

Medallion Resources: On a direct course to rare earth production

✘ April 7, 2014 – Don Lay, President of Medallion Resources ('Medallion', TSXV: MDL | OTCQX: MLLOF) speaks to Tracy Weslosky, Editor-in-Chief and Publisher of InvestorIntel, about Medallion's unique position in the rare earths sector. Medallion is not an exploration play and is unique in that it is focused on "getting to production quickly and Dr. Bird, whom I am partnered with, is really the brains behind this. He believes that the best way to get to a significant rare earth production in the short term is by exploiting by-product resources from rare earths."

Medallion's resource, in that respect is monazite, which is a rare earth rich phosphate found in great quantity as the by-product of other types of mining such as heavy mineral sands. Medallion plans to treat monazite from mineral sands, derived from other sources in order to avoid traditional mining development.

The challenge for Medallion is in where to process the resource rather than where to find it. While most miners prefer to process next to their mine, from Medallion's perspective, the resource comes from a variety of suppliers, so "we're looking to process separately, and we've chosen Oman in the Middle East as the site for that." Many of the oil rich Gulf States are looking for ways to diversify their economies as oil supplies run out. The Middle East wants to diversify its industrial base: "and they don't take the word 'industry' as a negative...Oman happens to be the country that we thought was best suited. It's on the Indian Ocean, around the Straits of Hormuz, geopolitically away from some of the more sensitive areas there. Also, Oman is building a new industrial city

called Dokum, which “we thought was just a terrific place to start a rare earth value chain, starting with rare earth extraction from monazite.”

Medallion’s main partner in Oman is the Takamul Investment Company (‘Takamul’) a subsidiary of the State owned Oman Oil Company, which has been very active in the metals, petrochemicals, and downstream minerals sectors especially in the area of Duqm. Medallion has signed a memorandum of understanding (MOU) with Takamul, in a 60/40 split (Medallion/Takamul) for the project. Takamul has already started investing, “the next significant step will be to get a larger full feasibility and environmental impact studies for the proposed plant.”

In 2014, apart from the aforementioned studies, Medallion aims to secure the key long term feedstock agreements, an essential for the Company. Don says, he hopes to secure five and ten year agreements for supply of the monazite: “and thereafter, we will be in a position to start having discussions with potential strategic partners such as off-takers and those types of things, of course assuming that the feasibility study turns out as expected.” Don also stressed that the project’s economics are very attractive and that it’s important recognize that even in China, known for supplying 95-96% of the world’s rare earths, some 50% of production, comes from by-products.

Medallion has avoided some of the biggest risks of the mining space altogether with no need to prove the quality of its minerals’ grade or to undertake scoping studies, cushioning the cost of exploration preliminaries that absorb so much of today’s limited project finance availability.

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