

# **Melkior Resources Inc.**

## Management's Discussion and Analysis

For the six months ended February 28, 2015  
(2015 – Q2)

# Melkior Resources Inc.

## Management's Discussion and Analysis

For the six months ended February 28, 2015

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# Melkior Resources Inc.

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For the six months ended February 28, 2015

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 six months ended February 28, 2015. This MD&A should be read in conjunction with the Company's financial statements and related notes as at February 28, 2015 and August 31, 2014. 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](http://www.sedar.com).

### Nature of activities

Melkior is an exploration company with exploration projects in Timmins and holds several other exploration properties of which the most important are the 90% owned Launay gold property in West Quebec and a 49% interest in the Kenty Lake copper, nickel PGE deposit.

### Overall performance

#### 1) Working capital position at February 28, 2015

Melkior has working capital of \$471,643 (\$456,319 as of August 31, 2014) which will allow the Company to undertake its exploration program for at least the 12 months. During fiscal 2015, the Company raised \$58,575 non-flow through and \$331,925 flow in private placements.

#### 2) Exploration and evaluation expenditure summary for the quarter ended February 28, 2015

During the quarter ended on February 28, 2015, the Company incurred mining properties costs of \$377 and exploration and evaluation expenses of \$99,830 (2014 - \$15,843). The Company also had write-offs of \$5,620 (2014 - \$NIL) and impairment losses of \$NIL (2014 - \$NIL) of mining properties and exploration and evaluation expenses.

### Selected financial information

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>February 28,</u> <u>2015</u>	<u>February 28,</u> <u>2014</u>	<u>February 28,</u> <u>2015</u>	<u>February 28,</u> <u>2014</u>
	\$	\$	\$	\$
Operating loss	(52,455)	(77,658)	(125,730)	(159,306)
Loss before income taxes	(93,672)	(76,795)	(187,017)	(145,357)
Net loss and comprehensive loss for the period	(93,672)	(65,965)	(187,017)	(134,527)
Basic and diluted net loss per share	-	-	-	-

	<u>February 28, 2015</u>	<u>August 31, 2014</u>
	\$	\$
Current assets	484,951	485,660
Exploration assets	7,720,116	7,559,759
Total assets	8,205,067	8,045,419
Current liabilities	13,308	29,341
Total shareholders' equity	8,191,759	8,016,078

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### Results of operations

Total expenses decreased by \$33,576 in 2015 (\$125,730) compared to 2014 (\$159,306). The significant variances from last year are as following:

- During the six months ended February 28, 2015, the decrease in salaries and office expenses of \$4,663 is due to a cost reduction strategy implemented by management.
- Professional and consulting fees are as follow:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Accounting and audit	44,581	59,471
Consulting	12,875	-
<b>Professional and consulting fees</b>	<b>57,456</b>	<b>59,471</b>

There were no legal fees incurred in the current year as the Company prepared all required filings with the TSX Venture and other regulatory agencies in house.

- During the six months ended February 28, 2015, the decrease in stock based compensation of \$16,000 was due to no stock options being issued in 2015, compared to 600,000 stock options being granted in December 2013.
- Write-off of exploration and evaluation assets has increased by \$7,415. This is due to timing of work performed on secondary projects to maintain the assets in good standing.

### Summary of quarterly results for the eight most recent quarters

	<b>February 28, 2015</b>	<b>August 31, 2014</b>	<b>November 30, 2014</b>	<b>May 31, 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Income	2,131	1,837	4,466	673
Net loss for the quarter	(93,672)	(93,334)	(2,942,605)	(564,412)
Net loss per share	(0.00)	(0.00)	(0.02)	-
Total assets	8,205,067	8,351,736	8,045,419	10,986,103

  

	<b>February 28, 2014</b>	<b>November 30, 2013</b>	<b>August 31, 2013</b>	<b>May 31, 2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Income	21,488	11,835	(2,571)	1,118
Net income (loss) for the quarter	(65,965)	(68,562)	(3,534)	(652,970)
Net loss per share	-	-	-	(0.01)
Total assets	11,556,537	11,726,314	11,456,835	11,527,832

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### **Financing activities**

On October 20, 2014, the Company sold a total of 781 units, at a price of \$500 per unit, for total gross proceeds of \$390,500. Each unit consisted of 8,500 flow through and 1,500 non-flow through common shares and 10,000 common share purchase warrants, each warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$0.05 per share for a period of 24 months. All warrants issued in the private placement carry an accelerator clause to which takes effect after 12 months if the Company's stock trades above \$0.10 ("the triggering event"). The accelerator clause requires the warrant to be exercised within 30 days of the triggering event prior to the warrant expiring.

In connection with this private placement, the Company paid a finders' fee of \$27,803 cash commissions and 555,750 warrants. The broker's warrants had the same terms as the placement warrants.

### **Working capital**

Melkior has working capital of \$471,643 as at February 28, 2015 (\$456,319 as of August 31, 2014) which will allow the Company to undertake its exploration program for at least the 12 months.

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 favorable 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.

### **Going Concern**

The annual financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses and current working capital levels, the application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations or in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These factors may cast significant doubt on the entity's ability to continue as a going concern. The annual financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material. Changes in future conditions could require material write-downs of the carrying amounts of mineral resource interests.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income or cash flows from its operations, cast a doubt regarding the Company's ability to continue as a going concern. As at February 28, 2015, the Company has a deficit of \$38,901,162 (\$38,687,843 as at August 31, 2014). These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

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### **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.

Total write-offs and impairments of \$8,865 have been recognized on the Bristol, Long Lac and Rim Nickel properties. No reversal of impairment has been recognized during the six months ended February 28, 2015.

No testing for impairment was conducted on the Big Marsh, Vaillant (Raglan), Tiblemont, Carscallen and Launay properties despite the fact that the carrying value of the Company's net assets is superior to its market capitalization and despite the fact that no significant fieldwork was undertaken on these properties during the year. Management judged that there was no testing for impairment required this year on these properties, because despite unfavorable change of the overall climate of the sector as well as the general situation of the economy that have had an impact on the Company's capacity to raise additional capital in order to pursue its exploration activities, coupled with a decrease in share price, the Company has sufficient funds to respect its short term obligations and has both the intention and capacity to keep these properties until the economic context improves and the Company can thus pursue exploration activities on these properties after raising additional capital.

