

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the nine months ended December 31, 2017
Containing information up to and including February 21, 2018

The following Management Discussion and Analysis (“MD&A”) is prepared as at February 21, 2018 and is intended to help the reader understand the accompanying interim unaudited consolidated financial statements of Medallion Resources Ltd. (the “Company” or “Medallion”). The information provided herein should be read in conjunction with the Company’s interim unaudited consolidated financial statements and notes for the nine months ended December 31, 2017.

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

The financial statements of the Company for the nine months ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Company is incorporated in British Columbia and is involved in the acquisition and evaluation of mineral resource projects. The Company is seeking monazite processing partnerships by which to extract and produce rare-earths from monazite.

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.

OPERATIONS

The Company’s operations have historically consisted generally of the acquisition, exploration and evaluation of mineral properties. This includes evaluating the merits of these properties using various techniques such as sampling, trenching, drilling, and geophysical and geochemical survey methods.

The Company has more recently focused primarily on a rare-earth business strategy involving the mineral monazite, which is available as a by-product mineral from large heavy-mineral-sands mining operations, and it is seeking monazite processing partnerships by which to process and produce rare-earth products from monazite. Medallion is testing a variety of samples, which have been submitted by heavy-mineral-sands producers, to locate suitable quantities and qualities of monazite feed. This testing could lead to monazite purchase agreements and potentially provide feedstock for a planned rare-earth processing plant. Since no monazite purchase contracts or processing plant financing and development agreements are in place at this time, all expenses associated with this strategy are being written off in the Company’s consolidated statements of loss and comprehensive loss.

The Company has no commercial production at this time and accordingly the Company has no revenue from operations.

SHARE CONSOLIDATION

On July 28, 2017, the Company consolidated its share capital on the basis of one new common share for every four old common shares. All share, share purchase warrant, stock option and per share amounts have been adjusted to reflect the share consolidation.

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RESULTS OF OPERATIONS FOR THE PERIOD

Results of operations for the three months ended December 31, 2017 compared to the three months ended December 31, 2016

The Company's loss for the three months ended December 31, 2017 was \$254,946 (loss per share – \$0.01) compared to a loss of \$130,874 (loss per share – \$0.01) for the three months ended December 31, 2016.

The significant factors that contributed to the increase in the loss during the three months ended December 31, 2017 compared with the corresponding period in 2016 were:

- Consulting Fees for the three months ended December 31, 2017 were \$79,869 compared with \$8,178 for the same period in 2016. This is due to increased activity associated with monazite sourcing and product marketing in 2017 compared to the same period last year.
- Investor Relations expenses for the three months ended December 31, 2017 were \$19,431 compared with \$3,275 for the three months ended December 31, 2016. This is due to increased investor activities during the current period compared to the same period in 2016.
- Project Investigation expenses for the three months ended December 31, 2017 were \$85,000 compared with \$nil for the three months ended December 31, 2016. This is due to an amount paid for process bench testing in 2017.

The significant factors that contributed to offsetting the increase in the loss during the three months ended December 31, 2017 compared with the corresponding period in 2016 were:

- Share-based Compensation for the three months ended December 31, 2017 was \$nil compared with \$50,202 for the three months ended December 31, 2016. This is due to common share purchase options that were granted to directors and officers of the Company in December 2016.

PROJECT INVESTIGATION

To support the Company's current strategy of focusing on the purchase of the mineral monazite and the search for monazite processing partnerships by which to process and produce rare-earth products, consulting, travel, legal and other expenses have been incurred by the Company. The Company expects to continue to incur such expenses during the current year. Since no monazite purchase contracts or process-plant financing and development agreements are in place at this time, all expenses associated with this strategy are being expensed in the Company's consolidated statements of loss and comprehensive loss.

For further details relating to project investigation expenses, please refer to Note 4 of the accompanying interim unaudited consolidated financial statements for the nine months ended December 31, 2017.

