subject to native land claims, particularly in Ontario.

Related party transactions
In the normal course of operations:

a) For Q3-2010, companies controlled by Jens E. Hansen (president and director) charged:
   i) Professional fees relating to geology amounting to $27,840 ($38,890 for Q3-2009) capitalised in deferred exploration expenses;
   ii) Management fees amounting to $44,750 ($35,535 for Q3-2009) expensed in professional and consulting fees;
   iii) Rent totalling $27,000 ($27,000 for Q3-2009) expensed in general and administrative;

   In addition, the president received a $100,000 bonus in Q3-2010.
b) For Q3-2010, a company controlled by Ingrid Martin (chief financial officer) charged professional fees of $65,178 ($60,396 for Q3-09) of which $59,303 ($60,396 for Q3-2009) was expensed and $5,875 (nil for Q3-09) was recorded as share issue expenses;

Related party transactions (Cont'd)

c) For Q3-2010, $20,640 of exploration work capitalised in deferred exploration expenses and $17,040 of administration work expensed in general and administrative was provided by a Nathalie Hansen, director. Her salary was charged through Beaufield Resources inc. where the president of the Company is also president the Beaufield Resources inc. Starting January 2010, the Company pays the salary of the Director directly and therefore those transactions are note considered related parties anymore.
d) As at May 31, 2010, the balance due to the related parties amounted to $25,460 (May 31, 2009 – $22,149) 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) As part of the acquisition of the Broke Back and Riverbank properties, a company controlled by Jens E. Hansen received $127,400 cash which represent the reimbursement of their costs incurred in this transaction for the staking.

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

Change in accounting policies
Taking effect September 1, 2009, according to the transition dispositions, the Company adopted the following new accounting policies published by the Canadian Institute of Chartered Accountants ("CICA"):
a) Financial Instrument: in June 2009, the CICA amended Section 3862, "Financial instrument - disclosure". This section has been amended to introduce new financial disclosure requirements, particularly with respect to fair value measurement of financial instruments (three hierarchy levels) and entity exposure to liquidity risk. The amendments to this section apply to annual financial statements for years ending after September 2009. Disclosure and presentation requirements pertaining to this section have no impact on the Company's financial results.

IFRS Convergence
The Company is using a four step roadmap to convert to IFRS:

STEP 1: DIAGNOSTIC
The initial diagnostic stage has been completed in 2009 to understand, identify and assess the overall effort required to produce financial information under IFRS.

STEP 2: DESIGN AND PLANNING

STEP 2.1: ACCOUNTING POLICIES

The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed by the end of December 2010. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure.

IFRS Convergence (Cont'd)

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company's financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Company believes to be the most significant; however, the analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements.

They are as follows:

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.

The Company is presently evaluating the impact of these potential modifications..

Impairment of assets (IAS 36)
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").

The Company believes that the changes of this policy should not have an impact on the financial statements on the changeover date. Nevertheless, in the subsequent years, this policy could generate more impairment than Canadian GAAP would since it uses a one-step test.

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)

The Company believes that the changes of this policy should not have an material impact on the Financial Statements of the Company.

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.

The Company believes that the changes of this policy should not have a material impact on the Financial Statements on the changeover date and in subsequent years.

Financial instruments (IAS 39)
Under IFRS, all financial assets must be classified into "loans and receivables", held-to-maturity", "fair value through profit or loss" or "available-for-sale" categories. Like IFRS, all financial assets under Canadian GAAP must be classified into "loans and receivables", 'held-to-maturity", "held-for-trading" (far value through profit or loss) or "available-for-sale" categories. However, there are certain differences from IFRS with respect to the types of assets that may be classified into each of these categories.

Financial instruments may be designated on initial recognition as measured at fair value through profit or loss only if certain criteria are met. Like IFRS, financial instruments may be designated on initial recognition as held for trading (and measured at fair value through profit and loss) only if certain criteria are met. However, these criteria are less restrictive than under IFRS.

The Company is presently evaluating the impact of these potential modifications.

STEP 2.2: FINANCIAL STATEMENTS PREPARATION

By the end of December 2010, we will prepare the financial statement model and we will identify the IFRS convergence adjustments.

STEP 2.3: TRAINING AND COMMUNICATION

The CFO participated to several courses organized by the Ordre des comptable agrees du Quebec and also courses specific to the mining industry given by CA firms. Now, the CFO must keep updated as IFRS is expected to change before 2011.

A communication plan beyond the mandatory disclosure required in the MD&A will be developed in the summer 2011 if the changes on the financial statements are important.

STEP 2.4: IT 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 changes 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.

IFRS Convergence (Cont'd)

STEP 2.5: INTERNAL CONTROLS:

By the end of December 2010, Management will review existing internal control process and procedures to address significant changes to existing accounting policies and practices.

STEP 2.6: 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.

STEP 3: IMPLEMENTATION

In this stage the Company will implement the changes that have been developed including changes to the accounting processes and policies. The Company will also quantify the IFRS impacts.

Management will prepare the structure of the first quarterly financial statements as of November 30, 2011 with the opening balance as of September 1st, 2010 and the comparables as of November 30, 2010 with the disclosure notes.

Management plans to complete this step in the summer 2011.

STEP 4: POST IMPLEMENTATION

Management will prepare the interim and annual financial statements in compliance with IFRS for the year ending August 31, 2012.

Outstanding share data

	As at July 20, 2010
	Number
Common shares	109,480,370
Options	9,182,500
Warrants	22,915,766
	141,578,636

Financial instruments
There is no significant change relating to the financial instruments since the annual MD&A of August 31, 2009.

Subsequent event
On July 16, 2010, the Company granted 1,900,000 new incentive stock options to directors, officers and consultants of the Company at $0.20 valid for 5 years and their fair value was estimated at $266,000 ($0.14 per option)

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 20, 2010

(S) Jens E. Hansen
Jens E. Hansen
President

(S) Ingrid Martin
Ingrid Martin
Chief Financial Officer