MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the year ended March 31, 2011
Containing information up to and including June 14, 2011

The following Management Discussion and Analysis (the "MD&A") is prepared at June 14, 2011 and is intended to help the reader understand the accompanying audited consolidated financial statements of Medallion Resources Ltd. (the "Company" or "Medallion"). 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, 2011.

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 accompanying financial statements and this MD&A, is complete and reliable.

The Company is incorporated in British Columbia and is involved in the acquisition and exploration of mineral-resource properties located in North America. Management is in the process of evaluation, exploration and, if warranted, the potential future development of promising resource properties.

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.

RESULTS OF OPERATIONS

The Company's operations consist 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 no commercial mining production at this time; therefore, the Company has no revenue from operations.

Mineral Properties

	March 31, 2009	Expenditures/ Write offs	March 31, 2010	Expenditures / Write offs	March 31, 2011
Everett Property					
Property-acquisition costs	$ 34,332	$ 10,000	$ 44,332	$ -	$ -
Claim staking	12,817	-	12,817	-	-
Exploration expenditures	423,576	23,024	446,600	-	-
Written-off exploration expenditure	(423,576)	(80,173)	(503,749)	-	-
	47,149	(47,149)	-	-	-
Eden Lake Property					
Property-acquisition costs	-	50,000	50,000	46,000	96,000
Claim staking	-	-	-	9,046	9,046
Exploration expenditures					
Field expenses	-	-	-	115,983	115,983
Geological	-	33,695	33,695	122,360	156,055
Geophysical	-	108,460	108,460	-	108,460
Other	-	534	534	84,4813	85,347
	-	192,689	192,689	378,202	570,891
Red Wine Property					
Property-acquisition costs	-	-	-	3,060	3,060
Exploration expenditures					
Field expenses	-	-	-	40,217	40,217
Geological	-	-	-	63,932	63,932
Geophysical	-	-	-	56,276	56,276
Other	-	-	-	10,784	10,784
	-	-	-	174,269	174,269
Total Expenditures	$ 47,149	$ 145,540	$ 192,689	$ 552,471	$ 745,160

Rare-Earth-Element Properties

On September 23, 2009, the Company announced that it had changed its focus to the exploration for lithium, rare-earth elements (REE's) and related energy-technology metals. Effective December 31, 2009, Medallion is exclusively exploring for rare-earth elements.

Eden Lake Property

On December 1, 2009, the Company signed a Letter of Intent and on February 23, 2010 executed a definitive option agreement with Rare Element Resources Ltd. ("RES") whereby RES granted the Company an option to acquire a 65% interest in the Eden Lake rare-earth-element property in Manitoba, subject to a 3% net smelter return royalty in favour of a former property owner.

Under the terms of the option agreement, the Company is required to pay $1,450,000 ($50,000 paid), issue 1,800,000 common shares (200,000 shares issued for a value of $46,000), and conduct $2,250,000 of property exploration expenditures ($570,891 of expenditures incurred) over a period of five years. Upon completion of the cash and share payments and work commitments, the Company may exercise its option to acquire a 65% interest the property. Upon acquiring a 65% interest in the property, the Company and RES will form a joint venture whereby each will participate in and fund programs and budgets according to their respective working interests. The Company will be the operator of exploration on the property. The TSX Venture Exchange granted final approval of the option agreement on July 14, 2010.

During December 2009, the Company contracted with Aeroquest International Limited to perform an airborne electromagnetic geophysical survey of the Eden Lake property. The survey cost approximately $113,000. The work was completed and results are being used to determine ongoing exploration activities. The Company also commissioned a NI43-101-compliant Technical Report on the Eden Lake property. The report collected and analyzed all previous data on the Eden Lake property and provided an exploration plan and budget to advance the property. The report was completed and filed August 5, 2010 on the SEDAR site under the Company's name.

On September 15, 2010, RES and the Company agreed to amend the definitive option agreement so that a $50,000 payment, which was due to RES following approval of the option agreement by the TSX Venture Exchange on July 14, 2010, would instead be due on July 14, 2011. The September 15, 2010 amendment also added six Manitoba crown mineral claims, staked by the Company during June and July 2010, to the Eden Lake property. The Eden Lake property now comprises 14 crown mineral claims, covering an area of 3,200 hectares.

