

Melkior Resources Inc.

Management's Discussion and Analysis

For the six-month period ended February 29, 2012

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

Melkior Resources Inc.

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Management's Discussion and Analysis

Six-month period ended February 28, 2012

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Melkior Resources Inc.

(an exploration company)

Management's Discussion and Analysis

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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 29, 2012. This MD&A should be read in conjunction with the Company's financial statements and related notes for the six-month period ended February 29, 2012 with the Company's MD&A included in the 2011 Annual Report. All figures are in Canadian dollars unless otherwise noted.

The Company's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the interim financial statements for the three-month period ended November 30, 2011. The term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

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 29, 2012 ("Q2-12") totalled \$291,155 versus \$1,299,769 for the six-month period ended February 28, 2011 ("Q2-11"). The main exploration expenditures in Q2-12 were on the West Timmins Carscallen property.

On December, 7, 2011, the Company closed a non-brokered private placement for aggregate proceeds of \$569,000 consisting of the issuance of 5,690,000 units at a price of \$0.10 per unit.

Results of operations

The net loss for Q2-12 was \$223,997 versus \$717,948 for Q2-11. Total expenses were \$338,353 in Q2-12 versus \$842,591 in Q2-11, due to the following:

- Professional and consulting fees increased in Q2-12:

	<u>Q2-12</u>	<u>Q2-11</u>
	\$	\$
Legal	16,920	17,706
Accounting	62,028	58,981
Audit	3,793	6,125
Management	40,700	32,300
Consulting	7,600	1,800
	<u>131,041</u>	<u>116,912</u>

- During Q2-12, the stock-based compensation expense of \$75,976 was recorded mainly following the grant of 2,400,000 options while in December 2010. In Q2-11, the stock-based compensation expense is \$104,748.

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Results of operations (Cont'd)

A \$98,250 fair value variation gain on listed shares was recorded in Q2-12 (fair value gain of \$52,750 in Q2-11). These variations were mainly generated by the 1,025,000 shares (4,100,000 consolidated 4 to 1) received from Arrowhead Gold Corp. (previously known as Otish Energy Inc.) following the sale of the properties in the Mont Otish area, by the 1,000,000 shares received from Big Red Diamond Corporation ("Big Red") for a 50% interest in the Bristol property and by the 2,000,000 shares and 1,000,000 warrants received from Green Swan Capital Corp. ("Green Swan") for a 51% (up to 70%) option on the Brokeback and Riverbank properties.

Investing activities

Exploration and evaluation expenses Q2-2012

	Rim Nickel						
	Launay	Troilus	Timmins	Eldorado	McFaulds	Others	Total
	\$	\$	\$	\$	\$	\$	\$
Balance beginning	459,958	394,829	5,550,052	336,649	3,000,669	322,660	10,064,817
Additions							
Drilling	14,206	-	131,888	400	39,743	-	186,237
Geology – prospecting	4,433	-	31,776	1,392	7,000	3,235	47,836
Geophysics geochem.	400	-	850	-	176	55,656	57,082
Line cutting	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-
	19,039	-	164,514	1,792	46,919	58,891	291,155
Options	-	-	31,765	-	2,597	-	34,362
Recharge	-	-	-	-	-	-	-
	19,039	-	196,279	1,792	49,516	58,891	325,517
Deductions							
Tax credits	(7,880)	-	-	-	-	-	(7,880)
Disposal	-	-	-	-	(86,088)	-	(86,088)
Write-off	-	-	-	-	-	(600)	(600)
Balance, end	471,117	394,829	5,746,331	338,441	2,964,097	380,951	10,295,766

Exploration and evaluation expenses Q2-2011

	Rim Nickel							
	Ungava	Launay	Troilus	Timmins	Eldorado	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

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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.

