

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2007
Containing information up to and including July 15, 2007

The following discussion and analysis is prepared at July 15, 2007 and is intended to help the reader understand the accompanying audited consolidated financial statements of Medallion Resources Ltd. (the "Company"). The information provided herein should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended March 31, 2007 and 2006.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

The Company is incorporated in British Columbia and involved in the acquisition, exploration and development of mineral-resource properties located in North America. Management is in the process of evaluation and acquisition of high-quality projects in the America's for future development, with an emphasis on projects that have the potential to provide cash flow from production in the near term.

Additional information relating to the Company is available on the SEDAR website: www.sedar.com under "Medallion Resources Ltd".

All currency amounts are in Canadian dollars unless otherwise indicated.

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended March 31, 2007. Based on this evaluation, management has concluded that the design of these internal controls and procedures over financial reporting was effective.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the year covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

OVERALL PERFORMANCE

Financial Condition

As of March 31, 2007, the Company had working capital of \$64,479 (2006 – working capital deficiency of \$15,312). In July 2006, to meet its immediate commitments and commence exploration work on the Ocelot Property, the Company completed a non-brokered private placement for gross proceeds of \$510,001.

Mineral Property

On April 3, 2006, the Company entered into a Mining Lease and Option to Purchase Agreement (the "Option Agreement"), as subsequently amended, with Carl Pescio and Robert Foster (the "Vendors"), pursuant to which the Vendors leased to the Company and granted the Company an option to acquire a 100% interest in 13 core mineral claims at the Ocelot gold-exploration property in Nevada. Also in 2005, the Company staked an additional 142 new mineral claims in the immediate area and subsequently contributed them to the Ocelot property for the purpose of the Option Agreement. The Ocelot property now comprises 155 unpatented mineral claims covering approximately 3,100 acres in Lander County, 40 km north of Austin, Nevada.

The terms of the Option Agreement require the Company to issue to the Vendors 50,000 common shares of the Company (issued) and to pay to the Vendors annual advance royalty payments in the aggregate amount of US\$735,000 until September 26, 2011, and US\$200,000 on September 26 of each successive year thereafter. All advance royalty payments are credited against a net smelter return royalty of 3% (of which 1% may be purchased at the Company's option). In addition, the Option Agreement requires a drilling work commitment on the property of 11,500 feet on or before September 26, 2007 and 7,500 feet per year thereafter, until completion of a bankable-feasibility study.

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2007
Containing information up to and including July 15, 2007

In August of 2006, the Company started the core drilling program on the property. Frontier Drilling of Vancouver, BC was engaged to provide core drilling services. An initial five drill holes were planned to test gold targets along deep structures, which are believed to be feeders for the Ocelot surface quartz-adularia hot-springs gold occurrences. However, drilling operations were suspended in late August when the contracted drill rig had insufficient power to deal with the heavily silicified and fractured hot-springs sinter rocks encountered below the surface. As of March 31, 2007, a substitute drill had not been engaged.

By mid October 2006, arrangements with the Vendors and the drilling contractor were completed to accommodate a change in the planned drilling program. The completion date for the first-year drilling work commitment (as required in the Option Agreement) was changed to correspond to the completion date for the second-year drilling work commitment. This effectively results in a revised total second-year drilling work commitment of 11,500 feet, which must be completed by September 26, 2007. In the event that the 11,500-foot commitment has not been completed by September 26, 2007, negotiations with the vendors indicate that an extension is likely to allow this commitment to be completed within the coming year.

During the year ended March 31, 2007, the Company paid a total of \$94,493 (US\$85,000) in advance royalty payments and issued 50,000 shares with a fair value of \$24,000 (Note 7) to the Vendors. As of March 31, 2007, the Company has incurred a total of \$187,536 (2006 - \$69,043) in acquisition costs and \$189,681 (2006 - \$54,410) in exploration expenditures on the Ocelot property.

	Balance March 31, 2005	Expenditures for the year	Balance March 31, 2006	Expenditures for the year	Balance March 31, 2007
<i>Ocelot Property</i>					
Property acquisition costs	\$ -	\$ 69,043	\$ 69,043	\$ 118,493	\$ 187,536
Exploration expenditures					
Geological consulting	-	54,410	54,410	51,983	106,393
Drilling	-	-	-	39,307	39,307
Field costs	-	-	-	20,285	20,285
License fees and dues	-	-	-	23,696	23,696
Total Expenditures	\$ -	\$ 123,453	\$ 123,453	\$ 253,764	\$ 377,217

The Company was required to post a reclamation bond which covers the cost to reclaim the surface lands disturbed during its exploration programs at the Ocelot Property. During 2007, the Company paid \$22,833 for the bond required to cover the exploration program. The Company must complete certain reclamation work for these funds to be released, but may leave the bond in place for future exploration programs, even if such work is completed.

