Melkior Resources Inc.

Management's Discussion and Analysis

For the six-month period ended February 28, 2011

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 six-month period ended February 28, 2011. This MD&A should be read in conjunction with the Company's financial statements and related notes for the six-month period ended February 28, 2011 with the Company's MD&A included in the 2010 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 an exploration stage company engaged in the acquisition and exploration of mining properties located in Quebec and Ontario.

Overall performance
Exploration for the six-month period ended February 28, 2011 ("Q2-2011") totalled $1,299,769 versus $728,146 for the six-month period ended February 28, 2010 ("Q2-2010"). The main exploration expenditures in Q2-2011 were on the West Timmins Carscallen property.

Results of operations
The net loss for Q2-2011 was $765,255 versus a net loss for Q2-2010 of $585,415.
Total expenses were $792,212 in Q2-2011 versus $615,953 in Q2-2010, and this increase is due to the following:

- Write-offs for $472,124 in Q2-2011 of mining assets relating to Rim Nickel West McFaulds compared to $7,419 in Q2-2010 relating to the Ungava property.
- The General and administrative expenses were $80,088 in Q2-2011 ($194,054 in Q2-2011). The Company paid a bonus of $100,000 to the president in Q2-2010. There was no bonus paid in Q2-2011.
- A $104,748 stock-based compensation was expensed in Q2-2011 while in Q1-2010 the expense was $195,938.
- A $50,379 fair value gain on financial instruments held for trading was recorded in Q2-2011 (fair value loss of $7,450 in Q2-2010). These variations were mainly generated on shares received following the sale of properties in previous years.
- Professional and consulting fees increased in Q2-2011 from Q2-2010:

	Q2-2011	Q2-2010
	$	$
Legal	17,706	13,809
Accounting	58,981	52,816
Audit	6,125	6,300
Management	34,100	35,675
	116,912	108,600

- During Q2-2011, Melkior incurred a cost of $54,668 in investors and shareholders relations compared to $83,042 in Q1-2010. Melkior signed an agreement in October 2009 with an investor relations firm whereby Melkior disbursed a monthly fee of $3,000. Melkior terminated this contract in May 2010.

Melkior recorded a $884,000 recovery of future income taxes in Q2-2010 (none in Q2-2011) representing the tax impact of the flow-through shares issued.

Investing activities

Deferred exploration expenses Q2-2011	**Ungava**	**Launay**	**Troilus**	**Timmins**	**Eldorado**	**Rim Nickel McFaulds**	**Others**	**Total**
	$	**$**		**$**		**$**	**$**	**$**
Balance beginning	-	413,572	394,341	3,853,630	207,191	1,612,632	233,470	6,714,836
Additions								
Drilling	-	900	-	520,747	122,555	3,972	21,982	670,156
Geology – prospecting	800	6,840	-	44,467	1,088	9,169	5,302	67,666
Geophysics geochemistry	-	47,010	-	266,237	4,099	166,904	58,069	542,319
Line cutting	-	18,655	-	-	-	973	-	19,628
	800	73,405	-	831,451	127,742	181,018	85,353	1,299,769
Options	-	-		26,354	-	3,602	-	29,956
Recharge	-	-	-	(17,047)	-	-	(1,483)	(18,530)
	800	73,405	-	840,758	127,742	184,620	83,870	1,311,195
Deductions								
Tax credits	-	(29,348)	-	-	-	-	-	(29,348)
Write-off	(800)	-	-	-	-	(101,222)	-	(102,022)
Balance, end	-	457,629	394,341	4,694,388	334,933	1,696,030	317,340	7,894,661

