MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the six months ended September 30, 2014
Containing information up to and including November 26, 2014

The following Management Discussion and Analysis ("MD&A") is prepared as at November 26, 2014 and is intended to help the reader understand the accompanying unaudited interim consolidated financial statements of Medallion Resources Ltd. (the "Company" or "Medallion"). The information provided herein should be read in conjunction with the Company's unaudited interim consolidated financial statements and notes for the six months ended September 30, 2014.

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

The financial statements of the Company for the six months ended September 30, 2014 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 process 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.

RESULTS OF 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 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 earths 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 on a large scale 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.

RESULTS OF OPERATIONS FOR THE PERIOD

Results of operations for the three months ended September 30, 2014 compared to the three months ended September 30, 2013

The Company's loss for the three months ended September 30, 2014 was $235,144 (loss per share – $0.00) compared to a loss of $429,878 (loss per share – $0.01) for the comparative period in 2013.

Significant factors that contributed to the decrease in the loss during the three months ended September 30, 2014 compared with the corresponding period in 2013 were:

- Consulting Fees for the three months ended September 30, 2014 were $34,480 compared with $102,592 for the same period last year. The decrease reflects higher amounts paid to consultants in connection with the Company's efforts in the 2013 period to secure financing. These activities continued in 2014 but the efforts were primarily by management of the Company.

- Investor Relations expenses for the three months ended September 30, 2014 were $33,751 compared with $62,609 for the same period last year. This reflects the Company's efforts to continue to work with suppliers to reduce costs and increase efficiencies in this area.

- Office and General expenses for the three months ended September 30, 2014 were $20,437 compared with $45,469 for the same period last year. This reflects the Company's efforts to continue to work with suppliers to reduce costs and increase efficiencies in this area.

- Project Investigation expenses for the three months ended September 30, 2014 were $35,865 compared with $108,131 for the same period last year. This reflects decreased travel expenses incurred by consultants to the Company during the current period in connection with project investigation activities in the Middle East compared with the same period in 2013.

MINERAL PROPERTIES

	Red Wine Property
Balance at March 31, 2013	$ -
Property-acquisition costs	14,500
Impairment	(14,500)
Balance at March 31, 2014	-
Property-acquisition costs	11,500
Impairment	(11,500)
Balance at September 30, 2014	$ -

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. These licenses 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, which has been completed, the Vendor subscribed to a $55,000 private placement of 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 that date) and conduct $550,000 in exploration work over a period of five years. In the first year 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 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 agreed to 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 a further 50,000 common shares at a value of $11,250 to the Vendor under the additional Amending Letter Agreement. To maintain the option, on or before March 16, 2013 the Company was now required to pay $50,000, issue 100,000 common shares and complete $50,000 of exploration expenditures.

On March 31, 2013, 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 agreed to pay an aggregate of $480,000 in cash, issue an aggregate of 1,600,000 common shares in addition to the 100,000 shares issued previously and conduct an additional $350,000 in exploration work over a period of five years. On May 13, 2013, the Company issued a further 50,000 common shares at a value of $9,500 to the Vendor and since that date the Company has paid $5,000 to the Vendor, as required under the agreement.

On March 31, 2014, 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 $478,000 in cash, issue an aggregate of 1,600,000 common shares in addition to the 150,000 shares issued previously and conduct an additional $350,000 in exploration work over a period of five years. On May 9, 2014 the Company paid $1,500 to the Vendor. On May 12, 2014, the Company issued a further 50,000 common shares at a value of $8,500 to the Vendor.

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.

Exploration work has been 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 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.

The initial exploration work encountered at least three types of rare-earth mineralization and, historically, other types have been reported, as well; however,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.

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. As of September 30, 2012, the Company determined that the carrying amount of the Red Wine Property exceeded its recoverable amount. For the year ended March 31, 2013 the Company recorded an impairment of $281,089 and for the year ended March 31, 2014, an additional $14,500 has been written off to the consolidated statements of loss and comprehensive loss. During the six months ended September 30, 2014, $11,500 reflecting shares issued and cash paid to maintain the Company's option rights were written off to the consolidated statements of loss and comprehensive loss. The Company retains its contractual rights in respect of the Red Wine Property.

