The following Management Discussion and Analysis ("MD&A") is prepared as at June 28, 2012 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, 2012.

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

The financial statements of the Company for the year ended March 31, 2012 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 exploration of mineral-resource properties. 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

	Eden Lake Property	Red Wine Property	Total
Balance at April 1, 2010	$ 192,689	$ -	$ 192,689
Property-acquisition costs	55,046	3,060	58,106
Exploration expenditures:			
Field expenses	115,983	40,217	156,200
Geological	122,360	63,932	186,292
Geophysical	-	56,276	56,276
Other	84,813	10,784	95,597
Impairment	-	-	-
Balance at March 31, 2011	570,891	174,269	745,160
Property-acquisition costs	-	14,000	14,000
Exploration expenditures:			
Field expenses	-	700	700
Geological	-	52,756	52,756
Other	5,193	28,114	33,308
Impairment	(576,084)	-	(576,085)
Balance at March 31, 2012	$ -	$ 269,839	$ 269,839

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.

Management believes that the Eden Lake property does not offer, at this stage of its exploration, a near-term potential resource and it does not meet the criteria of the Company’s new strategy of acquiring existing rare-earth-bearing monazite resources to achieve near-term production. Therefore, the Company has elected not to invest additional funds and effort in the Eden Lake property.

On September 12, 2011, the Company terminated the option agreement and returned the Eden Lake property to RES. As a result, $576,084 of exploration expenditures incurred on this property by the Company were written off. The write-off has been reflected in the audited financial statements of the Company for the year ended March 31, 2012.

Red Wine Property

On April 10, 2010, the Company signed a Letter of Intent with a private vendor, Polaris Capital Ltd. (the “Vendor”) to obtain an option to acquire a 100% interest in the Red Wine rare-earth exploration project, which consisted of four Labrador mineral licenses covering an area of 3,325 hectares, which lie approximately 90 kilometres northeast of Churchill Falls, Labrador. 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 (the “Property”).

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. On May 20, 2011, the Company issued 50,000 common shares at a value of $14,000 to the Vendor under the Amending Letter Agreement. To maintain the option, the Company was required to pay an aggregate of $475,000 in cash, issue an aggregate of 1,750,000 common shares, (including the 50,000 shares issued to date) and conduct $550,000 in exploration work over a period of five years. On or before March 16, 2012 the Company was required to pay $50,000, issue 250,000 common shares and complete $200,000 of exploration expenditures. During the three months ended March 31, 2012 $nil in exploration expenditures were incurred by the Company on the property. During the year ended March 31, 2012 $81,570 in exploration expenditures were incurred by the Company on the property.

On May 8, 2012, the Company and the Vendor signed an additional Amending Letter Agreement in which the Company elected to maintain its option to acquire a 100% interest in the Property. To maintain the option, the Company must now pay an aggregate of $475,000 in cash, issue an aggregate of 1,600,000 common shares in addition to the 50,000 shares issued on May 20, 2011 and conduct an additional $350,000 in exploration work over a period of five years. On May 9, 2012, the Company issued 50,000 common shares at a value of $11,250 to the Vendor under the additional Amending Letter Agreement. On or before March 16, 2013 the Company must pay $50,000, issue 100,000 common shares and complete $50,000 of exploration expenditures.

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 rare-earth mineralogical studies. The exploration work was carried out on the seven licenses, which comprise the four separate blocks (an additional license was added by the Company for a total Property area of 4,650 hectares),

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

In October 2011, a further mapping and sampling program was initiated at Red Wine. The goal of this program was to evaluate the potential for a rare-earth-niobium-beryllium mineralization, which has been found to the north of the four Medallion license blocks. Block "D", which is the northern-most Medallion block, is the block closest to the known rare-earth-niobium-beryllium mineralization.