#### *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.

#### *Tax credits receivable*

The calculation of the Company's refundable tax credit on qualifying exploration expenditures incurred and refundable credits involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

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### Outstanding share data

	April 27, 2015	February 28, 2015	August 31, 2014
Common shares	131,799,537	131,799,537	123,989,537
Options	6,400,000	6,400,000	8,100,000
Broker's warrants	675,750	675,750	120,000
Warrants	11,826,667	11,826,667	4,668,667
	<b>150,701,954</b>	<b>150,701,954</b>	<b>136,878,204</b>

### 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 fixed 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.

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#### Stock forfeitures and cancellations

During the six months ended February 28, 2015, 1,100,000 stock options granted to consultants were forfeited. The options had a weighted average exercise price of \$0.20 and expired between July and April 2018.

#### Qualified Person

Technical information contained in this MD&A has been prepared by or under the supervision of Jens E. Hansen, P. Eng. and President and Director of Melkior, who is a "Qualified Person" for the purpose of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). He has verified the data comprising such technical information, including sampling, analytical and test data underlying the information or opinions contained herein.

#### Exploration and evaluation expenditures by property

<u>Exploration and evaluation expenses</u>	<u>August 31, 2014</u>	<u>Expenditures</u>	<u>Impairment</u>	<u>Write-off</u>	<u>February 28, 2015</u>
	\$	\$	\$	\$	\$
<b>Quebec</b>					
Launay	648,791	1,700	-	-	650,491
Tiblemont	790	-	-	-	790
<b>Ontario</b>					
Carscallen (Timmins)	6,259,875	157,539	-	-	6,417,539
Big Marsh (Timmins)	231,592	850	-	-	232,442
Bristol (Timmins)	-	6,369	-	(6,369)	-
Long Lac	-	400	-	(400)	-
Rim Nickel (McFaulds)	-	1,660	(1,660)	-	-
	<u>7,141,048</u>	<u>168,643</u>	<u>(1,660)</u>	<u>(6,769)</u>	<u>7,301,262</u>

<u>Quebec</u>	<u>Launay</u>	<u>Tiblemont</u>	<u>Total</u>
	\$	\$	\$
Balance August 31, 2014	648,791	790	649,581
Additions			
Geology – prospecting	11,476	-	11,476
Geophysics	650	-	650
Geochemical	175	-	175
Drilling, sampling, assaying	1,259	-	359
	<u>662,351</u>	<u>-</u>	<u>661,450</u>
Deductions			
Tax credits	-	-	-
Joint Venture charge back	(11,860)	-	(11,860)
Write-off	-	-	-
Balance February 28, 2015	<u>650,491</u>	<u>790</u>	<u>651,281</u>

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Ontario	Carscallen	Big Marsh	Bristol	Long Lac	Rim Nickel	Total
	\$	\$	\$			\$
Balance August 31, 2014	6,259,875	231,592	-	-	-	6,491,467
Additions						
Geology – prospecting	26,359	850	600	400	1,660	26,869
Geophysics	2,160	-	-	-	-	2,610
Geochemistry	-	-	89	-	-	89
Line cutting	4,300	-	5,680	-	-	9,980
Consultations	2,815	-	-	-	-	2,815
Drilling, sampling, assaying	121,580	-	-	-	-	121,580
	157,664	850	6,369	400	1,660	166,942
Deductions						
Impairments	-	-	-	-	(1,660)	(1,660)
Write-off	-	-	(6,369)	(400)	-	(6,769)
Balance February 28, 2015	6,417,539	232,442	-	-	-	6,649,981

### Carscallen Gold, Timmins, Ontario (100% owned)

#### Property Description

The Carscallen property covers 16.64 square-kilometres for a total of 104 claim units and is located 25 kilometres due west of the City of Timmins, Ontario. Access to the property is excellent, via a series of roads and trails which connect to Highway 101.

The Company holds a 100% interest in the property. Some claims are subject to a 1.5% net smelter return (“NSR”) royalty while another group of claims are subject to a 2% NSR of which the company has the right to buyout half (1%) of the NSR for \$1,000,000.

#### Claim status for Carscallen

Township	Claim Number	Claim Due Date	Work Required	Total Reserve	Claim Units	Hectares
DENTON	<a href="#">4227649</a>	2017-Jul-14	\$1,600	\$340	4	64
CARSCALLEN	<a href="#">4227650</a>	2017-Jul-14	\$5,200	\$1,105	13	208
DENTON	<a href="#">4257811</a>	2017-Nov-10	\$400	\$0	1	16
DENTON	<a href="#">4256427</a>	2017-Nov-19	\$400	\$0	1	16
DENTON	<a href="#">4257828</a>	2017-Nov-25	\$400	\$0	1	16
CARSCALLEN	<a href="#">1213580</a>	2018-Jan-04	\$400	\$895,416	1	16
DENTON	<a href="#">3006573</a>	2018-Jul-27	\$400	\$4,362	1	16
CARSCALLEN	<a href="#">4202150</a>	2018-Jun-02	\$400	\$18,653	1	16
CARSCALLEN	<a href="#">4215559</a>	2018-Jun-11	\$2,400	\$510	6	96
CARSCALLEN	<a href="#">4215560</a>	2018-Jun-11	\$5,600	\$1,190	14	224
DENTON	<a href="#">4218099</a>	2018-Mar-18	\$1,200	\$255	3	48

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CARSCALLEN	<a href="#">3019118</a>	2018-Nov-10	\$400	\$44,581	1	16
DENTON	<a href="#">4258956</a>	2018-Oct-12	\$2,000	\$9,972	5	80
DENTON	<a href="#">4259405</a>	2018-Oct-26	\$800	\$170	2	32
DENTON	<a href="#">4259406</a>	2018-Oct-26	\$800	\$3,995	2	32
CARSCALLEN	<a href="#">3019020</a>	2018-Sep-08	\$4,000	\$21,794	10	160
CARSCALLEN	<a href="#">3019021</a>	2018-Sep-08	\$4,000	\$802,002	10	160
CARSCALLEN	<a href="#">3019022</a>	2018-Sep-08	\$3,200	\$1,691,606	8	128
CARSCALLEN	<a href="#">3019114</a>	2018-Sep-14	\$2,400	\$370,749	6	96
CARSCALLEN	<a href="#">3019115</a>	2018-Sep-24	\$4,800	\$251,956	12	192
CARSCALLEN	<a href="#">3019116</a>	2018-Sep-24	\$800	\$6,057	2	32

