Melkior Resources Inc.

Management's Discussion and Analysis

For the three-months ended November 30, 2012

Table of Contents

Management has prepared the following discussion and analysis (MD&A) which constitutes management's review of financial and operating factors affecting Melkior Resources Inc. ("Melkior" or the "Company") for the quarter ended November 30, 2012. This MD&A should be read in conjunction with the Company's financial statements and related notes as at November 30, 2012 and the year ended August 31, 2012. All figures are in Canadian dollars unless otherwise noted.

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

Nature of activities

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

Overall performance

Melkior has a $1,003,372 working capital as of November 30, 2012 ($1,487,243 as of August 31, 2012) which will allow the Company to undertake its exploration program for at least the next year. In the first quarter 2013, the Company did not raise any funds through flow-through private placements ($1,176,500 in Fiscal 2012).

Exploration in the first quarter 2013 totalled $348,226 versus $101,985 in Q1-12. The main exploration expenditures in the first quarter 2013 were done on the Carscallen. In the first quarter 2013 the Company incurred Mining properties costs of $200 were in the Timmins area of Ontario ($1,015 Q1-12).

Selected interim financial information

	Three-months ending November 30	
	2012	2011
	$	$
Income	3,100	3,737
Net loss and comprehensive loss	(142,285)	(195,833)
Net Loss per share, basic and diluted	(0.00)	(0.00)

	November 30, 2012	August 30, 2012
	$	$
Current assets	1,110,045	1,698,972
Exploration assets	11,696,525	11,348,099
Total assets	12,806,570	13,047,071
Current liabilities	106,673	211,729
Total shareholders' equity	12,699,897	12,835,342

Results of operations

Total expenses decreased to $125,061 in the first quarter 2013 versus $199,570 in Q1-2012, due to the following:

- During Q1-12, the stock-based compensation expense of $47,166 was recorded mainly following the grant of 2,400,000. In Q1-13, the stock-based compensation expense was only $1,400 since the expense was for previous grants were vested in the current quarter. No stock options were issued in Q1-13.
- Professional and consulting fees are as follow:

	Q1 – 2013	Q1 - 2012
	$	$
Legal	1,301	2,533
Accounting and audit	67,520	31,287
Consulting	600	793
Management	7,500	2,200
Professional and consulting fees	**89,901**	**55,513**

- Salaries and employee benefits expenses decreased to $84 from $4,751. The Company employed a full time employee in the prior year. Since May 2011, that employee was taken off payroll and placed on a consulting basis with the Company.
- Investor and shareholder relations costs have decreased from $27,945 in Q1-12 to $9,022 in Q1-2013. This is part of a management effort to reduce and control costs in fiscal 2013.
- Interest income was $3,100 inQ1-13 versus $3,747 in Q1-12 due to lower level of short-term investment held.
- The Company incurred $66,250 unfavourable change in value of listed shares ($37,140 unfavourable in Q1-12). These changes were mainly generated by the 975,000 shares received from Arrowhead Gold Corp., by the 2,000,000 shares and 1,000,000 warrants received from Green Swan Capital Corp. (“Green Swan”), 750,000 shares received from Lakeside Minerals Inc. (“Lakeside”) and by the 1,000,000 shares received from Northcore Resources Inc. These shares represent revenue from past property sales.
- In the Q1-13 the Company renounced exploration expenditures of $325,365 for a recovery of deferred income taxes of $45,366. No renouncements were made in Q1-12.

Exploration and evaluation expenditures by property

Exploration and evaluation expenses

Q1-2013	Launay	Troilus	Timmins	Eldorado	Rim Nickel McFaulds	Others	Total
	$	$	$	$	$	$	$
Balance beginning	608,467	-	6,107,519	389,483	2,965,059	384,350	10,454,878
Additions							
Drilling	10,007	-	215,705	-	-	-	225,712
Geology – prospecting	1,800	-	1,400	-	-	1,600	4,800
Geophysics geochemistry	-	-	33,423	-	-	78,291	111,714
Line cutting	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-
	11,807	-	250,528	-	-	79,891	342,226
Options	-	-	6,000	-	-	-	6,000
Recharge	-	-	-	-	-	-	-
	11,807	-	256,528	-	-	79,891	348,226
Deductions							
Tax credits	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Balance, end	620,274	-	6,364,274	389,483	2,965,059	464,241	10,803,104

Exploration and evaluation expenses

Q1-2012	Launay	Troilus	Timmins	Eldorado	Rim Nickel McFaulds	Others	Total
	$	$	$	$	$	$	$
Balance beginning	459,958	394,829	5,550,052	336,649	3,000,669	322,660	10,064,817
Additions							
Drilling	-	-	32,310	-	6,704	-	39,014
Geology – prospecting	4,016	-	29,931	-	3,600	1,635	39,182
Geophysics geochemistry	400	-	850	-	123	3,580	4,953
Line cutting	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-
	4,416	-	63,091	-	10,427	5,215	83,149
Options	-	-	17,231	-	1,605	-	18,836
Recharge	-	-	-	-	-	-	-
	4,416	-	80,322	-	12,032	5,215	101,985
Deductions							
Tax credits	(1,760)	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Balance, end	462,614	394,829	5,630,374	336,649	3,012,701	327,875	10,165,042