The field-work portion of this program has been completed, sample analyses have been returned from the assayers and the resulting evaluation reports have been written. Although the rare-earth values continue to be anomalous and suggestive of district-wide rare-earth mineralization, there is no conclusive or compelling information that sets apart any particular Red Wine-property target area. The Company will maintain the property as it assesses further exploration plans.

SELECTED ANNUAL INFORMATION

The following table provides certain financial information for the past three fiscal years. The Company's audited financial statements for the year ended March 31, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. Therefore, the comparative results of operations for the year ended 2011 has been prepared by retrospectively applying all applicable IFRS standards. Please refer to Note 15 of the Company's audited consolidated financial statements for the year ended March 31, 2012 for additional information on the Company's first time adoption of IFRS.

	Year ended March 31, 2012 (IFRS)	**Year ended March 31, 2011 (IFRS)**	**Year ended March 31, 2010 (Canadian GAAP)**
	$	**$**	**$**
Total Revenues (interest income, government assistance, and settlement of flow-through share liability)	106,122	139,630	147,176
Net Income (Loss)	(2,221,266)	(1,145,177)	(582,060)
Net Income (Loss) Per Share	(0.05)	(0.03)	(0.03)
Total Assets	2,377,130	4,445,934	491,417
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).

Basis of Presentation	**Quarter Ending**	**Revenue $**	**Expenses $**	**Net Loss $**	**Loss Per Share $**
IFRS	March 31, 2012	20,038	423,337	403,299	0.01
IFRS	December 31, 2011	13,624	773,682	760,058	0.02
IFRS	September 30, 2011	68,129	279,598	211,469	0.00
IFRS	June 30, 2011	4,331	850,771	846,440	0.02
IFRS	March 31, 2011	64,411	755,241	564,830	0.01
IFRS	December 31, 2010	75,219	185,915	110,696	0.00
IFRS	September 30, 2010	-	358,286	358,286	0.01
IFRS	June 30, 2010	-	111,365	111,365	0.01

Results of operations for the three months ended March 31, 2012 compared to the three months ended March 31, 2011.

The Company's loss for the three months ended March 31, 2012 was $403,299 (loss per share – $0.01) compared to a loss of $564,830 (loss per share – $0.01) for the comparative period in 2011.

Significant factors that contributed to the decrease in the loss were:

- Share based compensation was ($6,522) for the three months ended March 31, 2012 compared with $497,539 in the same period in 2011. In 2011, 1,475,000 stock options at exercise prices of between $0.40 and $0.50 were granted to directors, consultants and advisors to the Company. In 2012, 132,193 stock options at an exercise price of $0.24 were granted to a consultant to the Company.

Significant factors that contributed to the increase in the loss were:

- Property investigation costs were $145,488 during the three months ended March 31, 2012 compared with $17,189 during the same period in 2011. The change reflects increased activity as the Company accelerates its efforts to source monazite resources.

- Management Fees for the three months ended March 31, 2012 were $73,537 compared to $36,000 for the same three month period in 2012. This is due to the expansion of the Company's senior management team to include both a President and a CEO effective January 1, 2011.

- Office and General expense for the three months ended March 31, 2012 was $39,481 compared to $19,384 for the same three month period in 2011. This is primarily due to higher travel costs as the Company continues to pursue acquisition opportunities.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2012, the Company's working capital was $2,004,002 (March 31, 2011 - $3,603,350) a decrease of $1,599,348 due primarily to operating expenditures during the year ended March 31, 2012.

Cash and short-term investments are made up of $97,475 in cash available in the bank accounts of the Company and $1,850,000 in short term investments for a total of $1,947,475 at March 31, 2012. This is a decrease of $1,629,057 from $3,576,532 as at March 31, 2011. Details of the change are disclosed in the accompanying audited consolidated financial statements. Short term investments consist of a variable rate Guaranteed Investment Certificate ("GIC") issued by a Canadian chartered bank that matures on November 19, 2012. Should the Company require operating funds, above cash on hand, prior to the date of the maturity of the GIC, a portion of the GIC will be redeemed. The remaining portion of the GIC will continue to earn interest at the prime rate less 1.80%.

