

MEDALLION RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the Six Months ended September 30, 2019
Containing information up to and including November 26, 2019

The following Management Discussion and Analysis (“MD&A”) is prepared as at November 26, 2019 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, 2019.

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

The unaudited consolidated financial statements of the Company for the six months ended September 30, 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

Additional information relating to the Company is available on the SEDAR website: www.sedar.com under “Medallion Resources Ltd.”.

All currency amounts are in Canadian dollars unless otherwise indicated.

OPERATIONS

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

The Company is now 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-earth products from monazite. Medallion is testing a variety of samples, which have been submitted by heavy-mineral-sands producers, to locate suitable quantities and qualities of monazite feed. This testing could lead to monazite purchase agreements and potentially provide feedstock for a planned rare-earth processing plant. Since no monazite purchase contracts or processing plant financing and development agreements are in place at this time, all expenses associated with this strategy are being written off in the Company’s consolidated statements of loss and comprehensive loss.

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

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PROJECT INVESTIGATION

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

For further details relating to project investigation expenses, please refer to Note 4 of the accompanying unaudited consolidated financial statements for the six months ended September 30, 2019.

RESULTS OF OPERATIONS FOR THE QUARTER

Results of operations for the three months ended September 30, 2019 compared to the three months ended September 30, 2018

The Company's loss for the three months ended September 30, 2019 was \$442,632 (loss per share – \$0.01) compared to a loss of \$218,027 (loss per share – \$0.01) for the three months ended September 30, 2018.

The significant factors that contributed to the increase in the loss during the three months ended September 30, 2019 compared with the corresponding period in 2018 were:

- Consulting fees for the three months ended September 30, 2019 were \$152,041 compared with \$78,458 for the three months ended September 30, 2018. This is due to increased activity as the Company executes on its plans to secure feedstock and markets for its products.
- Project Investigation expenses for the three months ended September 30, 2019 were \$45,156 compared with \$24,698 for the three months ended September 30, 2018. This is due to increased process testing costs that were incurred in 2019 compared with the three months ended September 30, 2018.
- Share-based Compensation during the three months ended September 30, 2019 was \$139,910 compared to \$28,830 during the three months ended September 30, 2018. This is due to 863,700 common share options that were granted to directors, officers, and consultants of the Company during the three months ended September 30, 2019 compared with 250,000 common share options that were granted to consultants to the Company during the same period in 2018.

These increased expenses were offset by the following:

- Government Assistance for the three months ended September 30, 2019 was \$7,695 compared to \$nil in 2018. These amounts are recorded on a cash basis when received and relate to Industrial Research Assistance Program (IRAP) amounts that offset some of the Project Investigation costs, which consisted of consulting and process testing expenses, which are recorded on an accrual basis.

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SUMMARY OF QUARTERLY RESULTS

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

Quarter Ending	Revenue \$	Other Income \$	Expenses \$	Net Loss \$	Loss Per Share \$
September 30, 2019	Nil	7,695	450,327	442,632	0.01
June 30, 2019	Nil	60,800	317,686	256,886	0.01
March 31, 2019	Nil	Nil	183,603	186,603	0.01
December 31, 2018	Nil	Nil	97,110	97,110	0.00
September 30, 2018	Nil	Nil	218,027	218,027	0.01
June 30, 2018	Nil	Nil	200,172	200,172	0.01
March 31, 2018	Nil	Nil	332,856	332,856	0.01
December 31, 2017	Nil	Nil	254,946	254,946	0.01

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had working capital of \$110,162 (March 31, 2019 deficiency of \$24,766), an increase in the working capital of \$134,928 from March 31, 2019. The working capital increase is due to proceeds from private placements, the exercise of warrants and the receipt of Government Assistance in the amount of \$68,495 during the six months ended September 30, 2019 offset by operating expense incurred during the six months ended September 30, 2019. During the six months ended September 30, 2019, a total of \$95,600 was repaid to an officer and director and a director of the Company that reduced amounts owed to these related parties. Of the \$260,459 of total current liabilities as at September 30, 2019, \$221,600 is owed directly or indirectly to directors and officers of the Company.

Cash consists of \$315,282 (March 31, 2019 - \$269,010) available in the bank accounts of the Company at September 30, 2019.