Exploration and evaluation expenses	Partner	Actual 2013 [1)]	Budget 2013
		$	$
Québec			
Ungava		400	-
Launay		11,807	Not yet available
Ontario			
Timmins			
Carscallen		216,505	250,000
Shaw		-	-
Big Marsh		33,423	35,000
Fripp		1,600	25,000
Bristol	Northcore Resources inc.	-	-
Sub total		**250,528**	**310,000**
Rim Nickel McFaulds			
East		-	-
Brokeback	Green Swan	-	-
Riverbank	Zara Resources & Green Swan	-	-
Sub total		**-**	**-**
Eldorado		-	-
Henderson – Ontario	First Nickel Inc.	-	-
Long Lac		79,491	50,000
Loveland		-	-
Total		**342,226**	**360,000**

1) Actual 2013 exploration and evaluation expenses disclosed in this table excludes the $6,000 stock-based compensation capitalized in exploration and evaluation expenses

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

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

Property description
Melkior holds a 100% interest in the Carscallen property, located 25 kilometres west of the City of Timmins, Ontario and accessible via highway 101. The infrastructure and access are excellent and accessible year round. Some claims are subject to a 1.5% NSR royalty while another groups of claims is subject to a 2% NSR of which the Company has the right to buy out half (1%) of the NSR for $1,000,000.

As of August 31, 2012, the property totals 104 claim units, covering 16.64 square-kilometres.

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-512010) 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-612010 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:

- Gold extends past the granite-volcanic contact and deeper than any previous drilling.
- Anomalous copper and silver are present providing further evidence for a possible gold - copper bearing Volcanogenic Massive Sulphide (VMS). system at depth The gold system appears to be independent of the possible VMS target.
- Gold grade appears to be improving at depth.

CAR-79-2012 was drilled at an azimuth of 265^o and a dip of -65^o 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.

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^{o} and a dip of -65^{o} 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.

In June 2012, a major forest fire in the Timmins area was burning south of the property for several days and fire restrictions forced Melkior to put its current drilling program on hold. The fire finally stopped less than 5 km away from the property and core storage area. The fire did not affect Melkior's Carscallen property and the fire restriction was lifted.

Melkior completed 1566 metres of drilling on Carscallen in July 2012. The program included two deep holes and the extension of an already existing hole. Partial assays have been received for extended hole CAR-61X-2012. The assays for CAR-81-2012, CAR-82-2012 and remainder of CAR-61X-2012 will be reported once they are available.

CAR-61X-2012 was drilled at an azimuth of 240o and a dip of -75o extended from a depth of 350 metres to the final depth of 625 metres. The contact between the granite and the mafic volcanic rocks occurs between 360.80 and 367 metres and consisted of alternating small granite injections and hematized mafic volcanic rocks. Ankerite alteration and disseminated pyrite and quartz veins are present in the volcanics between 429.00 and 439.70 metres; a quartz feldspar porphyry dyke was also encountered between 400.10 and 413.33 metres. Hole 61 was originally terminated in granite at 350 metres after intersecting the Shenkman gold zone assaying 13.3 metres of 4.84 g/t gold from 272 to 285.3 metres (see Press Release January 11th, 2011). At the time of the original drilling, Melkior was not aware that the granite – mafic volcanic contact was a target for gold mineralization. The hole was extended to investigate the thickness of the granite and the nature of the underlying volcanics. The granite – volcanic contact intersected gold from 364 to 366 metres grading 5.87 g/t Au. A number of anomalous background gold values were also encountered from 399 to 409 metres grading 0.27 g/t (on 10 metres, which consist of a quartz porphyry dyke); from 511 to 514.7 metres grading 0.66 g/t Au (on 3.7 metres, which consist of mafic volcanic rocks with 1% disseminated pyrite); and from 538 to 540.5 metres grading 0.7 g/t Au (2.5 metres, consisting of local pyrite stringers). Thirty three assays are still pending. Results reported in this press release are from intersections between 350 metres to 566 metres core length.

Holes CAR-81-2012 and CAR-82-2012 were drilled to intersect and expand the newly discovered gold zones in volcanics underlying the Shenkman zone encountered by hole CAR-79-2012 and CAR-80-2012, grading respectively 2.54 g/t Au over 10 metres and 51.92 g/t Au over 3.70 metres (see Press Release March 26th, 2012 and April 12th, 2012).

CAR-81-2012 was drilled at an azimuth of 240o and a dip of -80o with a final depth of 602 metres. Several fault zones were intersected below 200 metres. The contact between the granite and the mafic volcanic was encountered at 390.80 metres. Mineralization was also encountered between 409 and 417 metres consisting of pyrite veinlets and stringers as well as zones of semi-massive pyrite (results are pending).

CAR-82-2012 was drilled at an azimuth of 265o and a dip of -75o with a final depth of 689 metres. The granite – mafic volcanic contact was encountered at 378.50 metres. No Mineralization was encountered at the contact; however previous holes in the area have revealed gold concentration at or near the contact zone. Mineralized zones were encountered from 408.30 to 426.60 metres; from 501.33 to 540.90; and from 554.15 and 562.55 metres. These zones consist of pyrite mineralization in form of veins, veinlets and stringers along with carbonate.

On November 7, 2012, Melkior announced the assay results from its recent 1616 metre drill program. Gold mineralization grading 1.46 g/t gold over 15 metres, including 6.55 g/t gold over 2.8 metres, was intersected in granite and in quartz-feldspar-porphyry (QFP) dykes near surface. Significant synvolcanic alteration, thick units of iron formation and coarse volcanic breccias were also encountered at depth in holes CAR-84-2012 and CAR-68X-2012. Anomalous gold values were associated with these rocks; it is the first time that Melkior has encountered a prospective volcanic environment with a significant thickness (several dozen metres).