**Exploration activities carried out on Carscallen from 2006 to February 28<sup>th</sup>, 2015**

<b>Carscallen Gold Project: Exploration work completed by Melkior 2006 to February 2015</b>										
Exploration Work	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Drilling	-	23 drill holes 2,543 metres	48 drill holes 2,846 metres	21 drill holes 4,111.5 metres	37 drill holes 13,578.3 metres	17 drill holes 6,316 metres	7 drill holes 4,182 metres	15 drill holes 1,535 metres	6 drill holes, 637 metres	-
Grab Samples	87 samples	438 samples	44 samples	-	137 samples	-	-	39 samples	-	-
Trenching / Channel	-	415 metres	-	-	157 channel samples	-	72 channel samples 240 metres	12 channel samples	-	-
Geophysics / Geochemistry	63.2 line kilometre ground magnetic survey	32.15 line kilometre IP Survey	-	43.8 line kilometre IP survey, 65 kilometre ground magnetic survey, MMI survey (255 samples), B-horizon soil survey (227 samples)	Down-hole IP/Resistivity survey (27 hole pair), 177.2 line kilometre airborne electromagnetic survey (VTEM)	Down-hole IP/Resistivity survey (14 hole pair), 11.1 line kilometre IP survey	-	-	1 line kilometre IP survey	-

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Metallurgical	-	-	-	-	-	-	-	95% gold recovery with 8.92 g/t Gold head grade (ZamZam)	-	-
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#### Exploration on Carscallen from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015

During November, Melkior undertook a 6 hole, 637 metre drill program. Melkior was progressing on a reinterpretation of the Shenkman, Zam Zam and Jowsey gold zones. To date, 11 disparate gold bearing vein systems have been delineated within the Shenkman zone for a strike length of 150 metres. The vein systems trend 330 degrees northwest, exhibit continuity and are open at depth. Seven vein systems have been identified within the granodioritic intrusive and four vein systems have been identified within the mafic volcanic footwall. The mineralized zones hosted within the mafic volcanics below the granodiorite appear to be wider with better grades and would suggest greater potential for economic mineralization.

Current interpretive work is focussing on the Zam Zam and Jowsey zones which are separated from the Shenkman by a 100 metre untested gap. It is believed that all vein systems may be correlated over a potential strike length of 600 metres. The vein systems have been incorporated into "mineralized corridors" from previous workers and consist of narrow gold bearing quartz veins with appreciable amounts of sulphide hosted within silicified, carbonatized and sericitized alteration zones.

In the past, Induced Polarization ("IP") has traditionally been a useful tool in delineating these "mineralized corridors" reflected as strong chargeability responses due to increased sulphide content. Two of these broad IP responses have been traced south to the Melkior Lakeshore claim boundary and were drill tested during the November 2014 drill program. One of the chargeability responses coincided with the historic Aumo gold showing and shaft while a stronger chargeability conductor, approximately 200 metres west of the Aumo was also drill tested. It has been suggested that the multiple en echelon vein systems in the Shenkman zone may coalesce or simply have been reduced to 2 north-south trending "mineralized corridors" which may host multiple gold bearing vein systems. Should it be determined that these systems are all related to one another, the potential for gold mineralization from the north portion of the Zam Zam to the Melkior/Lakeshore claim boundary would be approximately 1.5 kilometres and would further trend on to the Lakeshore property.

The Wire Gold showing, approximately 500 metres east of the Zam Zam Jowsey vein systems, was drilled in early to mid-November and two drill holes were targeted under a channel sample that returned 7.9 g/t Au over 2.5 metres (please refer to the November 12<sup>th</sup>, 2014, press release). The Wire Gold occurrence is a more localized feature with a different geological setting than the Shenkman, Zam Zam and Jowsey gold deposits. The two drill holes did encounter strong sulphide mineralization accompanying a quartz breccia but returned subeconomic gold values. The structural zone encountered did produce anomalous gold, copper and zinc values which support a hypothesis that the Wire Gold showing may have been the late stage portion of a deeper VMS feeder system. The project will be re-evaluated to determine if further deeper drilling is warranted.

Work will continue to progress on the Shenkman, Zam Zam, Jowsey and 1010 vein systems to determine the most cost effective areas to conduct infill drilling in order to substantiate recent observations and build upon a future resource. Melkior also plans to selectively sample some historical core where required to validate the interpretation as well as compile and reinterpret the historical IP data as well.

The Zam Zam, Shenkman and Jowsey gold zones are all part of the same mineralized system. These three zones will be combined and referred to as the Jowsey zone.

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On February 18<sup>th</sup>, 2015, Melkior released drill results from the November drill program. Highlights from the program are listed below.

- 6.56 g/t Au and 6.3 g/t Ag intersected over 1.8 metres (drilled width) in drill hole MKR-14-03 including 39.2 g/t Au and 36.3 g/t Ag over 0.3 metres approximately 38 metres vertically below surface
- Melkior identifies 1.5 kilometres of potential gold mineralization from Zam Zam deposit to the Lake Shore Gold claim boundary. Current drilling is focussed in Timmins Ontario, Canada's premier gold mining camp bordering Lake Shore Gold with the recent 144 zone discoveries and increased production
- Latest induced polarization (IP) compilation reveals chargeability conductors that reflect previously drilled gold deposits and potential for additional gold mineralization over 1.5 kilometre strike length
- Recent drill campaigns by Melkior to the north of the Aumo demonstrate that mineralized veins in the mafic volcanic footwall tend to widen with increased grades at depth

Melkior is in the process of analyzing the previous data. This will be used to prepare a new budget.

### Big Marsh

(100% owned – gold, base metals)

#### Property description

The Big Marsh property covers 14.56 square kilometres for a total of 91 claim units in Carscallen Township. It is located 25 kilometres due west-northwest of the City of Timmins, Ontario and 2 kilometres due north of Melkior's Carscallen Gold property.

The Company purchased a 100% interest in the property. Portions of the property are subject to 2% NSR royalty of which the Company has the right to buy out half (1%) of the NSR for \$1,000,000 each.