Timmins West (Carscallen Gold)

(100% owned – gold)

Recent exploration

The Company started a diamond drill program in February 2012. The first phase of drilling focused on the Shenkman zone at depth. Two holes were designed based on the 3D model to intersect below the granite-mafic volcanic contact. Previous holes drilled on the Shenkman zone in 2010 and 2011 intersected 13.25 metres @ 5.10 g/t Au (CAR-71-2011); 13.30 metres @ 4.84 g/t Au (CAR-61-2010); 12.00 metres @ 1.86 g/t Au (CAR-51-2010) and 5.80 metres @ 2.87 g/t Au (CAR-47-2010). All of the above intersections were hosted in granite. As demonstrated by holes drilled on the ZamZam zone (located ~ 500 metres north of the Shenkman zone), mineralization is also encountered underneath the granite and is hosted in mafic volcanic rocks. Analyses of data from the previous drill campaigns suggest that intersections hosted in mafic volcanics are wider than those hosted within the granite. It is interpreted that mineralization intersected by holes CAR-47-2010, CAR-51-2010, CAR-61-2010 and CAR-71-2011 continues at depth and may be hosted within the mafic volcanic units.

The two holes totalled 1270 metres with CAR-79-2012 drilled to a final depth of 602 metres and CAR-80-2012 drilled to a final depth of 668 metres. CAR-79-2012 revealed several mineralized zones and new insights on geology on the Carscallen property. Hole CAR-80-2012 was drilled 100 metres north of CAR-79-2012 and 180 metres underneath CAR-51-2010 (12.00m @ 1.87 g/t gold, see press release July 23, 2010) and 250 metres under CAR-71-2011 (13.25m @ 5.10g/t gold, see press release July 28, 2011).

The holes expanded the Shenkman gold system with two significant observations:

1. Gold extends past the granite-volcanic contact and deeper than any previous drilling.
2. Anomalous copper and silver are present providing further evidence for a possible gold bearing copper VMS system at depth (Volcanogenic Massive Sulphide). A gold system appears to be present independently of the possible VMS target.
3. Gold grade appears to be improving at depth.
4. Down hole geophysics suggest a massive sulphide.

CAR-79-2012 was drilled at an azimuth of 265° and a dip of -65° with a final depth of 602 metres which corresponds to a vertical depth of 545 m. Several mineralized zones were intersected:

VMS Zone:

-528.00 – 529.35 m	1.35 m	@	3.55% Copper
-528.00 – 538.00 m	10.00 m	@	2.54 g/t Gold

Gold Zones:

-377.00 – 382.00 m	5.00 m	@	1.18 g/t Gold
-457.30 – 481.00 m	23.70 m	@	1.55 g/t Gold
including	7.85 m	@	3.72 g/t Gold
including anomalous copper up to 3770 ppm			
528.00 – 538.00 m	10.00 m	@	2.54 g/t Gold
including 1.35 m @ 3.55% Copper			

The hole was drilled about 80 m under hole CAR-61-2010 which returned 13.30 m @ 4.84 g/t Au and about 120 m under hole CAR-51-2010 which returned 12.00 m @ 1.87 g/t Au. CAR-79-2012 confirmed the extension at depth of gold mineralization on Shenkman. Mineralization was encountered up to about 500 m vertical and still open at depth. The zones consist of pyrite and carbonate veinlets with minor amount of chalcopyrite. Carbonate alteration is associated with the mineralization and is typical of the gold mineralization encountered on the Carscallen property.

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Investing activities (Cont'd)

Chalcopyrite mineralization was encountered between 528.00 m and 529.35 m grading 3.55% Cu. The mineralization consists of stringers of copper sulphide mineralization within a chlorite-rich alteration zone. The texture of the sulphides and the chloritic alteration suggest a VMS origin (volcanogenic massive sulphides). This intersection is considered significant and may represent indications for a volcanogenic massive sulphide ("VMS") deposit underneath the granite body. This is a new discovery on the Carscallen property. Significant massive sulphide deposits occur in the Timmins District with the most important being Kidd Creek.

Hole CAR-79-2012 encountered several granite and mafic volcanic units beyond the main granite body (contact at 380 m). Granite dykes were encountered between 474.18 m and 501.10 m, between 522.70 m and 524.50 m, between 526.60 m and 528.00 m and between 539.00 m and 556.20 m, which most likely represent local roots of the major granite intrusion. Gold seems to be spatially related to some of these granite "roots", especially at the contact with associated mafic volcanic wedges. Three of the mineralized intersections are related to or in the vicinity of mafic volcanic – granite contacts.