Going forward Melkior's plan is to delineate a near surface gold resource within a 300 m x 10 m corridor by drilling a grid of 25 metre spaced shallow holes which could lead to an eventual near surface resource calculation. This corridor is located on the ZamZam zone (north of Shenkman) and it has the most promising near surface gold values based on compilation of holes from the 2007 -2012 drilling programs (see Table 2). This series of proposed holes is designed to encounter the mineralized zone between the 75 and 100 metres depth.

In 2007, surface grab samples included 601.60 g/t Au and 843.72 g/t Au; additional channel sampling is required to integrate more continuous data for the surface gold occurrence. A channel sampling and mechanical stripping program began November 6th, 2012 in preparation for the next phase of drilling. Results will be integrated into an eventual resource calculation.

On December 17, 2012 the Company presented results from a surface channel sampling program undertaken on the ZamZam Zone at Melkior's 100% wholly owned Carscallen, West Timmins gold property.

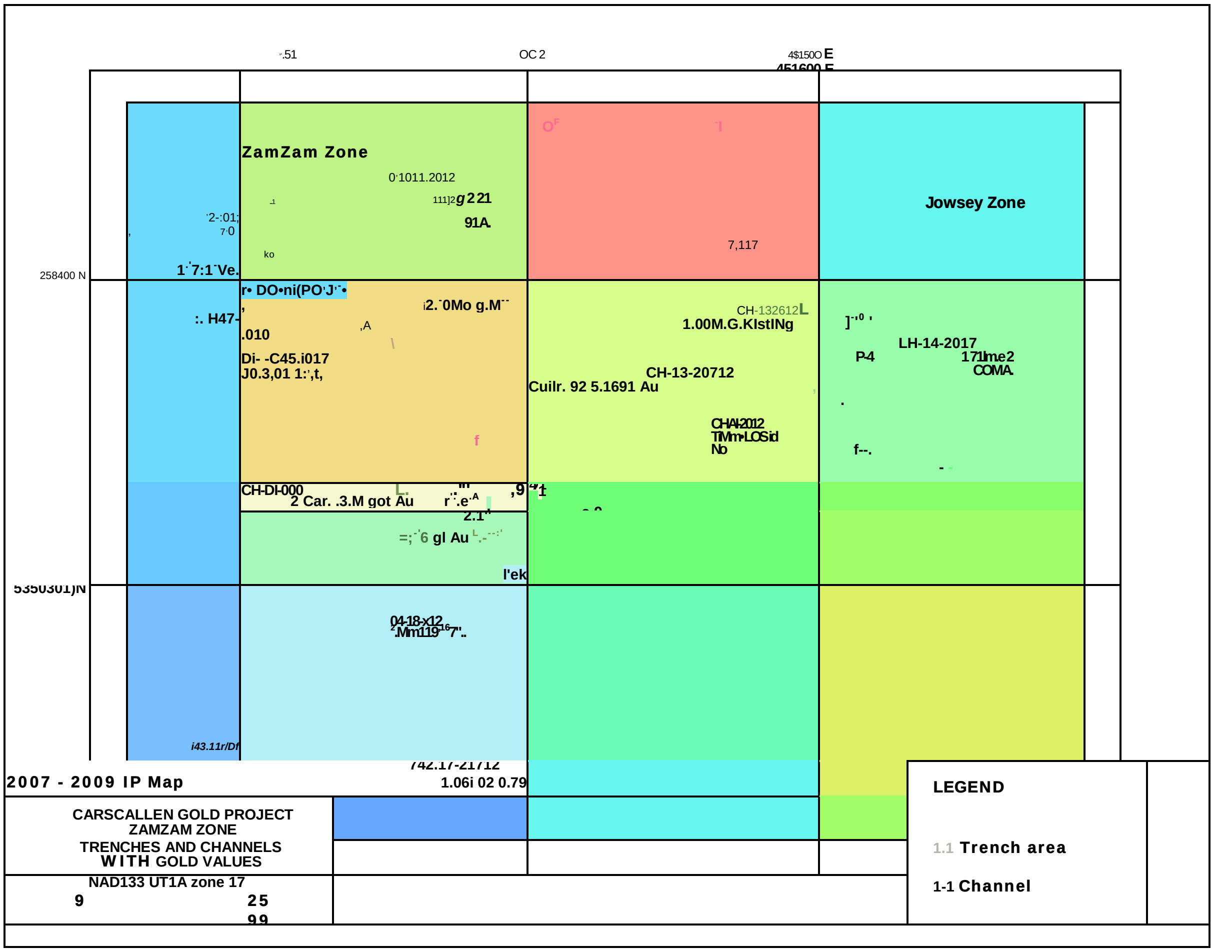
A series of channels were completed early in November on the ZamZam and Jowsey zones. The gold intersections vary from 0.90 metres to 4.20 metres long depending on surface rock exposure. Surface channel sampling is the technical equivalent of diamond drilling in a horizontal direction at surface. Table 1 displays the results for gold and silver.

The objective of this work is to demonstrate that gold mineralization consistently intersected at the ZamZam zone extends to surface, which is key to an eventual development.