Deferred exploration expenses Q2-2010	**Ungava**	**Launay**	**Troilus**	**Timmins**	**Eldorado**	**Rim Nickel McFaulds**	**Otish**	**Others**	**Total**
	$	$	$	$		$	$	$	$
Balance beginning	-	404,989	394,341	2 007 815	177 889	622,915	78,068	117,392	3,803,409
Additions									
Drilling	-	900	-	460 782	-	480	-	-	462,162
Geology – prospecting	6,725	11,939	-	13 459	882	1,455	-	7,863	42,323
Geophysics geochemistry	7,040	-	-	142 059	960	7,990	-	9,375	167,424
Line cutting	-	-	-	54 842	1,395	-	-	-	56,237
	13,765	12,839	-	671 142	3,237	9,925	-	17,238	728,146
Options	-	-	-	33 375	-	4,125	-	-	37,500
Recharge	-	-	-	(107 284)	-	(5,790)	-	-	(113,074)
	13,765	12,839	-	597 233	3,237	8,260	-	17,238	652,572
Deductions									
Tax credits	(6,346)	(4,905)	-	-	-	-	-	-	(11,251)
Write-off	(7,419)	-	-	-	-	-	-	-	(7,419)
Balance, end	-	412,923	394,341	2 605 048	181,126	631,175	78,068	134,630	4,437,311

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.

McFaulds
(Nickel - East Rim 100% - West Rim 50% - Riverside 50%- Broke Back 100% - Riverbank 100%)

East Rim
Melkior owns 100% interest in approximately 1,370 claim units or 22,016 hectares in the East Rim Property in the "Ring of Fire" discovery area of North Central Ontario, which covers 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. ("Noront"). East Rim is located approximately 25 kilometres from the chromite discoveries by Noront and Freewest Resources Canada Inc., and 30 kilometres from the nickel discovery by Noront.

Melkior has completed MEGATEM and VTEM airborne surveys. A series of targets with massive sulphide geophysical signatures have been located. A number of these targets have been located and defined on the ground using Time Domain Electromagnetics. Drilling is anticipated for this winter.

West Rim
Bold Ventures Inc. (50%) and the Company have jointly decided to abandon the West Rim McFaulds property. The Company wrote off the mining property and deferred exploration expenses for $458,796.

Broke Back and Riverbank
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 acquired 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 claims adjoin the main Noront claim block, it is located 7 kilometres north of the Noront Eagle One nickel discovery and approximately 6 kilometres northeast of the chromite property of Cliffs Natural Resources Inc. 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.

In June 2010, an airborne VTEM electromagnetic and magnetic survey of its 100% owned Broke Back and Riverbank claim groups was completed. A total of 1765 line kilometres were flown. Once Melkior has received airborne data it will be interpreted and used to direct the next stage of exploration.

On September 1, 2010, the Company signed a letter of intent with Green Swan Capital Corp ("Green Swan"), a capital pool company, whereby Green Swan can acquire a 100% interest in the Brokeback and Riverbank properties by issuing 10,000,000 of its shares to Melkior. The property is subject to a 2.5% NSR royalty. The finalization of the sale to Green Swan is conditional on regulatory and board approvals as well as the latter raising $650,000 for exploration and administrative purposes. The agreement with Green Swan has not yet been completed and there is no certainty that it will be completed.

Investing activities (Cont'd)

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

The Melkior property is located 5km west of the Lake Shore Gold Corp. developing West Timmins gold mine. The property is composed of approximately 100 claim units.

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. Approximately 25,000 metres have been drilled to date.

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 exploration budget for Fiscal 2011 is $1,300,000. This budget could be modified according to the results of the drilling program underway.
Investing activities (Cont'd)

Timmins Loveland
(100% owned - or copper nickel)

In January 2011, Bold Ventures Inc. ("Bold") earned its 10% interest in the Loveland property. According to the terms of the contract, Bold decided in February 2011 not to pursue the exploration and returned the 10% interest in the Loveland property to the Company in exchange of a $40,000 payment.

The Company has no exploration budget for Fiscal 2011.

Timmins Eldorado
(100% owned - nickel)

The Eldorado property was staked by the Company in 2006 and is composed of 328 claim units covering 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.

A 6 hole, 910 metres drill program was completed in Q2-2011. The results indicated some anomalous gold values.