#### Claim status for Big Marsh

Township	Claim Number	Claim Due Date	Work Required	Total Reserve	Claim Units	Hectares
CARSCALLEN	<a href="#">4202649</a>	2016-Feb-14	\$3,200	\$0	8	128
CARSCALLEN	<a href="#">4212369</a>	2016-Feb-28	\$6,400	\$0	16	256
CARSCALLEN	<a href="#">4212370</a>	2015-Aug-28	\$1,554	\$0	16	256
CARSCALLEN	<a href="#">4212371</a>	2016-Feb-28	\$6,400	\$0	16	256
CARSCALLEN	<a href="#">4212372</a>	2016-Feb-28	\$6,000	\$0	15	240
CARSCALLEN	<a href="#">4213967</a>	2015-Jul-25	\$4,800	\$0	12	192
CARSCALLEN	<a href="#">4213969</a>	2016-Jan-25	\$3,200	\$0	8	128

## Melkior Resources Inc.

### Management's Discussion and Analysis

For the six months ended February 28, 2015

Exploration activities carried out on Big Marsh from 2007 to February 28<sup>th</sup>, 2015

<b>Big Marsh Project: Exploration work completed by Melkior 2007 to February 2015</b>									
<b>Exploration Work</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Drilling	-	-	2 diamond drill holes 475 metres	-	-	-	-	-	-
Grab Samples	-	-	-	6 grab samples	-	-	-	-	-
Trenching	-	-	-	-	-	-	-	-	-
Geophysics / Geochemistry	-	-	72 line kilometre ground magnetic survey, 3.7 line kilometre Induced Polarization survey	160 line kilometre airborne magnetic and electromagnetic survey (VTEM)	-	12.9 line kilometre ground magnetic survey and Induced Polarization survey	171 B-Horizon samples, 171 soil hydrocarbon samples	-	-

Exploration on Big Marsh from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015.

On October 7<sup>th</sup>, 2013, Melkior obtained its exploration permit from the Ministry of Northern Development and Mines ("MNDM"), however, no field work was carried out on the Big Marsh Project during the three months ending in February 28<sup>th</sup>, 2015.

A drill hole was planned to test a soil gas hydrocarbon anomaly located on the eastern portion of the property. The drill hole was not carried out in December due to access. Drilling has been deferred until there is available financing.

### **Bristol**

(100% owned - gold)

#### Property description

The Bristol property covers 1.92 square kilometres for a total of 12 claim units in Bristol Township. It is located 25 kilometres due west-northwest of the City of Timmins, Ontario, 5 kilometres due north-northeast of Melkior's Carscallen Gold property and 800 metres due east of the Big Marsh property.

The Company holds a 100% interest in the property. The property was acquired through ground staking in 2009 and there is no NSR attached to the claims.

On July 11<sup>th</sup>, 2013, Melkior and Northcore Resources Inc. ("Northcore") modified and extended the option agreement to October 31<sup>st</sup>, 2016, whereby Northcore can acquire a 50% interest on the property by completing \$200,000 in exploration expenses before October 31<sup>st</sup>, 2016.

The original option agreement announced on August 19, 2009, required Northcore to undertake \$400,000 in exploration work prior to August 19<sup>th</sup>, 2013. 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) in 2009. Melkior is the operator.

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#### Claim status for Bristol

Township	Claim Number	Claim Due Date	Work Required	Total Applied	Claim Units	Hectares
BRISTOL	<a href="#">4224651</a>	2015-Sep-27	\$1,600	\$9,600	4	64
BRISTOL	<a href="#">4224652</a>	2015-Oct-04	\$1,600	\$9,600	4	64
BRISTOL	<a href="#">4224653</a>	2015-Oct-04	\$1,600	\$9,600	4	64

#### Exploration activities carried out on Bristol from 2007 to February 28<sup>th</sup>, 2015

Bristol Project: Exploration work completed by Melkior 2009 to February 2015							
Exploration Work	2009	2010	2011	2012	2013	2014	2015
Drilling	-	-	-	-	-	-	-
Grab Samples	-	43 grab samples	-	-	-	-	-
Trenching	-	-	-	-	-	-	-
Geophysics / Geochemistry	4.9 line kilometre ground magnetics survey	7.0 line kilometre ground magnetics survey, 19.5 line kilometre airborne magnetic and electromagnetic survey (VTEM)	-	-	-	4.4 line kilometres of max-min	-

#### Exploration on Bristol from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015

On October 7<sup>th</sup>, 2013, Melkior obtained its exploration permit from the Ministry of Northern Development and Mines ("MNDM"), however, no field work was carried out on the Bristol Project during the three months ending in February 28<sup>th</sup>, 2015.

Line cutting and ground geophysics were undertaken in Q1 2015. A significant electromagnetic anomaly was detected. Drilling has been deferred pending available financing.

There is no budget prepared for 2015.

## **Launay**

(90% owned - gold)

#### Property description

The Launay property covers 55.59 square kilometres for a total of 136 claims. 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.

In November 2013, Melkior entered into an option and joint venture agreement on the Launay Gold Project with Beaufield Resources Inc. ("Beaufield"). Under the terms of the agreement, Beaufield can earn an interest of up to 50 per cent in the project by incurring expenditures aggregating \$1.25 million over 5 years,

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### Management's Discussion and Analysis

For the six months ended February 28, 2015

with a minimum \$250,000 of exploration expenditures in the first year. As of August 31<sup>st</sup>, 2014, Beaufield has earned 10% and Melkior owns 90%.

#### Claim status for Launay

NTS Sheet	Claim Number	Claim Due Date	Total Reserves	Required Work	Required Renewal Fees	Hectares
NTS 32D10	2403041	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	55.36
NTS 32D10	2403042	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	34.25
NTS 32D10	2403043	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.91
NTS 32D10	2403044	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.91
NTS 32D10	2403045	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.92
NTS 32D10	2403046	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.92
NTS 32D10	2403047	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	42.87
NTS 32D10	2403048	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.91
NTS 32D10	2403049	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.91
NTS 32D10	2403050	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.91
NTS 32D10	2403051	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.9
NTS 32D10	2403052	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.9
NTS 32D10	2403053	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.9
NTS 32D10	2403054	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.9
NTS 32D10	2403055	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.89
NTS 32D10	2403056	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.89
NTS 32D10	2403057	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.89
NTS 32D10	2403058	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.89
NTS 32D10	2403059	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	29.81
NTS 32D10	2403060	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.88
NTS 32D10	2403061	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.88
NTS 32D10	2403062	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.88
NTS 32D10	2403063	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.88
NTS 32D10	2403064	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	12.92
NTS 32D10	2403065	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.87
NTS 32D10	2403066	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.87
NTS 32D10	2403067	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.87
NTS 32D10	2403068	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	25.71
NTS 32D10	2403069	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.86
NTS 32D10	2403070	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.86
NTS 32D10	2403071	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.86
NTS 32D10	2403072	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	21.11
NTS 32D10	2403073	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.85
NTS 32D10	2403074	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.85
NTS 32D10	2403075	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.85