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SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information for each of the last eight quarters (information is unaudited):

Quarter Ending	Revenue \$	Other Income \$	Expenses \$	Net Loss \$	Loss Per Share \$
December 31, 2017	Nil	Nil	254,946	254,946	0.01
September 30, 2017	Nil	Nil	157,096	157,096	0.01
June 30, 2017	Nil	Nil	80,607	80,607	0.00
March 31, 2017	Nil	Nil	126,746	126,746	0.01
December 31, 2016	Nil	Nil	130,874	130,874	0.01
September 30, 2016	Nil	Nil	133,655	133,655	0.01
June 30, 2016	Nil	Nil	90,088	90,088	0.00
March 31, 2016	Nil	Nil	120,541	120,541	0.01
December 31, 2015	Nil	Nil	198,483	198,483	0.01

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had a working capital deficiency of \$329,432 (March 31, 2017 – deficiency of \$499,103), a decrease in the working capital deficiency of \$169,671 from March 31, 2017. The working capital deficiency decreased due to an increase in cash resulting from \$670,000 of gross proceeds of a private placement equity offering, offset by operating expenses incurred during the nine months ended December 31, 2017. Of the \$485,216 of total current liabilities as at December 31, 2017, \$447,505 is owed directly or indirectly to directors and officers of the Company.

Cash is made up of \$17,642 (March 31, 2017 - \$46,108) in cash available in the bank accounts of the Company at December 31, 2017.

In the previous fiscal year, on August 15 and September 15, 2016 the Company completed a private placement equity financing consisting of 2,500,000 units at \$0.12 per unit for gross proceeds of \$300,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to acquire one common share for five years at an initial exercise price of \$0.20 for 30 months and an exercise price of \$0.40 thereafter. The Company issued a total of 46,667 finders' units (value of \$5,600) having the same terms as the placement units and issued 20,000 finders' warrants each exercisable to acquire a common share at a price of \$0.20 per share for a period of 2 years from closing.

On September 27, 2017 the Company completed a private placement equity financing consisting of 4,187,500 units at \$0.16 per unit for gross proceeds of \$670,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.32. The Company paid \$7,680 in cash finders' fees and issued 48,000 finders' warrants each exercisable to acquire a common share at a price of \$0.16 per share for a period of 2 years from closing. The proceeds of the private placement are being used to further the metallurgical test program that Medallion has undertaken with the Saskatchewan Research Council; customer and monazite feedstock supply development work; jurisdiction and site analysis for the Company's proposed rare-earth processing extraction plant; and working capital.

Contributed surplus totaled \$2,655,185 as at December 31, 2017 (March 31, 2017 - \$2,654,645). The increase is due to warrants that expired since March 31, 2017.

The Company has in the past relied primarily upon the sale of equity securities for cash required for business purposes, for acquisitions, and to fund the administration of the Company. Since the Company

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does not expect to generate any revenues in the near future, it will continue to rely primarily upon sales of its equity to raise capital. There can be no assurance that additional equity financing will be available to the Company in the required amount when needed or at all. Mineral processing is a capital-intensive business with lengthy periods elapsing from initial investigation to any prospect of revenues. The nature of the mineral processing business increases risks of insufficient capital resources above that of many other businesses.

The Company requires additional working capital and on February 2, 2018 the Company announced that it has arranged a non-brokered private placement of up to 4,000,000 units at a price of \$0.10 per unit for gross proceeds of up to \$400,000. Each unit will consist of one common share of the Company and one transferable common share purchase warrant with a three-year term. Each warrant will be exercisable to acquire one additional common share at an exercise price of \$0.15 for 36 months. The financing remains subject to completion of documentation and regulatory approval.

COMMITMENTS

The Company has entered into a sub-lease with a company owned by a director for office premises which has been renewed for an additional year to March 31, 2018 with monthly rent of \$1,325. The following is a summary of the future lease commitments:

Fiscal 2018	\$ 15,900
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OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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