Channel #	Length (metres)	Gold (g/t)	Silver (g/t)
ZamZam Zone			
CH-01-2012	**4.00**	**4.95**	**3.63**
CH-02-2012	3.70	1.96	0.85
CH-03-2012	**4.00**	**3.41**	**1.95**
CH-04-2012	2.00	3.28	4.20
CH-05-2012	1.80	0.63	0.49
CH-06-2012	3.00	1.17	0.73
CH-07-2012	2.00	0.48	2.90
CH-08-2012	1.40	0.81	0.85
CH-09-2012	1.70	0.60	0.84
CH-10-2012	4.20	5.66	2.18
CH-11-2012	1.00	2.24	1.50
CH-17-2012	1.00	0.79	0.80
CH-18-2012	2.00	1.16	1.10
Jowsey Zone			
CH-12-2012	1.00	6.43	6.00
CH-13-2012	1.00	0.80	0.00
CH-14-2012	1.70	2.00	0.47
CH-15-2012	0.90	1.83	1.40
CH-16-2012	2.00	1.05	1.50

The channel samples covered a total strike length of 215 metres on the ZamZam zone and 60 metres on the Jowsey zone, which is located 100 metres due east of ZamZam. The length of the trenches was limited by the depth of overburden cover.

The area was sampled by a series of parallel channels systematically spaced from 2.00 to 30.00 metre intervals based the accessibility and quality of the exposed surfaces. Map 1 shows the positions of the channels and trenches.



Significance and future work

The objective of the channeling is to obtain controlled surface values that can be integrated with drilling data into a 43-101 resource calculation. A total of 13 channels were completed on the Zam Zam zone and 5 on the Jowsey zone. Assays confirm continuity of the mineralization although gold grades and thickness of intersections are variable, which is typical of gold deposits. Drilling has demonstrated continuity and typical variability. A grid of holes to permit a grade and tonnage calculation is planned. Approximately 12 holes spaced 25 metres apart will provide adequate data to evaluate the potential of the mineralized corridor (in thickness and grades). Launay Gold, Abitibi Greenstone Belt, channel sampling program

In late November/early December, Melkior completed a surface channel sampling program at its 100% wholly owned Launay gold project located in the Quebec portion of the Abitibi Greenstone Belt. Five channels were cut and sampled for a total of 77 metres. Drilling completed earlier in 2012 identified several near surface gold intersections. This data together with historical drilling indicates the potential for a near surface gold deposit in an area of excellent infrastructure. Please refer to the August 30, 2012 press release for past drill results. Results are expected in January 2013.

The objective of the channeling is to obtain controlled surface values that can be integrated into a 43-101 resource calculation. The ZamZam portion of the zone represents the outcropping portion of the gold system. Based on this work and on previous drilling a systematic grid of additional holes will be planned. The ZamZam zone was trenched and exposed over approximately 240 metres. 13 channels were completed on the ZamZam zone and 5 on the Jowsey zone. Several historical pits and shafts dating from the early 20th century are present at the Jowsey zone. The ZamZam zone was a new discovery by Melkior. The ZamZam and Jowsey zones are sub-parallel and about 100 metres apart. They merge at depth to form one wider zone. A total of 72 samples have been submitted for assays plus two blanks and two standards. Limited deeper drilling into the volcanic rocks below the granite cap has revealed a large alteration system suggesting potential for an important volcanogenic and gold mineral deposit. This potential will be explored at a later time. Melkior also believes the gold system originates from, or extends into the underlying volcanic rocks, representing a significant target. Timmins mines typically began at surface and improved with depth. The sampling results are anticipated in December 2012.

It is anticipated that additional exploration, including drilling will be undertaken in 2013 with a budget of $250,000. As at November 30, 2012, the Company incurred $216,505 of exploration expenditures on this property.

McFaulds
(Rim Nickel East 100%)

East Rim
Property description
Melkior owns 100% interest in 1,200 claim units or 19,200 hectares in the East Rim Property in the “Ring of Fire” discovery area of North Central Ontario. The property is subject to a 2% NSR royalty half (1%) of which can be repurchased by the Company for $2,000,000.

Some claims were dropped and therefore the cost of the property was written down by $163,400 in August 2012.

The property covers a large, significant regional gravity feature. The property is interpreted to be 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. The property is 238 square kilometers in size.

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.

West Rim

Property description

The Company held 100% of the Rim Nickel West property located in the McFaulds Lake area. Bold Ventures Inc. (“Bold”) had acquired 50% of the West Rim Nickel property, following the completing of $125,000 in exploration work, as per the agreement signed on April 9, 2008 and amended on June 2, 2008. In March 2011, the Company has opted to relinquish its interest in the property. Bold, the partner on this property has also opted out of the project. The Company wrote off the mining property and deferred exploration expenses for $458,796 in March 2011.

Broke Back and Riverbank

Property description

On January 18, 2010, the Company signed an agreement to acquire 100% interest in the the Broke Back and Riverbank properties, located in McFaulds region. The Company acquired the 100% interest by reimbursing out of pocket staking costs of $167,400 and by undertaking the assessment work needed to renew the claims. The property is subject to a 2% NSR royalty. Melkior can repurchase 1% NSR for $1,000,000 within one year of presenting a scoping study. One of the stakers of Broke Back and Riverbank is Geotest Corporation. Jens Hansen, president of the Company, is an officer of Geotest Corporation. Geotest received reimbursement of staking costs without profit or markup.

In December 2011, 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 and 1,000,000 share purchase warrants and by incurring $1,600,000 in work expenditures on the properties by no later than December 2014.