The 2010 field work is complete. The work consisted of refining past available information and collecting new mapping and sampling data to investigate the potential of the four rare earth elements ("REE) mineralization styles present on the Eden Lake property. For 2010, the focus was on the potential for a large-tonnage surface deposit of the REE-bearing fenite-altered rocks. A large number of channel samples were collected to evaluate this potential. Results indicate that the fenite target is not likely of sufficiently high REE grade to warrant further exploration. For 2011, exploration will refocus on the large-tonnage potential of the Eden Lake carbonatite mineralization, one of the other four distinct styles of REE mineralization that occurs on the property. The Company intends to spend up to $200,000 on this exploration work during 2011.

Red Wine Property

On April 10, 2010, the Company signed a Letter of Intent with a private vendor, Polaris Capital Ltd. (the "Vendor") to acquire an option to acquire a 100% interest in the Red Wine REE exploration project, which consists of four Labrador mineral licenses covering an area of 3,325 hectares. On June 10, 2010, the Letter of Intent was amended to include two additional mineral licenses, which brought the total area of the project to 4,225 hectares.

Under the terms of the amended Letter of Intent, the Company was required to pay the Vendor's license-staking costs of $2,160 which has been paid and to complete, by October 31, 2010, a summer 2010 exploration program, costing approximately $125,000 to include mapping, sampling, an airborne geophysical survey and an NI43-101-compliant Technical Report on the Property. As a condition of

funding the summer 2010 exploration program, the Vendor subscribed to a $55,000 private placement of the common shares of the Company.
On March 16, 2011 the Company and the Vendor signed an Amending Letter Agreement in which the Company elected to proceed with the option to acquire a 100% interest in the Property. To maintain the option, the Company must pay an aggregate of $475,000 in cash, issue an aggregate of 1,750,000 common shares, and conduct $550,000 in exploration work over a period of five years. On May 20, 2011, the Company issued 50,000 common shares to the Vendor under the Amending Letter Agreement.

The property is subject to a 3% net smelter return royalty, half of which the Company can purchase at any time by making a payment of $1,500,000 to the Vendor.

The 2010 Red Wine program consisted of an airborne magnetic and radiometric survey, a reconnaissance mapping and sampling program, a follow-up sampling program and REE mineralogical studies. The exploration work was carried out on seven claim-group licenses in four separate claim blocks (4650 hectares in total – the "Property"), which lie approximately 90 kilometres northeast of Churchill Falls, Labrador.

The initial exploration work encountered at least three types of REE mineralization and, historically, other types have been reported, as well. The main REE target on the Property was a large exposed body of previously mapped Red Wine peralkaline intrusive rock, which is known to contain the REE-bearing mineral, eudialyte. While significant eudialyte was identified during the field work and all assayed samples showed elevated levels of REEs, the overall average assays for the eudialyte-bearing rock were lower than expected. Laboratory examination determined a Red Wine eudialyte total REE content of approximately 2.5%, which is low for eudialyte and explains the lower-than-expected REE assays reported for the samples of peralkaline rock.

The Red Wine exploration program for 2011 will include further work in search of areas containing high levels of the REE-bearing mineral, eudialyte. The program also will attempt to evaluate two other types of REE mineralization, which were encountered in samples collected in 2010 and found to contain relatively high values of REEs. During 2011, Medallion plans to spend approximately $200,000 on Red Wine Project exploration.

SELECTED ANNUAL INFORMATION

	Year ended March 31, 2011	**Year ended March 31, 2010**	**Year ended March 31, 2009**
	$	**$**	**$**
Total Revenues (interest income and government assistance)	84,876	147,105	2,687
Net Income (Loss)	(1,199,931)	(582,060)	(1,773,320)
Net Income (Loss) Per Share	(0.04)	(0.03)	(0.15)
Total Assets	4,445,934	491,417	223,233
Long-Term Debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

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 $	Expenses $	Net Loss $	Loss Per Share $
March 31, 2011	9,657	755,242	619,585	0.01
December 31, 2010	75,219	185,915	110,696	0.00
September 30, 2010	-	358,286	358,286	0.01
June 30, 2010	-	111,364	111,364	0.00
March 31, 2010	72	146,507	497,336	0.01
December 31, 2009	147,104	340,992	193,888	0.01
September 30, 2009	-	100,300	100,300	0.00
June 30, 2009	4,854	125,487	178,312	0.01

Results of operations for the three months ended March 31, 2011 compared to the three months ended March 31, 2010.