- a) During the nine months ended December 31, 2017, \$108,000 (2016 - \$108,000) was charged by a private company controlled by the Chief Executive Officer (the "CEO") of the Company for management and consulting fees. At December 31, 2017, \$336,218 (2016 - \$270,953) was owed to this company.
- b) During the nine months ended December 31, 2017, the Company incurred \$20,421 (2016 - \$14,412) of legal fees to a law firm in which a director of the Company was Associate Counsel. At December 31, 2017, \$23,162 (2016 - \$29,485) was owed to this firm.
- c) During the nine months ended December 31, 2017, the Company paid \$11,925 (2016 - \$10,395) in rent in connection with an office sub-lease the Company entered into with a company owned by a director (see Note 8). At December 31, 2017, \$15,887 (2016 - \$18,099) was owed to this company.
- d) During the nine months ended December 31, 2017, the Company incurred \$34,080 (2016 - \$31,620) of consulting fees to the Chief Financial Officer (the "CFO") of the Company and a company owned by the CFO of the Company. At December 31, 2017, a total of \$20,738 (2016 - \$27,215) was owed to the CFO and the company owned by the CFO.
- e) As at December 31, 2017, a principal amount of \$51,500 plus interest of \$805 (included in accounts payable and accrued liabilities) was outstanding to a company owned by a director under a promissory note. The amount carries an interest rate of prime plus 3.00%

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DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Authorized share capital consists of an unlimited number of common shares without par value.

On July 28, 2017, the Company consolidated its share capital on the basis of one new common share for every four old common shares.

As at December 31 and February 21, 2018 there were 25,210,472 common shares outstanding.

For further details relating to the issuance of shares, please refer to Note 7 of the accompanying interim unaudited consolidated financial statements of the Company for the nine months ended December 31, 2017.

Stock Options

As at December 31 and February 21, 2018 there were 1,687,500 stock options outstanding.

For further details relating to outstanding stock options, please refer to Note 7 of the accompanying interim unaudited consolidated financial statements of the Company for the nine months ended December 31, 2017.

Warrants

As at December 31, 2017 there were 9,744,667 share purchase warrants outstanding.

On January 12, 2018, 250,000 share purchase warrants with an exercise price of \$0.80 expired.

As at February 21, 2018, there were 9,494,667 share purchase warrants outstanding.

For further details relating to outstanding warrants, please refer to Note 7 of the accompanying interim unaudited consolidated financial statements of the Company for the nine months ended December 31, 2017.

Other Share Information

There are no shares subject to escrow or pooling agreements.

The Company's common shares are listed for trading on the TSX Venture Exchange with the stock trading symbol of MDL.

CRITICAL ACCOUNTING ESTIMATES

Impairment of Non-Financial Assets

At each reporting period the carrying amounts of the Company's non-financial assets, other than exploration and evaluation assets, are reviewed for indicators of impairment. If indicators exist, the recoverable amount of the asset is estimated. Exploration and evaluation assets are assessed for impairment when they are reclassified to property and equipment and if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For purposes of assessing impairment, exploration and evaluation assets and property and equipment are grouped into cash generating units ("CGU") defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company

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has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in net loss. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in net loss. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

Share-based Compensation

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with no vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

CHANGES IN ACCOUNTING POLICIES

New Accounting Standards

The Company adopted certain new accounting standards and amendments during the year ended March 31, 2017, none of which had a material impact on the Company's financial statements.

Future Accounting Pronouncements

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The new standard states that an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining

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the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases (“IFRS 16”) specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has an insignificant value. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of all the new standards on its consolidated financial statements.

FINANCIAL INSTRUMENTS

The following table sets forth the levels in the fair value hierarchy in which the Company’s financial assets and liabilities are measured and recognized in the statement of financial position. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance, December 31, 2017
Cash	\$ 17,642	-	-	\$ 17,642

The fair value of the Company’s accounts payables and accrued liabilities and amounts due to related parties approximates their carrying values due to the short-term nature of these instruments. The Company’s financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and commodity-price risk.

a) Credit risk

The Company’s cash is held in a major Canadian financial institution. The Company does not have any significant exposure to credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

c) Commodity price risk

The ability of the Company to develop its business and the future profitability of the Company are directly related to the market price of several commodities. The Company has not hedged any potential future commodity sales. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

d) Sensitivity analysis

The Company has, for accounting purposes, designated its cash and short-term investments as held-for-trading, which are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost. As at December 31, 2017, the carrying and fair value amounts of the Company’s financial instruments are the same.