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NTS 32D10	2403076	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.85
NTS 32D10	2403077	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.85
NTS 32D10	2403078	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	56.85
NTS 32D10	2403079	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	21.3
NTS 32D10	2403080	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	42.48
NTS 32D10	2403081	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	42.48
NTS 32D10	2403082	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	42.56
NTS 32D10	2403083	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	42.56
NTS 32D10	2403084	24/04/2016 23:59	\$0.00	\$1,200.00	\$55.25	42.12
NTS 32D10	2403085	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	2.43
NTS 32D10	2403086	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	3.15
NTS 32D10	2403087	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	3.14
NTS 32D10	2403088	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	3.13
NTS 32D10	2403089	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	3.13
NTS 32D10	2403090	24/04/2016 23:59	\$0.00	\$500.00	\$28.25	3
NTS 32D10	2403763	11/05/2016 23:59	\$0.00	\$500.00	\$28.25	24.97
NTS 32D10	2403764	11/05/2016 23:59	\$0.00	\$500.00	\$28.25	14.96
NTS 32D10	2403765	11/05/2016 23:59	\$0.00	\$500.00	\$28.25	14.98
NTS 32D10	3725051	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725055	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725081	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725082	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725092	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725093	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725101	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725102	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725231	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3725232	13/11/2016 23:59	\$1,487.69	\$2,500.00	\$55.25	40
NTS 32D10	3734521	13/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	28
NTS 32D10	3734522	13/11/2016 23:59	\$28,077.52	\$2,500.00	\$55.25	40
NTS 32D10	3734531	14/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	3734532	14/11/2016 23:59	\$18,990.01	\$2,500.00	\$55.25	40
NTS 32D10	3734541	14/11/2016 23:59	\$25,590.48	\$2,500.00	\$55.25	40
NTS 32D10	3734542	14/11/2016 23:59	\$743.85	\$2,500.00	\$55.25	40
NTS 32D10	4118561	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118562	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118571	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118572	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118581	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118582	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118591	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40

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NTS 32D10	4118592	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118601	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118602	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118611	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118612	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118621	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118622	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118631	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118632	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118641	28/10/2016 23:59	\$525,194.12	\$2,500.00	\$55.25	40
NTS 32D10	4118642	28/10/2016 23:59	\$78,409.99	\$2,500.00	\$55.25	40
NTS 32D10	4118651	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118652	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	32
NTS 32D10	4118691	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118692	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118701	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118702	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118711	28/10/2016 23:59	\$46,553.10	\$2,500.00	\$55.25	40
NTS 32D10	4118712	28/10/2016 23:59	\$26,115.90	\$2,500.00	\$55.25	40
NTS 32D10	4118721	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118722	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118731	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118732	28/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118801	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	39
NTS 32D10	4118802	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118811	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	39
NTS 32D10	4118812	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118821	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118822	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118831	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118832	29/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118841	30/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118842	30/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118851	30/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4118852	30/10/2016 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286531	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	32
NTS 32D10	4286532	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286541	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286542	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286551	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286552	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40

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NTS 32D10	4286561	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286562	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	32
NTS 32D10	4286571	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286572	07/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286581	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286582	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286591	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286592	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286601	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286602	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	4286611	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	32
NTS 32D10	4286612	08/02/2017 23:59	\$0.00	\$2,500.00	\$55.25	40
NTS 32D10	5225012	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	30.8
NTS 32D10	5225013	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40.4
NTS 32D10	5225014	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40.4
NTS 32D10	5225015	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40.4
NTS 32D10	5225016	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40.4
NTS 32D10	5225017	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40.4
NTS 32D10	5225018	16/11/2016 23:59	\$0.00	\$2,500.00	\$55.25	40.4

The Launay project has \$751,162.66 in reserved work credits.

#### Exploration on Launay from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015.

No exploration was carried out during the three month period ending on February 28<sup>th</sup>, 2015.

On July 22<sup>nd</sup>, 2014, Melkior provided results for a channel sampling program undertaken in June 2014 and the remaining three holes drilled in January 2014 on Zone 75. The drilling revealed continuous mineralization hosted in a granite with a strong albite alteration; previously reported intersections include 4.04 g/t gold over 15.52 metres (hole LAY-21-2013) and 6.20 g/t gold over 10.50 metres (LAY-20-2013).

Table 1 displays the results obtained for the 9 channels completed this summer. All channels were taken on Zone 75.

Table #1 – Launay channel results

Channel Number	Length (Metres)	Azimuth (Degrees )	From (Metres)	To (Metres)	Interval* (Metres)	Gold (g/t)
CHL-09-2014	11.60	090	0.00	11.60	11.60**	2.64
CHL-10-2014	6.00	090	0.00	6.00	6.00**	1.32
CHL-11-2014	1.60	090	0.00	1.60	1.60**	1.68
CHL-12-2014	7.00	090	0.00	7.00	7.00**	0.97

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CHL-13-2014	3.00	090	1.00	2.00	1.00	1.47
CHL-14-2014	1.60	090	0.00	1.60	1.60**	2.90
CHL-15-2014	3.00	090	<b>0.00</b>	<b>3.00</b>	<b>3.00**</b>	<b>5.58</b>
CHL-16-2014	8.00	090	6.00	10.00	4.00**	1.44
CHL-17-2014	8.00	090	<b>0.00</b>	<b>8.00</b>	<b>8.00**</b>	<b>1.38</b>

\*Reported intercepts are not true widths.

\*\* Intersection is open

The channels consisted of gold bearing disseminated pyrite (about 2%) hosted in a strongly albitized granite. Most of the holes previously drilled on Zone 75 have intersected the albite-rich gold zone below the 50 metre level. The new surface gold intersections provide new data to add to the current database and confirmed the continuity of the mineralized zone up to the surface. The results also have shown that the mineralized zone is near vertical and affected by local faults. This information will be very important in planning the next drilling program on the property.

The results of three exploration holes drilled in January 2014 west of Zone 75, totaling 700 metres were also reported. The drilling discovered a new gold zone and also demonstrated the continuity of gold on the west part of Zone 75.