Shaw Gold
(100% - gold)

The property is located approximately 13 kilometres south-east of the City of Timmins and is subject to two 1% NSR royalty of which 0.5% can be repurchased for $1,000,000 each. This property is contiguous with the Timmins Eldorado property.

A brief geological reconnaissance was undertaken in 2009 with anomalous gold (236pph), anomalous silver (2.7 g/t) and anomalous zinc (1.3%) being recorded. An airborne VTEM servey covered the properties in 2010.

Investing activities (Cont'd)

Big Marsh
(100% owned – base metals)

The Company holds claims in the Carscallen Township near Timmins, subject to two 2% NSR of which the Company has the right to buy out half (1%) of the NSR for $1,000,000 each. The Big Marsh property is located in Carscallen Township two kilometres north of the Melkior Timmins gold property. These claims adjoin a property being actively explored for gold and base metals by a subsidiary of San Gold Corp.

The exploration budget for Fiscal 2011 is approximately $50,000. The Big Marsh property is an integral part of Melkior's West Timmins holdings. It is likely that the planned budget will be increased.

Fripp
(100% owned – gold)

The Fripp property is located 25 kilometres south southwest of the City of Timmins. The exploration budget for Fiscal 2011 is $10,000. The work will consist of prospecting and sampling.

Bristol
(100% owned - gold)

In 2009, the Company staked the claims in the Bristol Township, West Timmins. On August 19, 2009, the Company signed a letter of intent with Big Red Diamond Corporation ("Big Red") whereby Bid Red can acquire a 50% interest in the Bristol property. Big Red issued 1,000,000 of its common share to the Company (valued at $60,000 as per the value on the stock exchange of Big Red on August 19, 2009) and will undertake $400,000 of exploration work over a period of 48 months on the claims to earn the 50% interest. Melkior is the operator. As at August 31, 2010, $8,337 of work was completed on the Bristol property according to the agreement.

The Melkior claims are located between two Big Red claim groups in Bristol Township. Regional airborne geophysics suggests exploration targets that extend from the Melkior claims onto the Big Red properties. The Bristol claims are 5 kilometres north of the Lake Shore Gold West Timmins gold deposit.

The exploration budget will be paid by Big Red, the option holder.

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

The Beardmore property is located in northern Ontario, approximately 20 km east of the town of Longlac. It consists of 203 unpatented claims, covering 32.5 km^2. In early 2008 an airborne AeroTEM survey was flown and in the summer of 2008 a small program of prospecting over selected anomalies was undertaken.

In August 2009, a 10 day mapping and prospecting campaign was carried out over the anomalous sector identified in 2008. 134 rock samples were collected, highlighting two interesting areas. The first area, followed for 20 meters, returned gold values of 3.43 g/t and 2.37 g/t. The gold is hosted in a silicified amphibolite and is associated with high values of arsenic. The second area returned values of 1.47 g/t; 1.15 g/t gold and 4.09 g/t silver in a gold bearing iron formation injected with quartz veins.

All gold deposits, in the Beardmore-Geraldton gold camp, are associated with high contents of arsenopyrite (H.S. Armstrong, 1943). More prospecting and sampling, in association with ground geophysics will permit a better understanding of the economic potential of the discoveries.

Investing activities (Cont'd)

The Company has completed an induced polarization survey of 26.1 line kilometres and an AeroTEM airborne survey of 462 line kilometres.

Launay
(100% owned - gold)

Melkior holds 169 claims or 75.6 square kilometres. The property is located 80 kilometres north west of Val-D'Or, Quebec. Previous work has identified two gold zones with large tonnage low grade potential. Historical assays from drill holes include 6.92g/t gold over 12.8 metres and 9.10g/t gold over 7.0 metres.

The 2009 program was designed to verify gold at the Zone 75, follow the geological trend onto the new claims and sample the trend. Grab samples taken on Zone 75 yielded 13.75g/t, 5.06g/t and 3.08g/t gold thereby supporting earlier drill results. On the new claims, which are approximately 4 kilometres to the north of Zone 75, several anomalous gold in grab samples including 1.415g/t and 1.28g/t with anomalous silver values of up to 19.15g/t were discovered.