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Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected significantly by interest rate risk, foreign currency risk and price risk. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. Commodity price risk could, however, affect the Company. In particular, the Company's future profitability and viability of development depends upon world markets for natural resources. As of December 31, 2017, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken.

MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options, and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may look to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not currently pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments issued by a major Canadian chartered bank.

There has been no change in the Company's management of capital risk during the period ended December 31, 2017.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures

The Company's management is responsible for designing disclosure controls and procedures to provide reasonable assurance that: (a) material information relating to the Company is made known to management so as to allow for timely decisions to be made regarding disclosure, and (b) information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures as at December 31, 2017. Based on this evaluation, the CEO and CFO of the Company have concluded that the Company's disclosure controls and procedures in place as at December 31, 2017 are effective to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and that such information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow for timely decisions regarding required disclosure.

Internal control over financial reporting

Management is responsible for designing, establishing and maintaining an adequate system of internal control over financial reporting. The CEO and CFO of the Company have evaluated, or caused to be

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evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting as at December 31, 2017. Based on this evaluation, the CEO and CFO have concluded that as at December 31, 2017, the Company's internal control over financial reporting continues to be effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO of the Company have identified that due to the size of the Company there is limited segregation of duties. Companies of a similar size often have this limitation. Although it is possible, management of the Company does not believe that this lack of segregation of duties will lead to a material misstatement in the financial statements. Steps have been taken to minimize this risk such as ensuring that two senior officers or directors sign all cheques and outgoing wire transfer requests. In addition, senior management and the directors of the Company review quarterly and year-end financial statements on a regular basis.

There was no change in the Company's internal control over financial reporting during the three months ended December 31, 2017 that materially affected, or was reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The Company is a mineral development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business. Some of these risks have been discussed elsewhere in this document. Additional risks include: access to necessary financing on an ongoing basis, volatility of prices of publicly traded securities, current and future political environment in areas where projects are being pursued, uncertainty regarding current and future environmental regulations that may affect existing and future projects, uncertainty regarding the rare-earth market in the future, competition from other companies undertaking similar business strategies, requirements to acquire licenses and permits to develop projects and loss of key members of management of the Company.

OUTLOOK

Medallion's has developed a business plan that targets expedited rare-earth element ("REE") production with the purchase of the by-product rare-earth phosphate mineral monazite, and subsequent extraction, production and marketing of REE concentrate products.

Monazite is the world's original commercial source for REEs. According to the US Geological Survey, the minerals monazite and bastnaesite account for about 95% of the world's rare-earth resources (approximately evenly split between these two minerals). Only these two minerals have ever produced significant quantities of rare earths.

Because monazite sand feedstock is available in large quantities as a by-product from heavy-mineral-sand (HMS) mines, development of new REE production from by-product monazite could, in Medallion's view, be done relatively quickly and inexpensively. These HMS mines excavate and process the bulk of world's titanium and zirconium. Many HMS mines report total reserves in excess of one billion tonnes. This typically translates into 20 to 40 years of production life per mine. As a result, there are potential long-term by-product supplies of monazite that could be exploited to produce a steady supply of REE concentrates for many years into the future.

Importantly, as monazite is produced as a by-product from existing mining operations, there is no requirement for exploration, proving of mineral reserves, mining or most milling processes. The processing methods necessary to extract REEs from monazite are well understood compared to that of many other REE minerals and industry-standard metallurgical processes have produced significant commercial REEs for over 100 years. These are significant cost-saving and timesaving attributes.

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Safe environmental procedures are an important part of REE production. In 2012, Medallion received a report from SENES Consultants Limited, internationally recognized specialists in mining, nuclear and environmental sciences, which reviewed the health and safety aspects of Medallion's proposed monazite processing plant plans. The report supported the Company's view that, with the proper operational controls and the use of modern handling and waste disposal systems, a commercial scale monazite processing plant can be operated safely and effectively while complying with all major national and international mineral processing and environmental safety standards. This was an important step, since the safe handling and disposal of the various resulting wastes, including the naturally-occurring radioactive elements thorium and uranium, is a concern with processing minerals from any natural REE occurrence. The Company has produced preliminary processing technical plans, including flow sheets and initial internal capital and operating cost estimates for a monazite-based REE processing facility. The currently proposed facility is based on assumed annual production of approximately 3,000 rare-earth-oxide (equivalent) tonnes per year. Discussions are underway to acquire monazite from major HMS mining operations to feed the proposed plant. Based on these discussions and information provided by the HMS industry, Medallion is confident that there are suitable monazite feedstocks available from HMS operations in Australia, south-east Asia, Africa and North America and commercial contracts could be successfully negotiated for these supplies.