Contributed surplus totaled $1,240,206 as at March 31, 2012 (March 31, 2011 - $1,133,541). The increase is due to share-based compensation expense of $62,972 and the expiry of warrants of $113,550 during the period, offset by $69,857 from the exercise of options.

The Company has relied primarily upon the sale of equity securities for cash required for exploration 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 that 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 will 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 could 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 to June 30, 2012. On April 1, 2012, the rent increased to $2,036 per month. On May 7, 2012, the Company exercised the option to extend the sub-lease agreement for another year to June 30, 2013.

The following is a summary of the future lease commitments for the fiscal years ended March 31, 2013 and 2014:

Fiscal 2013	$ 24,434
Fiscal 2014	6,108

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, 2012.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized share capital consists of an unlimited number of common shares without par value. As at March 31, 2012, the Company had 45,025,435 issued and outstanding common shares. As of June 28, 2012 there were 45,080,835 common shares issued and outstanding.

For further details relating to the issuance of shares, please refer to Note 10 of the audited consolidated financial statements for the year ended March 31, 2012.

As at March 31, 2012, the Company had 3,992,193 (2011 – 4,070,000) stock options outstanding.

On April 3, 2012, the Company granted 267,807 stock options to a consultant of the Company with an exercise price of $0.24 and expiry date of March 1, 2014. The stock options will vest when the consultant meets certain financing related performance criteria. As at March 31, 2012 these criteria had not been met.

On April 3, 2012, the Company granted 150,000 stock options to a consultant of the Company with an exercise price of $0.24 and expiry date of April 3, 2014. The stock options vested immediately.

As at June 28, 2012 there were 4,410,000 stock options outstanding.

For further details relating to outstanding options, please refer to Note 10 of the audited consolidated financial statements for the year ended March 31, 2012.

As at March 31, 2012, the Company had 6,992,177 (2011 – 9,164,794) warrants outstanding.

On May 7, 2012, 5,400 warrants were exercised for proceeds of $675.

As at June 28, 2012 there were 6,986,777 warrants outstanding.

As of March 31, 2012 the Company had no finders' options outstanding (March 31, 2011 – 22,500).

For further details relating to outstanding warrants and finders' options, please refer to Note 10 of the audited consolidated financial statements for the year ended March 31, 2012.

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

a) Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

b) Pre-exploration costs

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as material used, geological and geophysical surveying costs, drilling costs and payments made to contractors during exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out or option arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee or optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues in connection with exploration activities are applied as a reduction to capitalized exploration costs.

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 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 non-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 INCLUDING INITIAL ADOPTION

International Financial Reporting Standards ("IFRS")

The Company's audited financial statements for the year ended March 31, 2012 are the first annual financial statements that have been prepared in accordance with IFRS. IFRS 1, "First Time Adoption of International Financial Reporting Standards", requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was April 1, 2010. (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all applicable IFRS standards as of the reporting date, which for the Company will be March 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover GAAP"). In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover GAAP.

The IFRS applicable exemptions and exceptions applied in the conversion from pre-changeover GAAP to IFRS are described below.

Optional Exemptions

a) Business combinations

The Company elected not to retrospectively apply IFRS 3, "Business Combinations" to any business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

b) Share-based payment transactions

The Company has elected not to retrospectively apply IFRS 2, "Share-based payment" to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to outstanding equity instruments that are unvested as of the Transition Date to IFRS and equity instruments granted after the Transition Date.

c) Leases

IFRS 1 allows an exemption for first-time adopters to determine whether an arrangement existing at the IFRS transaction date contains a lease on the basis of facts and circumstances existing at the transition date, instead of the inception of the agreements. The Company has elected to use this exemption.

d) Cumulative translation differences

IFRS 1 allows an exemption for first-time adopters to deem cumulative translation differences to be $nil for foreign operations at the date of transition to IFRS. The Company has elected to use this exemption.