On April 24, 2018 the Company completed the second and final tranche of a private placement financing consisting of 500,000 units at \$0.10 per unit for gross proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable to acquire one common share for three years at an exercise price of \$0.15. The Company issued 6,000 finders' units consisting of 6,000 common shares and 6,000 share purchase warrants, with each warrant exercisable to acquire one common share for three years at an exercise price of \$0.15 with the values allocated as \$319 and \$281, respectively, to the common shares and warrants issued based on their relative fair values at the closing date of the private placement. In addition, the Company issued 4,000 finders' warrants (value \$396) each exercisable to acquire a common share at a price of \$0.10 per share for a period of two years from closing. The proceeds of the two recent private placements will be used to further the metallurgical test program that Medallion has undertaken with the Saskatchewan Research Council, customer and monazite feedstock supply development work, jurisdiction and site analysis for the Company's proposed rare-earth processing extraction plant and working capital.

On July 25, 2018 the Company completed a private placement financing consisting of 1,000,000 units at \$0.10 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.15. Cash proceeds from the private placement were allocated as \$53,049 and \$46,951, respectively, to the common shares and warrants issued in the private placement based on their relative fair values at the closing date of the private placement.

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On March 26, 2019 the Company completed the first tranche of a private placement financing consisting of 6,639,000 units at \$0.09 per unit for gross proceeds of \$597,510. Each unit consists of one common share and one half common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.15. Cash proceeds from the private placement were allocated as \$442,874 and \$154,636, respectively, to the common shares and warrants issued in the private placement based on their relative fair values at the closing date of the private placement. The Company incurred share issuance costs of \$9,380 and issued 28,000 finders' warrants (valued at \$1,667) each exercisable to acquire a common share at a price of \$0.09 per share for a period of 2 years from closing.

On April 9, 2019 the Company completed the second and final tranche of a private placement financing consisting of 410,167 units at \$0.09 per unit for gross proceeds of \$36,915. Each unit consists of one common share and one half common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.15. Cash proceeds from the private placement were allocated as \$27,394 and \$9,521, respectively, to the common shares and warrants issued in the private placement based on their relative fair values at the closing date of the private placement. The Company issued 16,480 finders' warrants (valued at \$976), each exercisable to acquire a common share at a price of \$0.09 per share for a period of 2 years from closing.

On August 23, 2019 the Company completed the first tranche of a private placement financing consisting of 5,372,572 units at \$0.105 per unit for gross proceeds of \$564,120. Each unit consists of one common share and one half common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.165. The Company incurred share issuance costs of \$17,292 and issued 164,686 finders' warrants each exercisable to acquire a common share at a price of \$0.165 per share for a period of 3 years from closing.

On October 9, 2019 the Company completed the second and final tranche of a private placement financing consisting of 2,197,657 units at \$0.105 per unit for gross proceeds of \$230,754. Each unit consists of one common share and one half common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.165. The Company paid \$420 in finder's fees and issued 4,000 finder's warrants each exercisable to acquire a common share at a price of \$0.165 per share for a period of 3 years from closing.

Contributed surplus totaled \$3,139,895 as at September 30, 2019 (March 31, 2019 - \$2,959,809). The increase is due to the grant of stock options to officers, directors and consultants of the Company and the expiry of warrants during the period.

The Company has in the past relied primarily upon the sale of equity securities for cash required for business purposes, for acquisitions, and to fund the administration of the Company. Since the Company 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 currently requires additional working capital and as outlined in Note 7 of the interim consolidated financial statements for the six months ended September 30, 2019, the Company recently closed the first tranche and second tranche of a private placement for gross proceeds of \$564,120 and \$230,754, respectively.

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COMMITMENTS

The Company has entered into a sub-lease with a company owned by a director for office premises which has been renewed for an additional year to March 31, 2020 with monthly rent of \$1,325. The following is a summary of the future lease commitments:

Fiscal 2020	\$ 15,900
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OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are as follows:

- a) During the six months ended September 30, 2019, \$72,000 (2018 - \$72,000) was charged by a private company controlled by the Chief Executive Officer (the “CEO”) of the Company, Donald Lay, for management and consulting fees. At September 30, 2019, \$201,600 (September 30, 2018 - \$302,400) was owed to this company on account of management and consulting fees.
- b) Effective October 1, 2018 the Company began accruing interest owed to a private company controlled by the CEO of the Company on account of management and consulting fees owed at an interest rate of prime plus 3.00%. During the six months ended September 30, 2019, \$8,860 (2018 - \$Nil) was paid to this company on account of interest. At September 30, 2019, \$Nil (September 30, 2018 - \$Nil) was owed to this company on account of interest.
- c) During the six months ended September 30, 2019, the Company incurred \$7,950 (2018 – \$7,950) in rent in connection with an office sub-lease the Company entered into with a company owned by a director of the Company, David Haber (see Note 8). At September 30, 2019, \$Nil (September 30, 2018 - \$Nil) was owed to this company.
- d) During the six months ended September 30, 2019, the Company incurred \$29,500 (2018 - \$22,800) of consulting fees to a company owned by the Chief Financial Officer (“CFO”) of the Company, Thomas Arnould. At September 30, 2019, a total of \$Nil (September 30, 2018 – \$Nil) was owed to the CFO and the company owned by the CFO.
- e) During the six months ended September 30, 2019 the Company repaid \$20,000 (2018 – \$Nil) on existing promissory notes from a company owned by a director, David Haber. The promissory notes are unsecured, due on demand and bear interest at a rate of prime plus 3.00%. As at September 30, 2019, a principal amount of \$20,000 (September 30, 2018 – \$40,000) was outstanding on the promissory notes. During the six months ended September 30, 2019 interest totaling \$1,272 (September 30, 2018 - \$1,294 was payable and was included in Accounts Payable and Accrued Liabilities) was paid on the promissory notes.
- f) On April 18, 2019, 55,000 stock options were granted to members of the Board of Directors and management of the Company with an exercise price of \$0.10. The options are exercisable for 5 years, vested immediately and had a fair value of \$4,939.
- g) On July 8, 2019, 345,000 stock options were granted to members of the Board of Directors and management of the Company with an exercise price of \$0.185. The options are exercisable for 5 years, vested immediately and had a fair value of \$55,883.

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DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

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

As at September 30, 2019 there were 44,156,211 common shares outstanding.

On October 9, 2019 2,197,657 common shares were issued in a private placement. Additional details are provided elsewhere in this document.

As at November 26, 2019 there were 46,353,868 common shares outstanding.

For further details relating to the issuance of shares, please refer to Note 7 of the accompanying unaudited consolidated financial statements of the Company for the six months ended September 30, 2019.

Stock Options

As at September 30, 2019 and November 26, 2019 3,815,278 stock options outstanding.

For further details relating to outstanding stock options, please refer to Note 7 of the accompanying unaudited consolidated financial statements of the Company for the six months ended September 30, 2019.

Warrants

As at September 30, 2019 there were 18,674,203 share purchase warrants outstanding.

On October 9, 2019 a total of 1,102,829 share purchase warrants were issued in a private placement. Additional details are provided elsewhere in this document.

As at November 26, 2019 there were a total of 19,777,032 share purchase warrants outstanding.

For further details relating to outstanding warrants, please refer to Note 7 of the accompanying unaudited consolidated financial statements of the Company for the six months ended September 30, 2019.

Other Share Information

There are no shares subject to escrow or pooling agreements.

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions include those related to the valuation allowance on deferred income taxes and share-based compensation valuations. Actual results could differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

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CHANGES IN ACCOUNTING POLICIES

New Accounting Standards

New standard IFRS 9 Financial Instruments (“IFRS 9”) was issued by IASB to replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new “expected credit loss model” for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The standard became effective for annual periods beginning on or after January 1, 2018, which is the date the Company adopted IFRS 9.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is substantially unchanged.

As a result of adopting this standard, the Company has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. The accounting policy disclosure on financial instruments above describes the new accounting policies under IFRS 9. The Company completed an assessment of its financial instruments as at April 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

	Original classification under IAS 39	New classification under IFRS 9
Cash	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities – amortized cost	Amortized cost
Due to related parties	Other financial liabilities – amortized cost	Amortized cost
Promissory notes payable	Other financial liabilities – amortized cost	Amortized cost

Future Accounting Pronouncements

IFRS 16 Leases (“IFRS 16”) specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has an insignificant value. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. The Company has analyzed the impact of adoption of this standard and does not anticipate that there will be any material impact on the consolidated financial statements.