On January 29, 2015, the Company announced it was evaluating North American jurisdictions to expedite the approval, construction, and operation of a proposed monazite based REE processing facility. The Company also reported that it expects to be able to purchase upgraded, near-pure monazite feedstock in order to extract and market a mixed REE concentrate product, the pre-cursor to marketable individual REE oxides. A near-pure monazite feedstock would reduce transportation costs and the capital costs associated with the front-end monazite tailings upgrading component of the processing facility, as had been considered previously.

On May 20, 2015, Medallion reported that its lab-scale extraction testing had confirmed Medallion's caustic-route metallurgical process flow-sheet; a subsequent release reported that the tests recovered an average of 91% of the ten important commercial REEs and yielded a mixed REE chemical concentrate. The tests indicated that the economically important magnet-related elements (neodymium, praseodymium, dysprosium, terbium) represent 86% of the value of the resulting concentrate, using then current standard Chinese FOB prices (source: Asian Metal August 2015). On August 25, 2015 Medallion announced that follow-on work from the lab-scale tests also produced a sample calcium phosphate by-product, a commonly-used animal feed supplement that sells in North America currently at about \$400 per tonne. Medallion believes that calcium phosphate, once its proposed plant is in production, could represent a viable additional revenue stream for the Company.

Medallion reported on December 8, 2015 that it had received positive feedback that its high-purity REE concentrate samples were suitable, once available in commercial quantities, as input material to standard commercial REE refineries. These refineries, or separation plants, separate the REE concentrate into individual marketable REE oxides and other commercial REE products. Previously the Company had provided product specification sheets and product samples from its bench-level metallurgical tests to refineries and other interested parties under confidentiality agreements.

In August and September 2016 the Company completed a private placement financing consisting of 2,500,000 units at \$0.12 per unit for gross proceeds of \$300,000, to start execution of a pilot-scale metallurgical test program. Funds were also raised for business development efforts, jurisdiction and site analysis for the Company's proposed REE extraction plant, and working capital.

On February 7, 2017, Medallion announced the Mineral Processing and Metallurgical Testing section of Saskatchewan Research Council ("SRC") has been engaged to perform advanced process test-work for further development of the Company's REE extraction process. A chemist / metallurgist to manage the process development work for the Company has been identified and contracted. New monazite sample feed-stock material was received by the SRC providing input for the test-work program. This program includes acid selection, bench level confirmation, locked cycle tests, cerium removal and phosphate by-

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product development work. It is expected to lead towards an integrated pilot plant test program. Data from a pilot plant operation is required to form the foundation of an engineering study to confirm commercial viability of the proposed monazite processing facility.

On April 12, 2017, Medallion reported that the first phase of its test-work, the analysis of a potential new monazite feedstock supply and dissolution under different acids to extract REE from monazite sand, had yielded positive results. Subsequent phases on the flow-sheet development, undertaken by the SRC, will lead to new mixed REE concentrate samples for delivery to REE refining groups – a necessary step to qualify the concentrate for commercial purchase. The Company is pleased to note the continued and growing interest in its REE concentrate.

On June 1, 2017 the Company announced it had executed a non-exclusive commercial agreement with Rare Earth Salts Separations and Refining, LLC (“RES”), of Des Moines, Iowa, a rare-earth separation technology company to jointly produce, market and share revenues from the sale of finished rare-earth products. The agreement contemplates Medallion producing and supplying its rare-earth concentrate to RES for separation and refining by RES into marketable rare-earth oxides. Certain commercial terms remain to be finalized prior to commercial production. The companies anticipate initial production volumes of 500 tonnes per year of rare-earth oxides beginning in 2019 and growing over time to 3,000 tonnes per year.