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 elements, 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 written off in the Company's consolidated statements of loss and comprehensive loss.

For further details relating to project investigation expenses, please refer to Note 6 of the accompanying unaudited interim consolidated financial statements for the six months ended September 30, 2014.

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 $
September 30, 2014	-	-	235,144	235,144	0.00
June 30, 2014	-	-	348,825	348,825	0.01
March 31, 2014	-	13,664	375,630	361,966	0.01
December 31, 2013	-	824	419,913	419,089	0.01
September 30, 2013	-	428	455,286	454,858	0.01
June 30, 2013	-	115,918	467,568	363,650	0.01
March 31, 2013	-	1,318	386,700	385,382	0.01
December 31, 2012	-	4,564	479,586	475,022	0.01

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, the Company had a working capital deficiency of $37,067 (March 31, 2014 – deficiency of $163,842) an increase of $126,775 since the financial year end due primarily to an increase in cash as a result of a private placement that grossed the Company $700,000. This was offset by operating expenditures and project investigation expenses of $583,969 incurred during the six months ended September 30, 2014.

Cash is made up of $63,746 in cash available in the bank accounts of the Company at September 30, 2014. This is an increase of $22,019 from $41,727 as at March 31, 2014. The increase is due to the reasons and offset by the same factors as discussed above.

On June 3, 2014, the Company completed a private-placement financing in which it issued 4,666,666 units at $0.15 per unit for gross proceeds of $700,000. Each unit consisted of one common share and one half of one common share purchase warrant, with each whole warrant exercisable to acquire one common share at a price of $0.30 for a period of two years from the closing date. The Company paid cash finders' fees of $5,260, issued a total of 262,804 finder's warrants and issued a total of 236,136 finder's units at a price of $0.15 per unit to certain parties who assisted with the placement. Each finder's unit consists of one common share and one-half of one non-transferable common share purchase warrant with the warrants having the same terms as the private placement warrants.

On May 12, 2014, the Company issued 50,000 common shares at an ascribed price of $0.17 per share for a total value of $8,500 as an option payment toward the acquisition of a 100% interest in the Red Wine Property.

Contributed surplus totaled $2,378,486 as at September 30, 2014 (March 31, 2014 - $1,613,831). The increase is due to share-based compensation expense of $11,514 as a result of the grant of stock options and recognition of the expiry of warrants on May 30, 2014 totaling $753,141.

The Company has in the past 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. 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 has received conditional approval from the TSX Venture Exchange to raise $200,000 in a non-brokered private placement whereby 4,000,000 units would be issued at $0.05, each unit comprised of one common share of the Company as well as one-half of a share purchase warrant, each whole warrant entitling the holder to purchase one common share of the Company at $0.20 for a period of three years. The private placement has not closed at the reporting date. The Company estimates that its current working capital, including the net proceeds from the planned private placement, is only sufficient to fund its planned activities for the next five months. The Company continues to actively seek additional financing,

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. Each year the Company has exercised its option to extend the agreement for an additional year, and on June 18, 2014, the Company exercised its option to extend the sub-lease agreement for another year to June 30, 2015 at a monthly rent of $1,155.

The following is a summary of the future lease commitments for the fiscal years ended March 31, 2015 and 2016:

Fiscal 2015	$ 16,875
Fiscal 2016	3,465

The Company has entered into a consulting agreement whereby should the consultant assist with sourcing, negotiating, and entering into an agreement for financing the construction and operation of a monazite-based rare-earth processing facility in the Middle East, a fee of 2.0% of any financing of $10,000,000 or more will be payable. The agreement also provides for the payment of a standby success fee of 0.5% should the consultant arrange financing that the Company does not proceed with as a result of entering into an alternative financing arrangement.

The Company has entered into a consulting agreement whereby should the Company enter into an agreement with any party to invest in the construction and operation of a monazite-based rare-earth processing facility in Oman a fee of 2.0% of any equity funds contributed by the party and 1% of any debt financing provided by a specified bank will be payable.