RESULTS OF OPERATIONS

The Company's operations consist generally of mineral exploration and evaluation of new property acquisitions. This includes acquiring mineral properties, evaluating the merits of these properties using various techniques such as sampling, trenching, geophysical and geochemical survey methods as well as drilling.

The Company has no commercial production at this time, therefore, the Company has no revenue from operations or sales. Other than the Option Agreement with the Ocelot property Vendors, the Company has no material long-term contracts or obligations.

SELECTED ANNUAL INFORMATION

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
	\$	\$	\$
Total Revenues (interest Income)	3,439	841	842
Net Income (Loss)	(263,842)	(127,337)	(43,217)
Net Income (Loss) Per Share	(0.04)	(0.02)	(0.01)
Total Assets	524,608	170,311	204,838
Long-Term Debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2007
Containing information up to and including July 15, 2007

Results of operations for the year ended March 31, 2007 compared to the year ended March 31, 2006.

The Company's loss for the year ended March 31, 2007, increased by \$136,505 to \$263,842 from \$127,337 in 2006. Stock-based compensation expense of \$91,270 (2006 - \$23,140) was recorded on the grant of 250,000 stock options and 21,000 finder's warrants during the 2007 period. Increased administrative activities in 2007 relating to the acquisition of the Ocelot property and a June 2006 equity financing resulted in \$15,870 (2006 - \$9,282) of consulting fees, \$48,013 (2006 - \$23,525) of professional fees and \$26,573 (2006 - \$16,482) of office expenses which were partially offset by decreased transfer agent and filing fees totalling \$4,860 in fiscal 2007 (2006 - \$15,251). In February 2006, the Company engaged the services of an investor relations consultant to implement investor relations and shareholder awareness programs, that resulted in increased investor relations fees of \$21,195 for the year ended March 31, 2007 compared to \$2,648 in 2006. The management fees for the fiscal 2007 totaled \$59,500 (2006 - \$37,850).

The interest income earned on the \$510,000 of proceeds from the June 2007 private placement totaled \$3,439 for the year ended March 31, 2007, compared with interest income of \$841 in 2006.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information for each of the last eight quarters (information is unaudited except for March 31st figures).

Quarter Ending	Revenue	Expenses	Net Loss	Loss Per Share
	\$	\$	\$	\$
March 31, 2007	791	62,770	61,979	0.01
December 31, 2006	720	25,070	24,350	0.00
September 30, 2006	1,615	131,293	129,678	0.02
June 30, 2006	313	48,148	47,835	0.01
March 31, 2006	64	50,416	50,352	0.01
December 31, 2005	173	28,277	28,104	0.00
September 30, 2005	288	34,758	34,470	0.01
June 30, 2005	316	14,727	14,411	0.00

Results of operations for the three months ended March 31, 2007 compared to the three months ended March 31, 2006.

The net loss for the quarter ended March 31, 2007, increased to \$61,979 from \$50,352 in the same period of 2006. Loss per share for both periods was \$0.01. The administrative expenses increased from \$50,416 to \$62,770.

The increase of \$12,354 in administrative expenditures relates to an increase in investor relations activities, which was due to the Company engaging the services of an investor relations firm in February of 2006. All the other expenditures were consistent.

In the fourth quarter of fiscal 2007, the Company earned interest income of \$791 compare to \$64 in the same period of 2006 due to higher cash balances.

MARKETABLE SECURITIES

At March 31, 2007, the Company owned 600,000 shares of American Bonanza Gold Corp. ("Bonanza"). The investment represents less than a 1% equity interest in Bonanza and is carried at a cost of \$39,547 (March 31, 2007 - market value \$186,000; March 31, 2006 - market value \$360,000).

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2007, the Company's working capital was \$64,479 (2006 - working capital deficiency \$15,312). The cash and cash equivalents at March 31, 2007 totaled \$82,001, an increase of \$77,650 from \$4,351 as at March 31, 2006.

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2007
Containing information up to and including July 15, 2007

In July 2006, the Company completed a private placement of 1,700,002 units (the "Units") at a price of \$0.30 per Unit for gross proceeds totaling \$510,001. Each Unit consists of one common share and one warrant (a "Warrant"). Each Warrant allows the subscriber to purchase one additional common share at a price of \$0.40 per share until July 5, 2008. The net proceeds of the private placement provided funding for a Phase 1 work program at the Ocelot gold project and general working capital. During the fiscal 2007, the Company spent \$94,493 in acquisition of Ocelot property, incurred \$111,575 of exploration costs on its 2006 exploration program, \$23,696 of holding costs, and deposited required \$22,833 for a reclamation bond. \$174,713 (2006 - \$88,053) were used in operating activities.