During Q2-2011, the Company completed an induced polarisation survey over the most important mineralized zones.

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 were spent before June 30, 2009. Beaufield is 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 November 30, 2010, $461,547 has been spent on Troilus.

The exploration budget for Fiscal 2011 is $50,000.

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

Melkior owns 49% of this project with Xstrata Nickel (formally Falconbridge Ltd) holding 51%. In 1999, Falconbridge Ltd reported a resource of 817,000 tonnes 3.05% nickel, 1.26% copper and 2.65g/t platinum-palladium. This is non NI 43-101 compliant and has not been verified by a qualified person. A 2004 drill hole on a new target intersected 99.77 metres 0.64% nickel and 0.26% copper. This has not been followed up.

Investing activities (Cont'd)

Considering the market conditions that prevailed in fiscal 2009 where it was difficult to finance an exploration program for the Ungava project located in the far north, the Company didn't expect to do extensive work on the property in the near future and consequently wrote-off the mining property costs and deferred exploration expenses for $1,347,833 in 2009 and $8,469 in 2010.

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.

There is no exploration budget for Fiscal 2011.

Mont Otish
(100% Molybdenum – Diamond 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.

In 2010, the Company wrote-off the residual value of the Mont Otish properties for $78,068 since no work is schedule in the near future.

Melkior plans to retain some of the claims but a program has not yet been prepared.

Henderson
(100% – Uranium, nickel)

On August 4, 2009, the Company signed an agreement with First Nickel Inc., ("FNI") whereby FNI has the right to earn up to 80% on the Henderson property. FNI can earn 50% by spending $60,000 on exploration in the first year. At the 50-50 point the Company will decide whether or not to participate. If the Company doesn't participate FNI can earn up to 80% by spending an additional $100,000 in the second year. At the 80% point the Company will participate or dilute to a 1.5% NSR Royalty. The Company can continue to explore for uranium independently from the FNI agreement.

During the summer 2010, FNI earned its 50% interest. The Company chose to participate in the exploration over $60,000.

Melkior's budget for Fiscal 2011 is $40,000.

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 not presently looking to increase its property portfolio.

Financing activities
In Q2-2011, 1,470,000 options were exercised for a consideration of $153,750.

Working capital

The Company has a working capital of $4,108,051 as at February 28, 2011 as compared to $4 826 747 plus $638,342 of exploration funds as of August 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.

	February 28 2011	**November 30 2010**	**August 31 2010**	**May 31 2010**
	$	**$**	**$**	
Income	12,554	14,403	23,420	14,969
Net profit (loss) for the period	(724,931)	(40,324)	(285,204)	(143,415)
Net loss per share	(0.01)	-	-	-

	February 28 2010	**November 30 2009**	**August 31 2009**	**May 31 2009**
	$	**$**	**$**	
Income	20,498	10,040	58,027	9,574
Net profit (loss) for the period	449,089	(150,504)	(4,025,831)	(73,612)
Net loss per share	-	-	(0.05)	-

Three factors influence greatly the variation of quarterly results: write-off of mining assets (August 2009 et February 2011), future income taxes when flow-through financing are renounced (February 2010).

Related party transactions

In Q2-2011, the related party transactions are in the normal course of operations and there is no related party transaction out of the normal course of business to disclose.

Change in accounting policies

No change in accounting policies to report for Q2-2011.

IFRS Convergence

No change in the IFRS convergence to report for Q2-2011.

Outstanding share data

	As at April 16, 2011
	Number
Common shares	110,950,370
Options	9,200,000
Warrants	22,915,766
	143,766,136

Financial instruments

There is no significant change relating to the financial instruments since the annual MD&A of August 31, 2010.

Subsequent event
No subsequent event to disclose.

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.

April 16, 2011

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

(S) Ingrid Martin
Ingrid Martin
Chief Financial Officer