The Company's loss for the three months ended March 31, 2011 was $619,585 (loss per share – $0.01) compared to $497,336 (loss per share – $0.01) in the comparative period in 2010. The increased loss is primarily as a result of increased Stock-based Compensation of $497,539 compared with that of the comparable period (2010 – $108,750) due to stock options being granted in the quarter ending March 31, 2011. In addition, Consulting Fees were $51,429 (2010 – $20,307), Investor Relations expenses were $57,711 (2010 – $22,483), Management Fees were $36,000 (2010 – $22,950), Office and General expenses were $19,424 (2010 – $8,972), Professional Fees were $58,400 (2010 – $53,974), and Stock Transfer fees were $11,549 (2010 – $9,954). The increased expenditures reflect increased exploration, financing, and investor relations activity of the Company.

The loss per share was $0.01 in the three months ended March 31, 2011 as compared to a loss per share of $0.01 for the comparable period in 2010. Although the loss in the final quarter of the Company's 2011 fiscal year of $619,585 was higher (2010 – $109,560), the Company also had a greater number of common shares outstanding in the current quarter as a result of equity financings and the exercise of warrants.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2011, the Company's working capital was $3,308,596 (March 31, 2010 - $131,217) due to issuance of shares in equity financings and exercise of warrants and options during the year ended March 31, 2011.

Cash and short-term investments is made up of $326,532 in cash available in the bank accounts of the Company and $3,250,000 in short term investments for a total of $3,576,532 at March 31, 2011. This is an increase of $3,345,863 from $230,669 as at March 31, 2010. The increase is due to the issuance of shares during the year. Short term investments consist of a variable rate Guaranteed Investment Certificate issued by a Canadian chartered bank that matures on November 21, 2011.

For further details relating to the issuance of shares in the period, please refer to Note 7 of the accompanying audited consolidated financial statements for the year ended March 31, 2011.

During the year ended March 31, 2011, the Company incurred $552,471 in acquisition, due diligence, and exploration expenditures on the Eden Lake and Red Wine properties.
Contributed surplus totaled $1,133,541 as at March 31, 2011 (March 31, 2010 - $544,581). The increase is due to stock-based compensation of $708,464 offset by a decrease of $120,343 of fair value recognized on the exercise of stock options and brokers' options.

The Company has relied primarily upon the sale of equity securities for cash required for exploration and development purposes, for acquisitions, and to fund the administration of the Company. Since the Company 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. Mining exploration is a capital-intensive business with lengthy periods elapsing from initial exploration to any prospect of revenues. The nature of the exploration business increases risks of insufficient capital resources above that of many other businesses.

The Company expects its current working capital will be sufficient to fund its planned activities for at least the next 12 months, however, if significant new acquisitions are made, additional funding may be required.

COMMITMENTS

On June 1, 2010, the Company entered into a sub-lease agreement for its office premises with a company owned by a director for a term of one year and one month commencing on June 1, 2010 and expiring on June 30, 2011. The monthly rent of $1,818 commenced July 1, 2010 and is due at the beginning of each month. At the option of the Company, the sub-lease agreement may be extended for an additional year under the same terms and conditions. On June 13, 2011, the Company exercised the option to extend the sub-lease agreement for another year.

The following is a summary of the future lease commitments as at March 31, 2011 for the fiscal years ended March 31:

Fiscal 2012	$ 21,816
Fiscal 2013	5,454

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Company has certain transactions with related parties. For further details relating to transactions with related parties, please refer to Note 8 of the audited consolidated financial statements for the year ended March 31, 2011.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized share capital consists of an unlimited number of common shares without par value. As at March 31, 2011, the Company had 44,599,435 issued and outstanding common shares. As of June 14, 2011 there were 44,649,435 issued and outstanding shares, an increase of 50,000 shares issued in connection with the option to acquire a 100% interest in the Red Wine Property.

For further details relating to the issuance of shares, please refer Note 7 of the audited consolidated financial statements for the year ended March 31, 2011.

As at March 31, 2011, the Company has 4,070,000 stock options outstanding.

No stock options were granted or exercised during the three months ended March 31, 2011.

On June 14, 2011, 75,000 stock options were granted to a consultant of the Company with an exercise price of $0.23 and an expiry date of June 14, 2016. These stock options vest and are exercisable immediately.

For further details relating to outstanding options, please refer to Note 7 of the audited consolidated financial statements for the year ended March 31, 2011.

As of March 31, 2011 the Company has 9,164,794 warrants outstanding with a weighted exercise price of $0.34. During the three months ended March 31, 2011, 887,754 warrants were exercised at an average price of $0.27 per share for proceeds of $240,614. As of June 14, 2011 no additional warrants have been exercised.