Table 2 displays the results obtained for the 3 winter holes. Hole LAY-26-2014 was collared at the bottom of a hill, about 150 metres west of Zone 75. Holes LAY-27-2014 and LAY-28-2014 were collared about 50 metres west of Zone 75.

Table #2 – Launay drill results

Hole Number	End of hole length (Metres)	Azimuth (Degrees )	Dip (Degrees )	From (Metres)	To (Metres)	Interval* (Metres)	Gold (g/t)
LAY-26-2014	391	130	-50	21.65	22.65	1.00**	1.32
				30.90	40.25	9.35	0.86
				49.30	51.60	2.30	0.73
				134.25	134.75	0.50**	1.24
				272.50	273.50	1.00**	1.30
LAY-27-2014	168	090	-50	<b>23.00</b> 48.18	<b>37.10</b> 53.00	<b>14.10</b> 4.82	<b>1.89</b> 0.70
LAY-28-2014	141	090	-55	-	-	-	NSA***

\*Reported drill intercepts are not true widths.

\*\* Intersection is open

\*\*\*NSA : No Significant Assay

Hole LAY-26-2014 was drilled 150 metres west of Zone 75 on an Induced Polarization (IP) anomaly. The IP anomaly was detected over two surveyed lines and explained in hole LAY-26-2014 by the presence disseminated pyrite (about 2%) with gold associated (0.86 g/t gold over 9.35 metres). This opens new possibilities of finding additional gold mineralization using IP as a geophysical tool elsewhere on the 3 km long property. The new zone requires follow-up.

The 2 last holes (LAY-27-2014 and LAY-28-2014) were drilled to test possible western extensions of Zone 75. The holes were collared about 50 metres west of Zone 75.

## Melkior Resources Inc.

### Management's Discussion and Analysis

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Beaufield will be funding the exploration on the Launay project. Melkior at this time is awaiting Beaufield's proposed budget and exploration program for 2015.

#### Long Lac

(100% owned – gold copper)

##### Property description

The LL1 Long Lac property covers 11.52 square kilometres for a total of 72 claim units in Laponen Lake Township. The LL3 Long Lac property covers 11.68 square kilometres for a total of 73 claim units in Castlebar and Klotz Lake Townships. LL1 Long Lac is located 20 kilometres due east-southeast of the town of LongLac, Ontario and LL3 LongLac is 30 kilometres due east. Both properties are accessible year round by paved roads and Highway 11.

Melkior staked the properties in November 2007. The Company holds a 100% interest on the two properties and the properties are not subject to any NSRs.

##### Claim status for LL1

Township	Claim Number	Claim Due Date	Work Required	Total Reserve	Claim Units	Hectares
LAPONEN LAKE AREA	<a href="#">4227666</a>	2015-Nov-19	\$12,800	\$2,131	16	256
LAPONEN LAKE AREA	<a href="#">4227667</a>	2015-Nov-19	\$925	\$0	4	64
LAPONEN LAKE AREA	<a href="#">4227668</a>	2015-Nov-19	\$3,200	\$0	4	64
LAPONEN LAKE AREA	<a href="#">4227669</a>	2015-Nov-19	\$9,389	\$0	16	256
LAPONEN LAKE AREA	<a href="#">4227670</a>	2015-Nov-19	\$12,800	\$0	16	256
LAPONEN LAKE AREA	<a href="#">4227671</a>	2015-Nov-19	\$6,400	\$0	8	128
LAPONEN LAKE AREA	<a href="#">4227672</a>	2015-Nov-19	\$6,400	\$0	8	128

##### Claim status for LL3

Township	Claim Number	Claim Due Date	Work Required	Total Reserve	Claim Units	Hectares
CASTLEBAR LAKE AREA	<a href="#">4216019</a>	2015-Nov-19	\$12,000	\$0	15	240
CASTLEBAR LAKE AREA	<a href="#">4216021</a>	2015-Nov-19	\$12,000	\$0	15	240
CASTLEBAR LAKE AREA	<a href="#">4216022</a>	2015-Nov-19	\$3,200	\$0	4	64
CASTLEBAR LAKE AREA	<a href="#">4216024</a>	2015-Nov-19	\$12,000	\$0	15	240
CASTLEBAR LAKE AREA	<a href="#">4216025</a>	2015-Nov-19	\$6,400	\$0	8	128
KLOTZ LAKE AREA	<a href="#">4216023</a>	2015-Nov-19	\$7,836	\$0	16	256

## Melkior Resources Inc.

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Exploration activities carried out on LL1 and LL3 from 2007 to February 28<sup>th</sup>, 2015

<b>LL1 LongLac Project: Exploration work completed by Melkior November 2008 to February 2015</b>									
<b>Exploration Work</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Drilling	-	-	-	-	-	-	-	-	-
Grab Samples	-	80 grab samples	126 grab samples	56 grab samples	-	-	10 grab samples	-	-
Trenching	-	-	-	-	-	-	-	-	-
Geophysics / Geochemistry	-	166 line kilometres airborne magnetic and electromagnetic (AeroTem) survey		-	14 line kilometres ground magnetic survey, 14 line kilometres Induced Polarization survey	208 B-Horizon samples, 208 soil hydrocarbon samples	-	-	-

Exploration on LL1 and LL3 from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015

No field work was carried out on the LL1 and LL3 Projects during the three months ending in February 28<sup>th</sup>, 2015.

Melkior has requested a 6 month extension on the Long Lac property to permit the planning and financing for an exploration program.

### **McFaulds Rim Nickel East**

(100% - nickel, copper, PGE)

#### Property description

Melkior owns 100% interest in 440 claim units or 3,536 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.

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.

Airborne geophysics (magnetometre, electromagnetics, gravity) have defined a number of high priority massive sulphide type targets. Some of them were drilled in 2011 indicating positive geology but no potentially economic intersections.