The chalcopyrite occurrence is the first of this kind to be encountered on the Carscallen property and represents a whole new potential for the occurrence of primary VMS deposit. A DHEM (Down Hole Electromagnetic) survey was completed on hole CAR-79-2012 and hole CAR-80-2012 by Abitibi Geophysics. Preliminary results have identified conductive zones. Such conductive zones are strong, positive indicators for massive sulphides. Exploration will focus on a new, primary VMS deposit. Follow-up is a priority. Gold is most likely a later phase hosted in the chalcopyrite zone encountered at 528.00 – 529.35 m and could be expected in area or rocks which haven't been considered based on previous models. Gold also occurs as wide zones under the granite cap and these intersections offer the potential for significant enlargement of the gold zones on the Carscallen property.

CAR-80-2012 was drilled at an azimuth of 265° and a dip of -65° with a final depth of 668 metres.

	-437.60 – 439.50 m	1.90 m	@	7.12 g/t Gold
incl.	-437.60 – 438.80 m	1.20 m	@	1.25 g/t Silver
incl.	-438.20 – 439.50 m	1.30 m	@	0.73 % Copper
	-533.00 – 536.70 m	3.70 m	@	51.92 g/t Gold
incl.	-533.70 – 535.70 m	2.00 m	@	6.40 g/t Silver and 2871 ppm Copper
	-601.70 – 603.00 m	1.30 m	@	5.09 g/t Gold
	-618.00 – 619.00 m	1.00 m	@	1.08 g/t Gold
	-625.65 – 626.35 m	0.70 m	@	1.98 g/t Gold
	-642.25 – 642.75 m	0.50 m	@	5.19 g/t Gold
incl.	-642.25 – 642.75 m	0.50 m	@	1.5 g/t Silver and 2490 ppm Copper

Hole CAR-80-2012 confirmed the extension of gold mineralization at depth and also laterally on the Shenkman zone. Several gold zones have been encountered up to a vertical depth of 580 metres. These zones have been systematically drilled from surface and are open at depth and along strike. The true width of the above intersections has not yet been determined. Down hole electromagnetic surveying demonstrated the very likely presence of a VMS copper-gold situation in the vicinity of hole CAR-79-2012.

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Investing activities (Cont'd)

Continuation of drilling is scheduled to commence in the second half of May. The focus will be continued drilling of the gold system and targeting the copper-gold VMS.

McFaulds

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

East Rim

Recent exploration

Eight holes totalling 1768.8 metres were drilled in 2011 to test a series of electromagnetic and magnetic anomalies. The eight holes were widely spaced ranging from 3 km up to 12 km apart.

Although Melkior's drill program did not encounter economic mineralization, the eight holes were the first phase of drilling ever conducted by any exploration company on the property and the program provided valuable information to assist Melkior in prioritizing anomalies for a future drill program. Elevated zinc and copper values were detected in holes MMF-02-2011 and MER-01-2011. The values were not in an economic range (~1000 ppm) however the presence of base metals is considered significant for future work. In addition hole MER-01-2011 indicated wide intersections of Scandium (~30 ppm) and Arsenic (> 1000 ppm) due to the presence of arsenopyrite, which could be a good indicator for gold.

The East Rim property is a large area which contains several gravity highs, as well as conductive and magnetic anomalies. The eight holes drilled were scattered and represent a very small proportion of the gravity high that was targeted. A number of areas and targets remain to be tested. Nevertheless, these eight holes provided important information on geology, especially on lithological units (which are hidden by at least ~ 30 metres of Paleozoic rocks) and geochemistry which could be used for future drill programs.