FINANCIAL INSTRUMENTS

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

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance September 30, 2019
Cash	\$ 315,282	-	-	\$ 315,282

The fair value of the Company’s accounts payables and accrued liabilities and amounts due to related parties approximates their carrying values due to the short-term nature of these instruments. The

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Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and commodity-price risk.

a) Credit risk

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

b) Liquidity risk

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

c) Commodity price risk

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

d) Sensitivity analysis

The Company has, for accounting purposes, designated its cash and short-term investments as held-for-trading, which are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost. As at September 30, 2019, 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, 2019, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken.

MANAGEMENT OF CAPITAL

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

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

There has been no change in the Company's management of capital risk during the three months ended September 30, 2019.

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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 and Chief Financial Officer 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, 2019. 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, 2019 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, 2019. Based on this evaluation, the CEO and CFO have concluded that as at September 30, 2019, the Company's internal control over financial reporting continues to be effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

There was no change in the Company's internal control over financial reporting during the period ended September 30, 2019 that materially affected, or was reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

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

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OUTLOOK

Medallion has developed a business plan that targets expedited rare-earth element (“REE”) production with the purchase of the by-product rare-earth phosphate mineral monazite, and subsequent extraction, production and marketing of REE concentrate products via an improved process over traditional techniques.

Monazite is the world’s original commercial source for REEs and contains approximately 60% REEs. According to the US Geological Survey, the minerals monazite and bastnaesite account for about 95% of the world’s rare-earth resources (approximately evenly split between these two minerals). Only these two minerals have ever produced significant quantities of rare earths.

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

Importantly, as monazite is produced as a by-product from existing mining operations, there is no requirement for exploration, proving of mineral reserves, mining or most milling processes. The processing methods necessary to extract REEs from monazite are well understood compared to that of many other REE minerals and industry-standard metallurgical processes have produced significant commercial REEs for over 100 years. These are significant cost-saving and time saving attributes. The mineral separation operations of the HMS mines produce a monazite by-product, but it is important to further upgrade this mineral concentrate to 85%+ monazite to be an acceptable feedstock for a commercial REE extraction plant such as that contemplated by Medallion.

Safe environmental procedures are an important part of REE production. In 2012, Medallion received a report from SENES Consultants Limited, internationally recognized specialists in mining, nuclear and environmental sciences, which reviewed the health and safety aspects of Medallion’s proposed monazite processing plant plans. The report supported the Company’s view that, with the proper operational controls and the use of modern handling and waste disposal systems, a commercial scale monazite processing plant can be operated safely and effectively while complying with all major national and international mineral processing and environmental safety standards. This was an important step, since the safe handling and disposal of the various resulting wastes, including the naturally-occurring radioactive elements thorium and uranium, is a concern with processing minerals from any natural REE occurrence. The Company has produced preliminary processing technical plans, including flow sheets and initial internal capital and operating cost estimates for a monazite-based REE processing facility.

The currently proposed facility is based on assumed annual production of approximately 2,000 rare-earth-oxide (equivalent) tonnes per year. Discussions are underway to acquire upgraded monazite feedstock from major HMS mining operations to feed the proposed plant. Based on these discussions and information provided by the HMS industry, Medallion is confident that there are suitable monazite feedstocks available for an initial plant from HMS operations in the US Southeast. In the longer terms Australia, south-east Asia, and Africa have significant HMS operations that offer large quantities of by-product monazite as potential feedstock.

In 2015, the Company announced it would focus on evaluating North American jurisdictions to expedite the approval, construction, and operation of a proposed monazite based REE processing facility. Later that year, Medallion reported that its initial lab-scale extraction testing had confirmed Medallion’s caustic-route metallurgical process flow-sheet; a subsequent release reported that the tests recovered an average of 91% of the ten important commercial REEs and yielded a mixed REE chemical concentrate. The tests indicated

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that the economically important magnet-related elements (neodymium, praseodymium, dysprosium, terbium) represent 86% of the value of the resulting concentrate, using then current standard Chinese FOB prices (source: Asian Metal August 2015). Medallion received positive feedback that its high-purity REE concentrate samples were suitable, once available in commercial quantities, as input material to standard commercial REE refineries. These refineries, or separation plants, separate the REE concentrate into individual marketable REE oxides and other commercial REE products.