Under the terms of a service contract between the Company and the former CEO of the Company, the Company will pay the former CEO $12,000 per month until May 2015 and $6,000 per month thereafter to serve as the Chief Technical Advisor to the Company on a part-time basis.

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 accompanying unaudited interim consolidated financial statements for the six months ended September 30, 2014.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

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

As at September 30 and November 26, 2014, there were 54,815,266 common shares outstanding.

For further details relating to the issuance of shares, please refer to Note 9 of the accompanying unaudited interim consolidated financial statements of the Company for the six months ended September 30, 2014.

Stock Options

As at September 30 and November 26, 2014, there were 4,940,000 stock options outstanding.

For further details relating to outstanding stock options, please refer to Note 9 of the accompanying unaudited interim financial statements for the six months ended September 30, 2014.

Warrants

As at September 30 and November 26, 2014, there were 2,714,205 share purchase warrants outstanding.

For further details relating to outstanding warrants, please refer to Note 9 of the accompanying unaudited interim consolidated financial statements for the six months ended September 30, 2014.

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.

The Company's common shares are also listed for trading on the U.S. based OTCQB 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.

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 mineral property farm-out or option agreements, 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 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 INCLUDING INITIAL ADOPTION

The following new standards and amendments to existing standards have been published and are mandatory for annual accounting periods beginning after January 1, 2014 or later, with early adoption permitted. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements. The Company has not early adopted these revised standards and none of these is expected to have a significant effect on the Company's consolidated financial statements.

i) IFRS 9, *Financial Instruments* (New in 2010; to replace IAS 39 and IFRIC 9);
ii) IFRS 14, *Regulatory Deferral Accounts* (New in 2014);
iii) IAS 19, *Employee Benefits* (Amended in 2011);
iv) Annual Improvements to IFRSs 2010 – 2012 Cycle;
    a. IFRS 2, *Share-based Payment*
    b. IFRS 3, *Business Combinations*
    c. IFRS 8, *Operating Segments*
    d. IAS 16, *Property, Plant and Equipment*
    e. IAS 24, *Related Party Disclosures*
    f. IAS 38, *Intangible Assets*
v) Annual Improvements to IFRSs 2011 – 2013 Cycle;
    a. IFRS 3, *Business Combinations*
    b. IFRS 13, *Fair Value Measurement*
    c. IAS 40, *Investment Property*

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, September 30, 2014
Cash	$ 63,746	-	-	$ 63,746

The fair value of the Company's other receivables, 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's other receivables consist primarily of goods and services tax due from the federal government of Canada.

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 mineral properties 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 September 30, 2014, the carrying and fair value amounts of the Company's financial instruments are the same.

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 September 30, 2014, 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 RISK

The Company manages its cash, common shares, stock options, finder's 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 structure during the six month period ended September 30, 2014.

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 September 30, 2014. 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 September 30, 2014 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 September 30, 2014. Based on this evaluation, the CEO and CFO have concluded that as at September 30, 2014, 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 period ended September 30, 2014 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: access to necessary financing on an ongoing basis, volatility of prices of publicly traded securities, current and future political environment in areas being explored or where projects are being pursued, uncertainty regarding current and future environmental regulations that may affect existing and future properties or projects, uncertainty regarding the rare-earth market in the future, risk that the title to properties being explored are free of defect, competition from other companies undertaking similar exploration or strategies, requirements to acquire licenses and permits to explore and or develop properties and loss of key members of management of the Company.

OUTLOOK

Medallion's current business plan targets those rare-earth potential-production and mineral-exploration projects that offer a reasonable solution to the two most-critical rare-earth element supply issues. These are, in Medallion's view:

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

To solve these critical rare-earth near-term and low-cost long-term supply issues, Medallion is focusing on a business plan that involves the purchase of the mineral monazite, which is available as a by-product mineral from large heavy-mineral-sands mining operations, and organizing monazite processing partnerships, by which to extract and produce the rare-earths.

Monazite, a rare-earth phosphate, is the world's original source for rare-earths. According to the US Geological Survey, monazite and the mineral bastnaesite account for about 95% of the world's rare-earth resources (roughly evenly split between the two minerals). These are the only two minerals that have ever produced significant quantities of rare earths.