During the three months ended March 31, 2011, 6,500 finders' options were exercised for proceeds of $650. These finders' options are exercisable at a price of $0.10 to acquire finders' units consisting of one common share and one share purchase warrant exercisable at a price of $0.20 until November 3, 2011. As of June 14, 2011 no additional finders' options have been exercised.

For further details relating to outstanding warrants and finders' options, please refer to Note 7 of the audited consolidated financial statements for the year ended March 31, 2011.

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.

On February 8, 2011, the Company's common shares were listed for trading on the U.S. based OTCQX trading system with the stock trading symbol of MLLOF.

CRITICAL ACCOUNTING ESTIMATES

Mineral Properties

The Company capitalizes the acquisition costs of mineral properties and related exploration and development costs. The amounts shown for mineral properties represent costs incurred to date, less write-downs, and do not necessarily reflect present or future values. These costs will be amortized over the estimated productive lives of the properties upon commencement of commercial production using the unit-of-production method. Costs relating to mineral properties that are sold or abandoned are written off when such events occur or are written down to a nominal amount when management decides not to commit any further exploration or development of the property. Interests acquired under option agreements, whereby option payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property and any excess is included in earnings for the period. Although the Company has taken steps to verify title to mineral properties in which it has or is acquiring an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

Impairment of Long-lived Assets

The Company follows the recommendations of Canadian Institute of Chartered Accountants Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Stock-based Compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, the fair value of each option grant is estimated on the date of grant and amortized over the vesting period, with a corresponding increase to contributed surplus under shareholders' equity. The Company estimates the fair value of each grant using the Black-Scholes option pricing model. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The CICA has issued new standards which may affect the financial disclosures and results of operations of the Company. The Company will adopt the requirements on the date specified in each respective section and is considering the impact this will have on the consolidated financial statements.

a) Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued Sections 1582, "Business Combinations", 1601 "Consolidated Financial Statements", and 1602 "Non-controlling Interests", to replace Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Section 1601 and 1602 apply to interim and annual consolidated financial statements for years beginning on or after January 1, 2011. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

b) Comprehensive Revaluation of Assets and Liabilities

In August 2009, the CICA amended Section 1625, "Comprehensive Revaluation of Assets and Liabilities". This section has been amended as a result of issuing Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests" in January 2009. The amendment applies prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. If the Company adopts this section for a fiscal year beginning before January 1, 2011, it also adopts Section 1582. The adoption of this standard is not expected to have a material impact on the Company's results of operations or its financial position.

c) International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities ("PAE's") such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with a March 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending June 30, 2011, with comparative financial information for the quarter ended June 30, 2010. The first audited annual financial statements will be for the year ending March 31, 2012, with comparative financial information for the year ended March 31, 2011. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the April 1, 2010 opening balance sheet which will be issued as part of the comparative financial information in the June 30, 2011 unaudited interim financial statements.

In 2010, the Company's management assessed the impact of adoption to IFRS and concluded that the adoption date will be April 1, 2011 and the transition date will be April 1, 2010. The Company's first financial statements prepared under IFRS will be the interim financial statements for the three months ended June 30, 2011 with comparatives for the three months ended June 30, 2010 along with the balance sheet as of the transition date and will include full disclosure of all new IFRS policies.

Management has made progress determining the financial statement impacts of the key differences between the Company's existing accounting policies under Canadian GAAP and those it expects to apply in preparing its first IFRS financial statements. There has been no change to the key differences previously identified and disclosed by the Company. Additional differences might be identified in the future as changes to IFRS standards are released and new business activities necessitate new accounting policies during the transition period.

The Company continues to ensure key staff members attend IFRS update and training sessions as required.

The Company reviewed its existing accounting system along with its internal and disclosure control process. The Company determined that it would rely on certain exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" as of the transition date on April 1, 2010.

Under IFRS 1 the IFRS standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company intends to apply the following exemptions to its opening balance sheet dated April 1, 2010.

a) IFRS 3 – Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combination retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and will apply IFRS 3 to business combinations that occurred on or after April 1, 2010. There is no adjustment required to the March 31, 2010 financial statements on the transition date.

b) IFRS 2 – Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company will apply IFRS 2 to awards that vested prior to April 1, 2010 resulting in no adjustments to the March 31, 2010 financial statements on the transition date.

c) IAS 27 – Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively. Therefore, there will be no change to the March 31, 2010 financial statements on the transition date.

d) IAS 27 – Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively. Therefore, there will be no change to the March 31, 2010 financial statements on the transition date.