On September 27, 2017 the Company completed a private placement financing consisting of 4,187,500 units at \$0.16 per unit for gross proceeds of \$670,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to acquire one common share for three years at an exercise price of \$0.32. The proceeds of the private placement will be used to further the metallurgical test program that Medallion has undertaken with the Saskatchewan Research Council; customer and monazite feedstock supply development work; jurisdiction and site analysis for the Company’s proposed rare-earth processing extraction plant; and working capital.

On February 2, 2018 the Company announced that it has arranged a non-brokered private placement of up to 4,000,000 units (each a “Unit”) at a price of \$0.10 per Unit for gross proceeds of up to \$400,000 (the “Offering”). Each Unit will consist of one common share of the Company (a “Common Share”) and one transferable Common Share purchase warrant (a “Warrant”) with a three-year term. Each Warrant will be exercisable to acquire one additional Common Share at an exercise price of \$0.15 for 36 months. Medallion has agreed to pay finders’ fees to arm’s length finders of up to 8% of the gross proceeds funded by outside parties, payable in cash or Units at the election of the finder, and will also grant finders’ options equal to up to 8% of the Units sold through qualified finders. Each finder’s option will be exercisable to acquire one Common Share of the Company at an exercise price of \$0.10 per Common Share for a period of 24 months from the closing date of the Offering. The proceeds of the Offering will be used to further the metallurgical test program that Medallion has undertaken with the Saskatchewan Research Council; customer and monazite feedstock supply development work; jurisdiction and site analysis for the Company’s proposed rare-earth extraction plant; and working capital. The completion of the Offering is subject to the acceptance of the TSX-V.

On February 7, 2018 Medallion announced it has successfully completed the bench-scale optimization phase of its extraction process testwork, which was conducted at the Saskatchewan Research Council (SRC) and was managed by Kurt Forrester PhD, a UK-based Chartered Chemical Engineer and Chartered Professional Metallurgist. This phase produced a cerium-depleted, rare-earth element (REE) concentrate derived from North American-sourced monazite sand and the Company stated that it would receive a final report from SRC within 10-15 days containing final results and conclusions. The testwork seeks an enhanced process to optimize the recovery of neodymium and praseodymium (NdPr), which are the critical magnet-related elements used in high-powered, rare-earth permanent magnets required for electric and hybrid vehicles, wind power generation, and robotics. Medallion’s enhanced extraction process provides for cost-effective removal of cerium, a plentiful but low-valued REE that typically constitutes well over

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40% of the rare-earth content of monazite. As such, the removal of cerium from a rare-earth concentrate product significantly increases the value of a concentrate versus a similar one with cerium.

The Company's current activities are focused on making progress in the following areas:

Process Development – using qualified mineral labs to scale up its confirmed processing flow-sheet in order to further optimize the flow-sheet, producing new larger sample volumes of products for customer evaluation.

Customer Engagement – building relationships with both established solvent extraction-based refiners and new technology groups, such as recent Medallion collaborator RES, that are working to commercialize novel REE separation technologies.

Monazite Feedstock – The Company has invested considerable time establishing business and technical relationships with a number of mineral sands mining operators in order to assess and source monazite-sand concentrate as feedstock for the Company's proposed rare earth processing plant. Finalized arrangements are expected to require that Medallion demonstrate additional progress towards production, such as the completion of a pilot plant and customer agreements for the rare-earth concentrate product.

Financing – efforts on capital-raising to proceed with process development work and business-development activities. The Company has reported that it is open to equity investment, strategic partnerships or alternative financial approaches to provide minimally dilutive capital to develop the business. In addition, various non-dilutive government programs are being reviewed as possible sources of funds for particular initiatives.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including “will”, “believes”, “may”, “expects”, “should”, “could”, “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 the Company's 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 effectiveness of 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, the entering into of monazite purchase agreements and the ability of the Company to finance and advance a monazite processing facility, and other statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, including the risks of price fluctuations of rare-earths, risks of obtaining required financing on suitable terms, or at all, risks of competition from larger, financially stronger competitors, and other mineral resource industry risks 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, the Company's 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.

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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 Company documents filed 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

“David Haber”

DAVID HABER