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 (the fair value being $200,000) and 1,000,000 share purchase warrants as per the Option Agreement in addition to pay the $25,000 in cash. 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.

On January 13, 2012, 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. As of August 31, 2012, these warrants were revaluated to $24,000 with the Black-Scholes model with the following average assumptions: weighted risk-free interest rate of 1.06%, projected volatility of 100%, predicted average life of warrants of 1.375 years and no dividend yield.

On June 21, 2012, Green Swan sold its interest in the Brokeback and Riverbank properties to Winston Resources Inc.

The Broke Back property has 256 claim units over 40.96 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 a regional gravity high and adjacent to the Probe Mines Ltd Tamarack project.

Recent exploration

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. The exploration budget for Fiscal 2013 is the responsibility of Winston Resources Inc.

On December 17, 2012 the Company announced the execution of a definitive agreement whereby Zara Resources Inc. ("Zara") will acquire 100% of the Riverbank claims ("Riverbank") owned by the Company for the sum of $68,000.

Zara owned an option with Melkior to earn up to a 70% interest in Riverbank and the adjacent Broke Back property by incurring a minimum of $1,600,000 in work expenditures by no later than December 31, 2014. That option will now be negated as Zara will own 100% of Riverbank.

The consideration for 100% of Riverbank will be payable by the issuance of 225,000 Common Shares of Zara at a deemed price of $0.10 per share, and 455,000 Non Voting Convertible 5% Preference Shares of Zara at a deemed price of $0.10 per share. The Preference Shares annual yield will be payable in common shares of Zara at the prevailing market price, and are convertible at the discretion of Zara into common shares of Zara at the market price at the time of conversion. Riverbank is also subject to a preexisting 2% NSR. Closing of the acquisition is subject to various regulatory consents and other items, and is anticipated to be on approval and transfer of claims to Zara.

It has been agreed with Zara that a decision to maintain or drop the Broke Back claim group will be made at the next renewal date.

Long Lac

(100% owned – gold copper)

Property description

The Beardmore property is located in northern Ontario, approximately 20 km east of the town of Longlac. It consists of 146 unpatented claims, covering 28.16 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.

Recent exploration

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.

The property consists of two blocks LL-1 where an IP survey has been completed fall 2011 on a gold bearing trend where Melkior has identified significantly anomalous gold values.

The exploration budget for Fiscal 2013 is $50,000 and the objective of this work is to maintain the claims in good standing. As at November 30, 2012, the Company incurred $79,491 of exploration expenditures on this property.

In the fall of 2012, a program of geochemical and soil gas hydrocarbon surveying was undertaken. The claims are in good standing and at this stage no exploration is planned for fiscal 2013.

Launay
(100% owned - gold)

Property description
Melkior holds 123 claims covering 5,377 hectares. The property is located 80 kilometres north west of Val-D'Or, Quebec. Certain claims are subject to a 1% Net Smelter Return ("NSR") royalty.

On April 27, 2012, the Company signed a letter agreement were it sold to Lakeside Minerals Corp. (the "Acquirer"), a subsidiary of Lakeside Minerals Inc. ("Lakeside"), 6 claims from the Launay property and the 15 claims composing the Launay-Trojan block. The Acquirer will assume the NSR royalties of those claims. The Company received 750,000 shares of Lakeside valued at $52,500 according to the value of Lakeside shares at the closing on April 27, 2012. Of the $52,500, $15,000 was attributed to Launay and $37,500 was attributed to the Launay-Trojan block. A loss on disposal of exploration and evaluation assets was recorded for $128,685 on the Launay-Trojan block.

Some claims were dropped and therefore the cost of the property was written off by $19,000 in August 2012.

Recent exploration
Previous work has identified two gold zones with large tonnage low grade potential. Historical assays reported by the previous operator 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.

An induced polarization survey of approximately 30 kilometres was completed in 2010 over the central portion of the property which hosts the known gold zones. The initial plan is to re-survey existing drill collars to integrate into a 3D model. Melkior will contract a surveyor to survey the previous diamond drill holes in order to construct a model and plan more drilling with the hopes of defining a gold resource.

In August 2012, Melkior received assay results from its recent 990 metre drill program. Results for diamond drill holes LAY-01-2012 to LAY-10-2012 were received with intersections of up to 46.35 metres averaging 1.83 grams per tonne (g/t) gold (Au) and 1.14 g/t silver (Ag). Several mineralized zones were encountered near surface and above the 100 metre vertical level. In addition, surface channel sampling results were announced.

The current program was undertaken in the vicinity of a historical showing on the property called "Zone 75". The objective of the 2012 drill program was to gain a new perspective on the historical showing using surface geology. Previous drilled holes were not duplicated (twinned). The 2012 program was drilled to intersect the vein patterns and the alteration zones as mapped on surface and also to define the mineralized granite in three dimensions. Several generations of granites and alteration were intersected with gold and silver mineralization being primarily associated with a potassic feldspar-rich granite (pink colour). The presence of pyrite and chloritic alteration seems to be closely associated with the gold. Assay results are summarized in the following table.