The Company paid to Pacific International Securities Inc. a cash finder's fee of \$5,040 and granted 21,000 finder's warrants ("Finder's Warrants") in connection with the private placement. Each Finder's Warrant may be exercised to purchase one common share of the Company at an exercise price of \$0.30 per share until July 5, 2007. The fair value of \$5,760 was recorded on the finder's fees.

Authorized share capital consists of 100,000,000 common shares without par value. As at March 31, 2007, the Company had 7,395,393 (2006 - 5,645,391) issued and outstanding common shares.

Contributed surplus totaled \$121,992 as of March 31, 2007 compared to \$24,962 as of March 31, 2006. The increase represents \$91,270 (2006 - \$23,140) of stock-based compensation expense on 250,000 stock options granted to the directors of the Company and \$5,760 fair value of 21,000 Finder's Warrants granted in connection with the private placement.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions not disclosed elsewhere in these statements are as follows:

- a) During the year ended March 31, 2007, \$59,500 (2006 - \$37,850) was charged by a private company controlled by the President of the Company for management fees. At March 31, 2007, \$Nil (2006 - \$4,901) was owed to this private company.
- b) During the year ended March 31, 2007, a director of the Company loaned to the Company \$67,200 (US\$60,000) to fund the initial costs of the acquisition of the Ocelot property. The loan was evidenced by way of a promissory note, and was unsecured, repayable after one year and bore interest at a rate of prime plus 2% per annum. During the year ended March 31, 2007, the promissory note and accrued interest of \$600 were paid in full.

CRITICAL ACCOUNTING ESTIMATES

There were no changes to the critical accounting estimates.

ACCOUNTING POLICIES INCLUDING SUBSIDIARIES AND INITIAL ADOPTION

The Company's accounts are stated using Canadian GAAP. There were no changes to the Company's accounting policies during the period.

In June 2006, the Company incorporated a new subsidiary, Medallion Resources (USA) Inc., in the State of Nevada, USA. The purpose of the new subsidiary is to hold the Company's USA properties and to carry on such business in the USA as is necessary maintain, explore and develop the Company's properties. Medallion Resources (USA) Inc. now holds the Company's material asset consisting of its rights in respect of the Ocelot property; however, it has no other material assets, liabilities or operations.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash and cash equivalents, prepaid expenses and other receivables, marketable securities, accounts payable and accrued liabilities, and due to related party approximate their fair values due to the short-term nature of these instruments.

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2007
Containing information up to and including July 15, 2007

SUBSEQUENT EVENT

Subsequent to the year end, 280,000 stock options were exercised at an exercise price of \$0.10 per share and 21,000 Finder's Warrants expired.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue 100,000,000 common shares without par value.

The Company has 7,395,393 common shares issued and outstanding.

The Company has 1,700,002 warrants outstanding to purchase 1,700,002 common shares at a price of \$0.40 per share (expiring July 5, 2008).

The Company has stock options outstanding to purchase 100,000 common shares at a price of \$0.10 per share until April 21, 2010, 40,000 common shares at a price of \$0.24 per share until February 11, 2011, 100,000 common shares at a price of \$0.30 per share until September 18, 2011, 100,000 common shares at a price of \$0.30 per share until October 4, 2011, and 50,000 common shares at a price \$0.36 per share until March 15, 2012.

There are no shares subject to escrow or pooling agreements.

OUTLOOK

The Company continues its efforts to acquire additional gold-exploration properties in Nevada, USA, and in other areas of North America. The present strategy calls for the acquisition of a number of properties so that the risks and costs of exploring any one property are mitigated. The further exploration of the Ocelot property in Nevada remains a focus of the Company; however, the work required for the Ocelot property, such as the current \$11,500-foot drilling commitment, is relatively expensive and awaits additional financing.

Additional financing will be needed to carry out the planned acquisitions and exploration programs. A financing plan is not in place at this time; however, it is intended that such a plan will be developed and put into action during the next six months.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward looking statements are usually identified by our use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the Company's business plan; future operations, the impact of regulatory initiatives on the Company's operations; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and financing plans and statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

**MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2007
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DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents file on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

BY ORDER OF THE BOARD

“William H Bird”

WILLIAM H. BIRD
PRESIDENT AND DIRECTOR