Mandatory Exceptions

a) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made under pre-changeover GAAP, unless there is objective evidence that those estimates were in error. IFRS employs a conceptual framework that is similar to Canadian GAAP. The Company's IFRS estimates as of April 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Reconciliation of pre-changeover Canadian GAAP to IFRS

The audited consolidated financial statements of the Company for the year ended March 31, 2012 provide detailed reconciliations of the changes made to the statements of financial position and statements of loss and comprehensive loss as a result of transitioning to IFRS. The changes have not resulted in material adjustments to the net cash flows, and therefore, reconciliation of the statement of cash flows has not been disclosed.

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, 2012. 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, 2012 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, 2012. Based on this evaluation, the CEO and CFO have concluded that as at March 31, 2012, 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 of the Company reviews 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 year ended March 31, 2012 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 rare-earth 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 rare-earth potential-production and mineral-exploration projects that offer a reasonable solution to the two most-critical rare-earth-supply issues. These are, in Medallion's view:

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

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

New rare-earth production from monazite could, in Medallion's view, potentially be developed quickly and relatively inexpensively because monazite is a by-product of several large heavy-mineral-sands mines around the world. The 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 typically translates into 20 to 40 years of production per mine. The by-product monazite from just one of these huge mines could potentially produce more rare earths than most current or planned rare-earth mines outside of China.

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

Medallion is advancing three complementary approaches to acquire and process monazite for rare earths. First, the Company is in discussions with several Asian, African, and Australian heavy-mineral-sands producers, as potential joint-venture partners, to develop near-term rare-earth production from their on-going mining operations.

Medallion is also testing monazite-feedstock samples, which have been submitted by heavy-mineral-sands producers, to locate sources of suitable monazite. This testing is the first step in negotiations which could lead to monazite purchase agreements, which could provide feedstock on a large-scale, for a strategically located rare-earth extraction plant. In January 2012 Medallion reported that it has received a report from SENES Consultants Ltd., an internationally-recognized energy, nuclear and environmental consultancy, reviewing its proposed extraction plant plans. The report supports the Company's objective that, with the proper operational controls, and the use of modern handling and waste disposal systems, a large-scale monazite-extraction plant can be operated safely and effectively, while complying with all major national and international mining and environmental safety standards. Following receipt of the report, the Company is proceeding with its strategy to source and procure a substantial amount of available monazite for a planned rare-earth extraction facility. This is an important step, since the safe handling and disposal of the various wastes, including the radioactive elements, such as thorium, are a concern with processing ore from any rare-earth mineral occurrences. The report was not mandated to examine the capital and operating costs or other economic variables that would form the basis of a feasibility study. Medallion is working with a variety of parties towards partnerships that could encompass the funding, design, construction and operation of such a monazite processing facility.

Lastly, the Company is undertaking sampling and due-diligence studies in support of negotiations to potentially acquire its own heavy-mineral-sands property for the production of rare-earth-bearing monazite and of other mineral heavy-mineral products. With rare-earth production from by-product monazite, Medallion considers that this strategy could advance the production timeline, save significantly on capital and operating costs and provide a near-term payback to investors.

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. During the last quarter of the year ended March 31, 2012, the Company has engaged as consultants the talents of experienced engineers, a marketing and procurement specialist, a finance specialist and other experts in the rare-earth and heavy-mineral-sands industries to advance its three monazite acquisition approaches. Negotiations are underway to acquire monazite from major sources in the Indian Ocean basin. Discussions are in progress with sources of finance, which would provide the capital and the facility site necessary to process the monazite. Engineering firms have been contacted to begin the initial planning necessary to assess the economic feasibility of and design and construct the monazite-processing facility.

The Company also is investigating new property acquisitions. As the Company's strategies advance, both in terms of the monazite approach and any new acquisitions, additional funding will 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", "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.

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

"*William H Bird*"

WILLIAM H. BIRD