2012 Launay Drill Results:

Hole number	From (m)	To (m)	Interval* (m)	Gold (g/t)	Silver (g/t)
Channel-01-2012	0.00	8.00	8.00	0.62	0.95
Channel-02-2012	0.00	8.00	8.00	0.52	1.73
Channel-03-2012	0.00	5.00	5.00	0.13	0.50
LAY-01-2012	37.70	40.35	2.65	1.50	0.68
LAY-01-2012	48.30	51.50	3.20	0.47	-
LAY-01-2012	66.00	70.70	4.70	2.95	4.64
LAY-02-2012	4.20	18.08	13.88	0.31	1.13
LAY-03-2012	7.00	14.00	7.00	0.58	3.29
LAY-03-2012	80.00	94.00	14.00	0.35	1.33
LAY-05-2012	56.00	57.75	1.75	1.92	1.87
LAY-06-2012	2.60	45.90	43.30	0.32	0.95
LAY-07-2012	50.65	77.00	26.35	0.22	-
LAY-08-2012	1.65	48.00	46.35	1.83	1.14
including	36.00	48.00	12.00	4.94	
LAY-08-2012	77.75	90.65	12.90	3.36	1.90
LAY-09-2012	60.60	79.00	18.40	2.49	1.47
LAY-09-2012	92.00	102.00	10.00	0.41	-
LAY-10-2012	57.50	61.65	4.15	1.11	1.37
LAY-10-2012	65.00	66.70	1.70	0.94	2.30
LAY-10-2012	90.20	91.30	1.10	2.60	1.90

* Note: Reported drill intercepts are not true widths. At this time, there is insufficient data with respect to the shape of the mineralization to calculation true orientations in space.

Drill holes LAY-02-2012 to LAY-05-2012 were drilled on the north extension of the Zone 75; holes LAY-06-2012 to LAY-10-2012 were drilled in the approximate central portion of Zone 75 and were collared approximately 30 metres west of the historical drilling. Hole LAY-01-2012 was drilled in the south part of Zone 75. A map showing the locations on the holes can be found on Melkior's website.

The above results are being compiled and a model of the mineralization will be developed. It is anticipated that a drill program to better define the gold zone will be undertaken in 2013. This however is dependant on financing. As at November 30, 2012, the Company incurred $11,807 of exploration expenditures on this property.

A small surface channel sampling program was undertaken in late 2012. The budget for fiscal 2013 is currently under review.

Eldorado
(100% owned - nickel)

Property description
The Eldorado property was staked by the Company in 2006 and is composed of 198 claim units covering 3,168 hectares in Eldorado and Shaw Township located approximately 20 kilometres southeast of Timmins. The property is road accessible and adjoins Liberty Mines Inc (TSX: LBE) which, following a recent financing by Jilin Jien Nickel Industry Co., Ltd, which according to reports plans to resume nickel production at its Redstone, Hart and McWatters Mines. Redstone is approximately one kilometre south of Melkior's claims.

Recent exploration
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.

The property is situated within a geological entity known as the Shaw Dome, a southeast-trending anticline with a shallow southeast plunge. The Shaw Dome is recognized as having potential for komatiite-hosted nickel, VMS style mineralization, and mesothermal gold mineralization.

In January 2011, Melkior drilled six diamond holes totaling 910.8 metres to test three discrete electromagnetic anomalies and fulfill assessment requirements to keep the claims in good standing. Most of the holes encountered mafic to intermediate flows and volcaniclastics presumably of the Deloro Assemblage. Locally interbedded sediments with minor sulphides likely account for at least two of the VTEM anomalies. Ultramafic rocks were intersected in one area. Anomalous base metals were encountered in two target areas (best values of 1 metres of 2200 ppm Zinc, Ni up to 863 ppm and Cu up to 440ppm) associated with an intermixed volcanic/sedimentary stratigraphy. Anomalous gold (best value 3 metres of 650 ppb Gold) occurs in two holes in one target area. The initial values encountered are low; however, they are indicative of mineralization in the system and confirm exploration potential in an area of limited previous exploration.

At this stage Melkior has not planned any exploration for 2013. No exploration expenditures have been incurred as at November 30, 2012 on this property.

Shaw Gold

(100% - gold - nickel)

Property description

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

Some claims were dropped and therefore the cost of the property was written off by $10,900 in August 2012.

Recent exploration

In 2009, a three day reconnaissance program was undertaken on the newly staked Shaw property The property consists of 78 unpatented claims covering 12.5 km^2, located in the Timmins district of Ontario, approximately 13 kilometers south-east of the city of Timmins, in an area actively being explored by others. The objectives of the field work were to determine the best access to the property and to sample known outcrops in the northern part. Three old exploration pits and a number of old trenches were located and sampled. 40 samples were collected. The best assay obtained, was from material hosted in an ankeritized magnetic basalt and graded 2.7 g/t Silver. A second sample returned assays of 1.3% Zinc and 0.6% Lead 236 ppb Au in a pyrite rich basalt. Outcrop is very limited representing only about one percent of the property. An airborne geophysical survey has been completed on the property in 2011. At present, there is no exploration budget planned for 2013.

Big Marsh

(100% owned – base metals)

Property description

The Company holds certain claims in Carscallen Township near Timmins, subject to two 2% NSR royalties of which the Company has the right to buy out half (1%) of each of the NSR's for $1,000,000 each. The Big Marsh property is located in Carscallen Township two kilometres north of the Melkior Timmins West (Carscallen Gold) property.

Recent exploration

The exploration budget for Fiscal 2013 is $35,000. The objective of this work is to maintain the claims in good standing. As at November 30, 2012, the Company incurred $33,423 of exploration expenditures on this property.

No further exploration on this property is planned for fiscal 2013.