Drilling revealed thick units of mafic volcanic rock (breccia flow and hyaloclastic) which represent favourable porous and permeable units for syn-volcanic and/or syn-tectonic fluid circulation. Locally, such hyaloclastic rocks are pervasively altered into sericite with anomalous Arsenic values (hole MER-01-2011). Sulphides (mainly pyrrhotite, pyrite and locally chalcopyrite) are found in every hole. Such occurrence of sulphides is a crucial ingredient for base metal mineralization. Gabbro was also encountered in hole MMF-02-2011 and MMF-08-2011; this gabbro is associated with a gravity high and could be related to ultramafic rocks, hence the potential for PGE, chromite and possible Ni-Cu. At the district scale, several showings/deposit types occur involving either ultramafic/mafic intrusions or mafic volcanic rocks. The presence of mafic volcanic hyaloclastite locally altered and the gabbro with horizons containing high proportions of sulphides are all favourable elements.

The initial drilling represents one hole per 20 square kilometres. Several holes encountered geological formations that could be indicator of a layered intrusion. If confirmed, this is a highly promising environment.

All drill core from the 2011 drill program at McFaulds was logged, split and sampled at Billiken McFaulds camp. The samples were sent to Actlabs in Thunder Bay, Ontario and were assayed using Aqua Regia - Inductively Coupled Plasma Mass Spectroscopy (ICP-MS) on 25 g sub-samples. Standards, which were inserted randomly within the sample sequence, were also assayed; the assay technique selected was appropriate for assaying low base metal values, however it was not designed to detect gold. Some samples were re-assayed using a Fire Assay technique for gold however did not encounter economic mineralization.

The East Rim property comprises 90 claims totalling 164 square kilometres, located in the Ring of Fire, McFaulds, James Bay Lowlands in northern Ontario. It covers a large gravity anomaly similar to the anomaly coincident with the nearby nickel and chromite deposits.

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Investing activities (Cont'd)

Broke Back and Riverbank

Property description

The Company closed the transaction with Green Swan Capital Corp. ("Green Swan") which consists of granting Green Swan the option to acquire up to an undivided 70% interest in the Riverbank and Brokeback properties and constitutes Green Swan's qualifying transaction.

Following the execution of a letter of intent on July 14, 2011, the parties subsequently executed a formal option agreement on August 18, 2011, as amended on December 16, 2011 (collectively, the "Option Agreement"). Under the Option Agreement, Green Swan can acquire an initial 51% undivided interest in the Riverbank and Brokeback properties by paying the Company the sum of \$25,000, issuing 2,000,000 common shares of Green Swan (the fair value being \$200,000) and 1,000,000 share purchase warrants (the fair value being \$30,000) and by incurring \$1,600,000 in work expenditures on the properties by no later than December 2014. The 1,000,000 warrants have been valued with the Black-Scholes model with the following average assumptions: weighted risk-free interest rate of 0.86%, projected volatility of 100%, predicted average life of warrants of 2 years and no dividend yield. The common shares and warrants of Green Swan are on a 3 years escrow schedule with releases every 6 months and are subject to a 4 month hold period.

Following the exercise of the first option, should the Company not elect to form a joint venture on the Riverbank and Brokeback properties, Green Swan will have the option to acquire an additional 19% interest (for a total 70% undivided interest in the Riverbank and Brokeback properties) by incurring an additional \$1,000,000 in work expenditures within a delay of twenty-four months.

Following the issuance of the Exchange's final bulletin approving the qualifying transaction on January 13, 2012, Green Swan issued to the Company 2,000,000 common shares at a price of \$0.10 per share and 1,000,000 share purchase warrants as per the Option Agreement. Each warrant entitles the Company to acquire an additional common share of Green Swan at a price of \$0.15 for a twelve month period and at a price of \$0.25 per share for the following twelve month period. In accordance with Exchange policies, the securities are subject to an escrow and will be released to the Company over a period of thirty-six months.

Recent exploration

This project is managed by Green Swan and the reader is referred to their web site.

Financing activities

On December, 7, 2011, the Company closed a non-brokered private placement for aggregate proceeds of \$569,000 consisting of the issuance of 5,690,000 units at a price of \$0.10 per unit. Each unit is comprised of one flow-through common share and one-half a common share purchase warrant. Each full warrant entitles its holder to purchase one additional common share at a price of \$0.25 for a period of 12 months following the closing. The Company paid cash commissions totalling \$10,200. In conjunction with the private placement, one insider of the Company has subscribed for aggregate proceeds of \$40,000.