Given the IFRS 1 exemptions noted above, the Company has identified the following adjustments to the March 31, 2010 financial statements on the transition date:

a) "Contributed surplus" versus "Equity settled employee benefit reserve"

IFRS requires "contributed surplus" to be broken down into different categories by naming various reserves. The Company examined its "contributed surplus" account and concluded that an amount of $544,581 relates to "Equity settled employee benefit reserve", for the stock options granted to officers and employees. As a result, on the transition date, there will be a reclassification in the equity section between "Contributed Surplus" and "Equity settled employee benefit reserve" for $544,581.

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 March 31, 2011. 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 March 31, 2011 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 evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting as at March 31, 2011. Based on this evaluation, the CEO and CFO have concluded that as at March 31, 2011, the Company's internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

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 sign all cheques and outgoing wire transfer requests. In addition, senior management of the Company reviews internal financial statements on a regular basis.

There was no change in the Company's internal control over financial reporting during the year ended March 31, 2011 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 exploration and 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: uncertainty regarding the REE market in the future, risk that the title to properties being explored are free of defect, uncertainty regarding current and future environmental regulations that may affect existing and future properties, requirements to acquire licenses and permits to explore and or develop properties, competition from other companies undertaking similar exploration, current and future political environment in areas being explored, loss of key members of management of the Company, access to necessary financing on an ongoing basis and volatility of prices of publicly traded securities.

OUTLOOK

Medallion's acquisition and exploration program targets those REE potential-production and mineral-exploration projects that offer a reasonable solution to the two most critical REE-supply issues. These are:

1. a near-term shortage of REE supply, and
2. a lack of low-production-cost projects that can supply long-term sustainable REE supplies.

To solve the critical REE near-term-shortage and low-cost long-term supply issues, Medallion is focusing on the mineral monazite as a near-term source and is seeking monazite processing partnerships and purchase-agreements. The mineral monazite, an REE phosphate, was the world's original source for REEs. In the 1950s, with the discovery of the Mountain Pass mine in California, bastnaesite replaced monazite as the leading REE source. Today, monazite and bastnaesite account for about 95% of the world's REE resources (roughly evenly split between the two minerals). Even at Mountain Pass, a significant amount of the REEs are in monazite.

New REE production from monazite can be developed quickly and inexpensively because monazite is a by-product of heavy-mineral-sands mines around the world. The huge heavy-mineral-sands industry provides the world's main source of titanium and zirconium. Many of the mines maintain reserves in excess of one billion tonnes, which translates into 20 to 40 years of production per mine. The by-product monazite from just one of these huge mines could produce more REEs than most REE mines outside China.

By-product monazite does not require exploration, proving of ore, mining or most milling processes. Monazite metallurgy is relatively simple, when compared to other REE minerals, and the metallurgical processes have successfully produced commercial REEs for over 100 years. No other REE mineral, except bastnaesite, has such a record of commercial success. These are significant cost-saving and time-saving attributes.

Medallion also is targeting the acquisition of properties with ion-absorption-style REE occurrences. This style of REE occurrence is often called the "South China Clays" model. At this time, the ion-adsorption deposits in South China are the only known such occurrences; however, the necessary criteria, an underlying geology with elevated levels of REE's and a monsoon climate, are not difficult to match in other areas of the world.

The advantage of these ion-absorption occurrences is that, in advance of any mining, monsoon weathering has stripped the REE ions from their original REE minerals. The REE ions then are absorbed by clay minerals, which also are the result of the monsoon weathering. REE ions absorbed by clays are much easier, and cheaper to extract than the REE ions that are tightly locked in the structure of the pre-weathered original minerals.

One other criterion is important for an economically viable ion-absorption REE deposit; it must be large. Large-tonnage ion-absorption REE deposits can offer the economy-of-scale low bulk-tonnage mining and extraction costs and long-term infrastructure amortization, which is necessary for a 21st Century mining operation.

The Company's strategies and acquisition targets have significant potential. To realize this potential, the Company will follow through with the necessary acquisition, exploration and development work, employing the talents of recognized experts in rare-earth exploration.

The Company is currently investigating new acquisitions. If new acquisitions are made, additional funding may be required.

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 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 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.

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*"

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WILLIAM H. BIRD