Loveland
(100% owned - or copper nickel)

Property description
The Company holds a 100% interest in the Loveland property located in the Loveland Township. On October 26, 2010, the Company signed an agreement to acquire 100% interest in additional mining claims in consideration of $1,000 cash and a 2% NSR royalty of which 1% can be repurchased for $500,000. 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 was the operator. In January 2011, 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.

No further exploration work was budgeted, therefore the property was written off in August 2012 for $132,760.

Recent exploration
Geophysics was carried out and one hole was drilled in 2010 without positive results. Bold completed $120,158 of exploration work under the agreement.

Fripp
(100% owned – gold)

Property description
The Fripp property is located 25 kilometres south southwest of the City of Timmins. Melkior staked an additional 11 claims (2,384 hectares) on this property in Fiscal 2012. The Company now holds a total of 12 claims (2,640 hectares) on the Fripp property,

Recent exploration
Exploration is planned to maintain the claims in good standing. The budget for this work is $25,000 for Fiscal 2013. As at November 30, 2012, the Company incurred $1,600 of exploration expenditures on this property.

Bristol
(100% owned - gold)

Property description
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 Northcore Resources Inc. (“Northcore”) (previously Big Red Diamond Corporation) whereby Northcore can acquire a 50% interest in the Bristol property. Northcore issued 1,000,000 of its common share to the Company (valued at $60,000 as per the value on the stock exchange of Northcore 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. The Company is the operator. As at August 31, 2011, $24,458 of work was completed for Northcore on the property.

The Melkior claims are located between two Northcore claim groups in Bristol Township. Regional airborne geophysics suggests exploration targets that extend from the Melkior claims onto the Northcore properties.

No work is planned for this property in 2013.

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

Property description
As per an agreement signed on October 20, 2008 and amended August 24, 2011, the Company had the option to earn a 50% interest in some claims located north of Chibougamau in Quebec from Beaufield Resources Inc. ("Beaufield") by spending $500,000 on exploration over a four year period. The President of the Company is also the President of Beaufield. The Boards of Directors of both companies have approved this transaction. Beaufield is the operator and the Company has spent an amount of $463,137 since the beginning of the agreement.

On August 23, 2012, the Company terminated the agreement with Beaufield and consequently wrote off the property for $399,934.

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

Property description
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 is considered highly promising for expanding a resource on the property.

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 in 2009. The Company does minimal work on the property and continues to write them off for $1,754 in 2012 and $800 in 2011.

Recent exploration
Melkior undertook a detailed evaluation of previous airborne geophysics and related this to drilling. The work was carried out by professional geologists familiar with the Raglan nickel camp. The updated interpretation suggests the strong potential to locate new mineralization zones.

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.

Mont Otish
(100% Molybdenum – Diamond exploration rights)

Property description
In April 2007, the Company acquired claims located 30 kilometres northwest from the Otish basin. 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 in 2009. The Company does minimal work on the property and continues to write them off for $205 in 2012 and $12,651 in 2011.

The property adjoins the McLeod Lake copper molybdenum deposit of Western Troy Capital Resources where a 43-101 report has been completed.

No work is planned for this property which will be permitted to expire at the next renewal date.

Henderson
(100% – Uranium, nickel)

Property description
The Henderson property consists of 20 claim units, covering 3.2 km^2. On February 5, 2007, the Company acquired the Henderson property by staking claims in the Raglan Township in south-eastern Ontario. The claims were part of the agreement with Santoy Resources Ltd (now called Virginia Energy Resources Inc) but they opted out of the agreement in 2009.

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.

FNI has not yet proposed a budget for 2013.

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.

No work is planned for these claims.

Financing activities

In Q1-2013, Melkior did not raise any funds through private placements, exercise of share purchase warrants or options. In the prior year Melkior raised funds through flow through private placements and as a result was required to dedicate these funds to qualified exploration work in Quebec and Ontario.

As a result of past flow through financings, Melkior had to spend $60,518 by December 31, 2012 and a further $452,275 by December 31, 2013. As at November 30, 2012 the Company met its obligation to fulfil the $60,518 in expenditures prior to the December 31 deadline. Of the remaining $452,275 which is required to be spent on qualifying Canadian exploration expenses the Company had spenta total of $269,500 as at November 30, 2012.

Working capital

The Company has a working capital of $1,003,372 of at November 30, 2012 compared to $1,487,243 as at August 31, 2012. 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. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

Summary of quarterly results For the eight most recent quarters

	November 30, 2012	August 31, 2012	May 31, 2012	February 28, 2012
	$	$	$	$
Income	3,100	4,130	2,650	989
Net loss for the period	(142,845)	(797,482)	(460,652)	(28,164)
Net loss per share	-	(0.01)	-	-
Total assets	12,806,570	13,047,071	13,219,383	13,735,164

	November 30, 2011	August 31, 2011	May 31, 2011	February 28, 2011
	$	$	$	$
Income	3,737	9,946	13,446	11,183
Net income (loss) for the period	(195,833)	(194,665)	(333,481)	(724,931)
Net loss per share	-	-	-	(0.01)
Total assets	13,177,696	14,273,441	13,733,520	13,823,019