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Working capital

The Company has a working capital of \$1,933,886 as at February 29, 2012 as compared to \$1,630,652 as of August 31, 2011. 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.

	<u>February 28 2012</u>	<u>November 30 2011</u>	<u>August 31 2011</u>	<u>May 31 2011</u>
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
	\$	\$	\$	\$
Income	989	3,737	6,581	8,549
Net loss for the period	(28,164)	(195,833)	(194,665)	(333,481)
Net loss per share	-	-	-	-

	<u>February 28 2011</u>	<u>November 30 2010</u>	<u>August 31 2010</u>	<u>May 31 2010</u>
	<i>IFRS</i>	<i>IFRS</i>	<i>Canadian GAAP</i>	<i>Canadian GAAP</i>
	\$	\$	\$	\$
Income	11,183	14,403	23,420	14,969
Net profit (loss) for the period	(724,931)	6,983	(285,204)	(143,415)
Net loss per share	(0,01)	-	-	-

Change in accounting policies

See IFRS convergence section.

Critical accounting estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that effects amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies estimates, judgments and assumptions in the condensed interim financial statements for Q2-12.

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IFRS Convergence

Effective January 1, 2011 Canadian publicly listed entities are required to prepare their financial statements in accordance with IFRS for interim and annual periods. Due to the requirement to present comparative financial information, the effective transition date is September 1, 2010. The three months ended November 30, 2011 is the Company's first reporting period under IFRS.

The IFRS project team has completed the conversion implementation. Post-implementation will continue in future periods. A detailed discussion of accounting policies under IFRS is included in Note 2 of the condensed interim financial statements for November 30, 2011 and the quantitative impact of adopting IFRS is further discussed in Note 8 and 10 of the condensed interim financial statements for November 30, 2011 and for February 29, 2012 respectively.

As a result of the accounting policy differences on conversion from Canadian GAAP to IFRS, the Company has recorded changes in capital stock and deficit for year ended August 31, 2011 and the six-month period ended February 29, 2011 discussed in Note 10 of the condensed interim financial statements for February 29, 2012.

Financial statements presentation changes

The transition to IFRS has resulted in financial statement presentation changes in the financial statements, most significantly the creation of a statement of change in equity. There were no significant changes to the Company's cash flow statement as a result of the implementation of IFRS. Some reclassifications were done to comply with the IFRS presentation especially in the comprehensive income statement.

Controls and procedures

The conversion to IFRS does not have a significant impact on the Company's internal controls (including information technology systems), and accounting processes.

Business activities and key performance measures

The Company is not subject to any financial covenants or key ratios, therefore the transition had no impact in this regard.

Information technology and systems

The IFRS transition project did not have a significant impact on the Company's information systems for the convergence periods. Significant changes are also not expected in the post-convergence periods.

Ongoing activities

The completion of the implementation and commencement of post-implementation phases will involve continuous monitoring of the changes implemented to date to ensure completeness and accuracy of IFRS financial reporting. In particular, there may be additional new or revised IFRS or IFRIC in relation to consolidation, joint ventures, financial instruments, discontinued operations, leases, employee benefits and revenue recognition. The Company also notes that the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements primarily in the areas of capitalization of exploration costs and disclosures. There are processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRS and IFRIC Interpretations will be evaluated as they are drafted and published.

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Outstanding share data

	As at April 27, 2012
	<u>Number</u>
Common shares	116,640,370
Options	8,300,000
Warrants	<u>18,804,371</u>
	143,744,744

Financial instruments

See note 2 of the condensed interim financial statements of Q1-12 for a detail explanation on the classifications of financial instruments.

Off-balance sheet arrangements

During Q2-12, the Company did not set up any off-balance sheet arrangements.

Subsequent event

No subsequent event to report.

Risk factors

There is no significant change relating to the risk factors since the annual MD&A of August 31, 2011.

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.

April 27, 2012

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

(S) Ingrid Martin
Ingrid Martin
Chief Financial Officer