**Melkior Resources Inc.**  
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Claim status for McFaulds East Rim

Area	Claim Number	Claim Due Date	Work Required	Total Reserve	Claim Units	Hectares
BMA 528 854	<a href="#">4219671</a>	2016-Jan-24	\$2,800	\$0	7	112
BMA 528 853	<a href="#">4219678</a>	2016-Feb-05	\$6,400	\$0	16	256
BMA 528 853	<a href="#">4223061</a>	2016-Feb-05	\$6,400	\$0	16	256
BMA 527 853	<a href="#">4223062</a>	2016-Jan-31	\$6,400	\$0	16	256
BMA 527 853	<a href="#">4223063</a>	2016-Feb-04	\$6,400	\$23,986	16	256
BMA 527 853	<a href="#">4223064</a>	2016-Feb-04	\$5,200	\$0	13	208
BMA 527 853	<a href="#">4223065</a>	2016-Jan-31	\$4,800	\$0	12	192
BMA 527 853	<a href="#">4223066</a>	2016-Feb-05	\$4,800	\$0	12	192
BMA 527 853	<a href="#">4223069</a>	2016-Jan-31	\$800	\$0	2	32
BMA 527 853	<a href="#">4223070</a>	2016-Feb-04	\$1,600	\$0	4	64
BMA 527 853	<a href="#">4223071</a>	2016-Feb-04	\$1,600	\$0	4	64
BMA 527 853	<a href="#">4223072</a>	2016-Feb-04	\$4,400	\$0	11	176
BMA 527 853	<a href="#">4223073</a>	2016-Feb-04	\$4,000	\$0	10	160
BMA 527 853	<a href="#">4223074</a>	2016-Feb-05	\$5,600	\$0	14	224
BMA 528 853	<a href="#">4223096</a>	2016-Feb-05	\$6,400	\$2,656	16	256
BMA 528 854	<a href="#">4223291</a>	2016-Jan-24	\$6,400	\$4,743	16	256
BMA 528 854	<a href="#">4223292</a>	2016-Jan-31	\$6,400	\$31,434	16	256
BMA 528 854	<a href="#">4227579</a>	2016-Jan-24	\$6,400	\$0	16	256
BMA 528 854	<a href="#">4227580</a>	2016-Jan-24	\$6,400	\$0	16	256
BMA 528 854	<a href="#">4227581</a>	2016-Jan-31	\$6,400	\$0	16	256
BMA 528 854	<a href="#">4227586</a>	2016-Jan-24	\$3,200	\$0	8	128
BMA 528 854	<a href="#">4227587</a>	2016-Jan-24	\$3,200	\$38,664	8	128
BMA 527 853	<a href="#">4227591</a>	2016-Feb-05	\$4,800	\$0	12	192
BMA 528 853	<a href="#">4227592</a>	2016-Jan-31	\$5,600	\$0	14	224
BMA 528 853	<a href="#">4227593</a>	2016-Jan-30	\$6,000	\$0	15	240
BMA 528 853	<a href="#">4227604</a>	2016-Jan-30	\$6,400	\$0	16	256
BMA 528 853	<a href="#">4227605</a>	2016-Feb-05	\$6,400	\$46,617	16	256
BMA 528 853	<a href="#">4227692</a>	2016-Jan-31	\$4,400	\$0	11	176
BMA 527 853	<a href="#">4227694</a>	2016-Jan-31	\$4,400	\$0	11	176

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BMA 528 854	<a href="#">4227697</a>	2016-Jan-31	\$6,000	\$0	15	240
BMA 528 854	<a href="#">4227698</a>	2016-Jan-24	\$6,400	\$0	16	256
BMA 528 854	<a href="#">4227700</a>	2016-Jan-24	\$6,000	\$0	15	240
BMA 528 854	<a href="#">4227702</a>	2016-Jan-24	\$6,400	\$0	16	256
BMA 528 854	<a href="#">4257163</a>	2016-Aug-30	\$400	\$0	1	16
BMA 528 854	<a href="#">4257164</a>	2016-Aug-30	\$400	\$0	1	16
BMA 528 854	<a href="#">4257165</a>	2016-Aug-30	\$400	\$0	1	16
BMA 528 854	<a href="#">4257166</a>	2016-Aug-30	\$1,600	\$0	4	64
BMA 528 854	<a href="#">4257167</a>	2016-Aug-30	\$1,600	\$0	4	64
BMA 528 854	<a href="#">4257168</a>	2016-Aug-30	\$2,000	\$0	5	80
BMA 527 853	<a href="#">4257169</a>	2017-Aug-30	\$800	\$0	2	32

Exploration activities carried out on McFaulds East Rim from 2008 to February 28<sup>th</sup>, 2015

<b>McFaulds East Rim: Exploration work completed by Melkior 2008 to February 2015</b>								
<b>Exploration Work</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Drilling	-	-	-	8 holes, 1769.60 metres	-	-	-	-
Grab Samples	-	-	-	-	-	-	-	-
Trenching	-	-	-	-	-	-	-	-
Geophysics / Geochemistry	1738 line-kilometre airborne magnetic and electromagnetic (MEGATEM) survey, 725.74 line-kilometre versatile time domain electromagnetic (VTEM) survey	-	36.6 line-kilometre surface pulse electromagnetic survey (CRONE)	678 line-kilometre high-sensitivity aeromagnetic and gravite gradiometre (FALCON) survey	-	-	-	-

Exploration on McFaulds from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015

No field work was undertaken on the McFaulds East Rim Project during the three months ending February 28<sup>th</sup>, 2015.

No work is planned for 2014-2015. Management intends to reduce the claims held on this property to only cover unexplored targets in order to preserve work credits as long as possible.

# Melkior Resources Inc.

## Management's Discussion and Analysis

For the six months ended February 28, 2015

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### Ungava Delta - Kenty Quebec

(49% owned copper-nickel-platinum group)

#### Property description

Melkior owns 49% of this project with Glencore Xstrata (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 was not a 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.

This is considered a significant asset with a high probability of future development.