Related party transactions

In the normal course of operations for Q1-13:

a) A company controlled by Jens E. Hansen (president and director) charged:
   i) Professional fees relating to qualified exploration work amounting to $7,000 ($8,000 in Q1-12) and are capitalized in exploration and evaluation expenses;
   ii) Management fees amounting to $7,250 ($18,700 in Q1-12) expensed in professional and consulting fees;
   iii) Rent totalling $6,000 ($9,000 in Q1-12) expensed in office expenses;

b) A company controlled by Ingrid Martin (CFO and secretary) charged professional fees of $32,255 as well as $5,550 of office management fees (professional fees of $21,910 and office management fees of $5,493 expensed in Q1-12);

c) Nathalie Hansen (director) charged $3,600 ($8,900 in Q1-12) for professional fees for exploration work which was capitalized in exploration and evaluation expenses during the first quarter 2013 and $600 ($2,200 in Q1-12) of administration work expensed in professional and consulting fees;

Subsequent event

On January 1, 2013, the Company announced the appointment of Sabino Di Paola CA, as Chief Financial Officer (CFO) and Corporate Secretary. Mr. Di Paola has a wide variety of auditing and accounting experience for both private and public companies.

On December 17, 2012 the Company announce the execution of a definitive agreement whereby Zara Resources Inc. (“Zara”) will acquire 100% of the Riverbank claims (“Riverbank”) owned by the Company for the sum of $68,000.

The consideration for 100% of Riverbank will be payable by the issuance of 225,000 Common Shares of Zara at a deemed price of $0.10 per share, and 455,000 Non Voting Convertible 5% Preference Shares of Zara at a deemed price of $0.10 per share. The Preference Shares annual yield will be payable in common shares of Zara at the prevailing market price, and are convertible at the discretion of Zara into common shares of Zara at the market price at the time of conversion. Riverbank is also subject to a pre-existing 2% NSR.

Outstanding share data

	As of January 21, 2013	As of November 30, 2012
Common shares	119,950,370	119,950,370
Options	6,300,000	8,200,000
Warrants	15,348,999	15,348,999
	141,599,369	143,499,369

Stock option plan

The purpose of the Plan is to serve as an incentive for the directors, officers and service providers who will be motivated by the Company's success as well as to promote ownership of common shares of the Company by these people. There is no objective attached to the plan and no relationship to manage the Company's risks.

The Board of Directors has approved the conversion of its rolling stock option plan to a fix stock option plan (the "Plan") and received the TSX Venture approval on January 19, 2011. The reason for this change is to simplify the administration of the Plan and also to incorporate the numerous amendments brought recently to the TSX Venture Exchange's policy relating to stock options. The following are the major changes to the Plan:

- The number of shares to be delivered upon the exercise of all options granted under the plan shall not exceed 10,948,000, being slightly less than 10% of the Company's issued and outstanding shares at the time;
- Unless indicated otherwise by the Board at the time of grant, 1/6 of options granted shall vest every three months from the date of the grant;
- In the event that an optionee ceases to be an eligible person prior to the expiry date of his options, the options shall expire 12 months after the termination date or on the expiry date, whichever comes first (except for persons providing investor relations activities who will remain subject to a 30 day expiry period). In the event of termination with cause, the options of an eligible person shall expire on the date of the notice of termination; and
- Options shall no longer be subject to a 4 month hold period from the date of grant.

The purchase price of the common shares, upon exercise of each option granted under the Plan, shall be a price fixed for such option by the Board of Directors upon grant of each such option, but such price shall not be less than the market price at closing of transactions the day prior to the grant. Each option, unless sooner terminated in accordance with the terms, conditions and limitations thereof, or unless sooner exercised, shall expire on the date determined by the Board of Directors when the option is granted or, failing such determination, not later than upon the fifth anniversary of the grant of the option.

The total number of options granted to any one individual in any 12 month period, will not exceed 5% of the issued common shares. The total number of options granted to a consultant, in any 12 month period, will not exceed 2% of the issued common shares at the time of grant.

The total number of options granted to persons providing investor relations activities, in any 12 month period, will not exceed 2% of the issued common shares at the time of grant. These options must vest in stages over a 12 month period from the date of grant with no more than 25% of the options vesting in any three month period.

Off-balance sheet arrangements

During Q1-13, the Company did not set up any off-balance sheet arrangements.

Critical accounting estimates, judgments and assumptions

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

The total write-off of the exploration and evaluation assets amounts to $NIL for the quarter ended November 30, 2012 ($615 for the quarter ended November 30, 2012). No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

Recognition of deferred income tax assets and measurement of income tax expense
Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Risk factors

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

Exploration and Mining Risks
The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on the mineral properties of which the Company intends to acquire an interest and the

proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in the conduct of exploration programs. The Company from time to time augments its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, or any known body of commercial ore.

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

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

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

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

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

First Nations
First Nations are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation traditional or treaty lands. Should a First Nation make such a claim in respect of Melkior's properties and should such claim be resolved by government or the courts in favor of the First Nation, it could materially adversely affect the business of the Company.

Many of Melkior's contractors and suppliers live and work in the local communities. The Company regularly consults with communities proximal to the Company's exploration activities to advise them of plans and answer any questions they may have about the activities.

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

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

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

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

Future Financing
Completion of future programs may require additional financing, which may dilute the interests of existing shareholders. Access to future financing is not a certainty. The ongoing international financial crisis could have an impact.

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

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

Cost Increases
Costs for purchased services are constantly increasing and new regulations can represent an unanticipated cost increase.

Forward looking information

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

January 21, 2013

(s) Jens E. Hansen
Jens E. Hansen
President

(s) Sabino Di Paola
Sabino Di Paola
CFO and corporate secretary