New rare-earth production from monazite, in Medallion's view, could potentially be developed relatively quickly and inexpensively, because monazite is available in large quantities as 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 these mines reportedly maintain total reserves in excess of one billion tonnes, which typically translates into 20 to 40 years of production life per mine. This long-term by-product supply of monazite could produce a steady supply of rare earths for many years into the future.

By-product monazite from existing mines does not require exploration, proving of mineral reserves, mining or most milling processes. Monazite metallurgy necessary to produce rare earths is relatively simple, when compared to other rare-earth minerals, and the well-understood metallurgical processes have successfully produced commercial rare-earths for over 100 years. These are significant cost-saving and time-saving attributes.

Safe environmental procedures are an important part of rare-earth production. In January 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 supports the Company's supposition that, with the proper operational controls, and the use of modern handling and waste disposal systems, a large-scale monazite processing plant can be operated safely and effectively, while complying with all major national and international mining and environmental safety standards. This is an important step, since the safe handling and disposal of the various resulting wastes, including the thorium, a radioactive element, are a concern with processing minerals from any natural rare-earth occurrence.

The Company has produced preliminary processing technical plans, including flow sheets and initial capital and operating cost estimates, for a monazite based rare-earth processing facility. The proposed facility is based on assumed annual rare-earth-oxide production of 10,000 tonnes per year. Negotiations are underway to acquire monazite, to feed the proposed plant, from major heavy-mineral-sands mining operations.

On June 16, 2013 the Company signed a non-binding memorandum of understanding (the "MOU") with Takamul Investment Company ("Takamul"), a subsidiary of government-owned Oman Oil Company, to conduct studies investigating the viability of constructing and operating a monazite based, rare-earth processing facility in the Omani industrial city of Duqm.

Under the MOU terms, Medallion and Takamul have agreed, subject to acceptance of independent co-funded financial, technical and environmental assessment studies, and completion of definitive documentation, to establish a joint venture allocating a 60% interest to Medallion and a 40% interest to Takamul, with each party providing proportional capital for the project.

On July 9, 2013 the Company announced that it had signed a memorandum of understanding (the "Investment MOU") with Arab Mining Company ("Arab Mining"), a Jordan-based, Pan-Arab mining-industry investment firm. The Investment MOU grants Arab Mining, for a period of six months, the exclusive right to negotiate terms to invest or participate in a joint venture, controlled and majority-owned by Medallion, which will focus on rare-earth production and processing opportunities within the Arab League nations, including the proposed rare-earth element processing facility in Duqm, Sultanate of Oman.

The non-binding Investment MOU provides Medallion and Arab Mining with a proposed joint-venture framework for evaluating rare-earth opportunities within the Arab League region. These potential opportunities include building separation facilities to produce individual rare-earth oxides from concentrates; exploring and developing heavy-mineral-sands resources; examining by-product processing potential from phosphate and uranium production; and exploring prospective rare-earth mineral properties.

On December 23, 2013, the Company announced that it extended, for an additional six months, the existing MOUs with Takamul and Arab Mining. The extensions maintained the original terms until June, 2014, and confirmed the regional partners' interest in, and desire to advance Medallion's monazite-based rare-earth production strategy. As of July 2, 2014 the Company and Arab Mining have extended the Arab Mining MOU through September 30, 2014 under identical terms. The Company is in active discussions with Takamul with regard to the extension of that MOU.

Medallion announced on October 30, 2014 that it is initiating lab-scale extraction tests of rare earths from monazite, using standard commercial processes to produce a rare-earth chemical concentrate, co-products and waste materials of the type expected from a commercial operation. The rare-earth concentrate should provide a sample product for evaluation and discussions with potential customers. The monazite feedstock for the extraction process is provided by a major heavy-minerals-sands producer, who is currently in confidential discussions with Medallion to provide potentially this material on a long-term basis. In part because of the interest in a total rare-earth concentrate Medallion has recently begun to evaluate other potential jurisdictions for monazite rare-earth processing, with a focus on North America.

As the Company's strategies advance, both in terms of the monazite purchase and processing approaches, 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 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.

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*"

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DAVID HABER