#### Claim status for Delta-Kenty

NTS Sheet	Claim Number	Claim Due Date	Total Reserves	Required Work	Required Renewal Fees	Hectares
NTS 35G08	2331658	19/06/2017 23:59	\$76,962.74	\$2,500.00	\$102.00	41.2
NTS 35G08	2331659	19/06/2017 23:59	\$76,962.74	\$2,500.00	\$102.00	41.2
NTS 35G08	2331660	19/06/2017 23:59	\$76,962.74	\$2,500.00	\$102.00	41.2
NTS 35G08	2331661	19/06/2017 23:59	\$76,962.74	\$2,500.00	\$102.00	41.2
NTS 35G07	2331662	19/06/2017 23:59	\$29,832.40	\$1,000.00	\$28.25	15.97
NTS 35G07	2331663	19/06/2017 23:59	\$76,178.17	\$2,500.00	\$102.00	40.78
NTS 35G07	2331664	19/06/2017 23:59	\$504.37	\$1,000.00	\$28.25	0.27
NTS 35G07	2331665	19/06/2017 23:59	\$19,913.18	\$1,000.00	\$28.25	10.66
NTS 35G08	2331666	19/06/2017 23:59	\$75,935.32	\$2,500.00	\$102.00	40.65
NTS 35G08	2331667	19/06/2017 23:59	\$75,430.96	\$2,500.00	\$102.00	40.38
NTS 35G08	2331668	19/06/2017 23:59	\$74,478.27	\$2,500.00	\$102.00	39.87
NTS 35G08	2331669	19/06/2017 23:59	\$74,085.97	\$2,500.00	\$102.00	39.66
NTS 35G08	2331670	19/06/2017 23:59	\$75,001.30	\$2,500.00	\$102.00	40.15
NTS 35G08	2331671	19/06/2017 23:59	\$75,206.80	\$2,500.00	\$102.00	40.26
NTS 35G08	2331672	19/06/2017 23:59	\$75,524.36	\$2,500.00	\$102.00	40.43

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NTS 35G08	2331673	19/06/2017 23:59	\$41,040.57	\$1,000.00	\$28.25	21.97
NTS 35G08	2331674	19/06/2017 23:59	\$28,356.66	\$1,000.00	\$28.25	15.18
NTS 35G08	2331675	19/06/2017 23:59	\$30,841.14	\$1,000.00	\$28.25	16.51
NTS 35G08	2331676	19/06/2017 23:59	\$29,907.13	\$1,000.00	\$28.25	16.01
NTS 35G08	2331677	19/06/2017 23:59	\$74,496.95	\$2,500.00	\$102.00	39.88
NTS 35G08	2331678	19/06/2017 23:59	\$15,822.20	\$1,000.00	\$28.25	8.47
NTS 35G08	2331679	19/06/2017 23:59	\$11,208.17	\$1,000.00	\$28.25	6
NTS 35G08	2331680	19/06/2017 23:59	\$5,959.01	\$1,000.00	\$28.25	3.19
NTS 35G08	2331681	19/06/2017 23:59	\$7,827.04	\$1,000.00	\$28.25	4.19
NTS 35G08	2331682	19/06/2017 23:59	\$10,367.55	\$1,000.00	\$28.25	5.55
NTS 35G08	2331683	19/06/2017 23:59	\$3,549.25	\$1,000.00	\$28.25	1.9

#### Exploration on Delta-Kenty from November 30<sup>th</sup>, 2014 to February 28<sup>th</sup>, 2015

No field work was undertaken on the Delta-Kenty Project during the three months ending February 28<sup>th</sup>, 2015.

The Delta-Kenty project has \$1,219,317.73 in reserved work credits.

No work is planned for 2014-2015.

#### **Other properties in Ontario and Quebec**

The Henderson property consists of 20 claim units, covering 3.2 square kilometres in Raglan Township. During the summer 2010, First Nickel Inc. earned 50% interest.

The Company owns 35 claims in Vauquelin Township and 33 claims in Tiblemont Township located approximately 50km east of Val-d'Or, Quebec. Melkior acquired 3 claims in Tiblemont on May 12<sup>th</sup>, 2014, thereby increasing the Tiblemont property from 30 claims to 33. The three new claims were purchased for 200,000 common shares of Melkior and the vendor retained a 2% Net Smelter Return Royalty (NSR). Melkior can buy back 1% of the NSR for \$1,000,000. The vendor also retained the right to exploit, at his cost, surface gold (above bedrock) in overburden and residual rock from historical mining. Melkior holds a 2% NSR on this material. 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.

Melkior is not planning work on these properties.

## **Melkior Resources Inc.**

### **Management's Discussion and Analysis**

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#### **Related party transactions**

In the normal course of operations for the six months ended February 28, 2015:

- a) A company controlled by Jens E. Hansen (president and director) charged:
  - i) Professional fees relating to qualified exploration work amounting to \$15,187 (\$12,057 in 2014) and are capitalized in exploration and evaluation expenses;
  - ii) Rent totaling \$9,000 (\$9,000 in 2014) expensed in office expenses;
- b) Sabino Di Paola, the Chief Financial Officer and Corporate Secretary, charged professional fees of \$22,149 (\$12,057 in 2014)

#### **Off-balance sheet arrangements**

During the six months ended February 28, 2015, the Company did not set up any off-balance sheet arrangements.

#### **Proposed Transactions**

In the normal course of business, the Company evaluates property acquisition transactions and, in some cases, makes proposals to acquire such properties. These proposals, which are usually subject to Board and sometimes regulatory and shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

#### **Annual Meeting of Shareholders**

The annual meeting of the shareholders was held on February 24, 2015 for the year ended August 31, 2014. Jens Hansen, Bruce Deluce and Norm Farrell were re-elected as directors for the upcoming year, and Raymond Chabot Grant Thornton, Chartered Professional Accountants, was re-appointed as the auditors of the Company.

#### **Investor Relations Activities**

The Company is not using an outside consultant to perform its investor relations activities. The tasks performed by an investor relations consultant are currently being performed by the management of the Company. There are no external contracts or commitments for Investor Relations as at February 28, 2015.

#### **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.

# **Melkior Resources Inc.**

## **Management's Discussion and Analysis**

For the six months ended February 28, 2015

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### *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 Nations traditional or treaty lands. Should a First Nations 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 Nations, 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

## **Melkior Resources Inc.**

### **Management's Discussion and Analysis**

For the six months ended February 28, 2015

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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.

### **Events after the reporting date**

There were no significant events after the reporting date.

### **Forward looking information**

Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to consult Melkior Resources' annual financial statements and corresponding notes to the financial statements for the year ended August 31, 2014 and the six months ended February 28, 2015 for additional details.

## **Melkior Resources Inc.**

### **Management's Discussion and Analysis**

For the six months ended February 28, 2015

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Melkior's disclosures are available on the Company's website at [www.melkior.com](http://www.melkior.com). The interim financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the six months ended February 28, 2015.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in "Risks and Uncertainties" and the "Cautionary Note Regarding Forward-Looking Statements" at the end of this MD&A.

April 27, 2015

*(s) Jens E. Hansen*  
Jens E. Hansen  
President and CEO

*(s) Sabino Di Paola*  
Sabino Di Paola  
CFO and Corporate Secretary