On February 7, 2017, Medallion announced the Mineral Processing and Metallurgical Testing section of Saskatchewan Research Council (“SRC”) had been engaged to perform advanced process test-work for further development of the Company’s REE extraction process. Kurt Forrester PhD, a UK-based Chartered Chemical Engineer and Chartered Professional Metallurgist was engaged to manage the process development work for the Company. New monazite sample feed-stock material was received by the SRC providing input for the test-work program. This program was anticipated to include acid selection, bench level confirmation, locked cycle tests, cerium removal and phosphate by-product development work and was a step towards an integrated pilot plant test program.

On June 1, 2017 the Company executed a non-exclusive commercial agreement with Rare Earth Salts Separations and Refining, LLC (“RES”), of Des Moines, Iowa, a rare-earth separation technology company to jointly produce, market and share revenues from the sale of finished rare-earth products. The agreement contemplates Medallion producing and supplying its rare-earth concentrate to RES for separation and refining by RES into marketable rare-earth oxides. Certain commercial terms remain to be finalized prior to commercial production.

On February 7, 2018 Medallion announced it had successfully completed the bench-scale optimization phase of its extraction process testwork, conducted at SRC and managed by Kurt Forrester, the Company’s consulting metallurgist. This phase produced a cerium-depleted, rare-earth element concentrate derived from North American-sourced monazite sand and the Company stated that it would receive a final report from SRC in the near term containing final results and conclusions. The testwork sought an enhanced process to optimize the recovery of neodymium and praseodymium (NdPr), which are the critical magnet-related elements used in high-powered, rare-earth permanent magnets required for electric and hybrid vehicles, wind power generation, and robotics. Medallion’s enhanced extraction process provides for cost-effective removal of cerium, a plentiful but low-valued REE that typically constitutes well over 40% of the rare-earth content of monazite. As such, the removal of cerium from a rare-earth concentrate product significantly increases the value of a concentrate versus a similar one with cerium.

On March 22, 2018, the Company reported its process testwork produced a cerium-depleted rare earth concentrate containing 41.6% of the magnet metals neodymium and praseodymium (NdPr) by mass. The contained NdPr represents an estimated 81.6% of the concentrate value, based on current market values of the contained rare earth elements (REEs). The mixed rare-earth concentrate sample was produced from by-product monazite sand provided by a North American heavy-mineral-sands producer. The testwork achieved an 84.8% recovery of REEs, excluding cerium, from the initial grinding through to the production of the high-purity mixed rare earth carbonate concentrate. The produced product met the quality specifications as input into standard commercial rare earth refineries.

On March 28, 2018, Medallion reported its recent process testwork also produced a Trisodium Phosphate, a commercial compound which currently wholesales at approximately \$500/tonne and has wide application as a food additive, cleaning agent, lubricant, stain remover and degreaser. Also being investigated is potential commercialization of thorium, uranium, and their related daughter products—the radioactive elements that are present in monazite and its process waste streams.

On June 7, 2018, Medallion reported it had shipped a rare earth concentrate sample to RES for evaluation, further to their agreement of June 2017 to jointly produce, market and share revenues from the sale of finished rare earth products. Medallion and RES are working to take the abundant and available by-product rare earth element mineral monazite and process it through to marketable rare earth oxides in a manner that

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is cost-competitive to Chinese production—all within a small physical footprint in North America with relatively low capital costs.

On November 20, 2018, Medallion reported that commercial partner RES had successfully completed separation tests of Medallion's rare earth concentrate, provided in June 2018, into commercial-ready rare earth oxides. RES reported that the Medallion concentrate provides superior physical properties that allows for straightforward processing in the RES system.

On January 31, 2019 the Company announced that it will receive up to \$50,000 in funding from the federal government through the National Research Council of Canada's Industrial Research Assistance Program (NRC IRAP) to support additional test work, with a total budget of about \$80,000, of its REE extraction process development. The project will be carried out by the SRC and focus on processing routes and analysis of major waste streams, especially those containing radioactive elements. The NRC IRAP funding is projected to cover over 60% of project costs. The new test work will produce discrete waste streams, allowing Medallion to engage with processors and waste management firms to determine disposal options and costs related to uranium and thorium. The funding will accelerate process development over a four-month period, starting February 1, 2019. In order to receive the contribution from NRC IRAP, Medallion must meet all conditions of the contribution, which include maintaining adequate records and submitting periodic status reports.

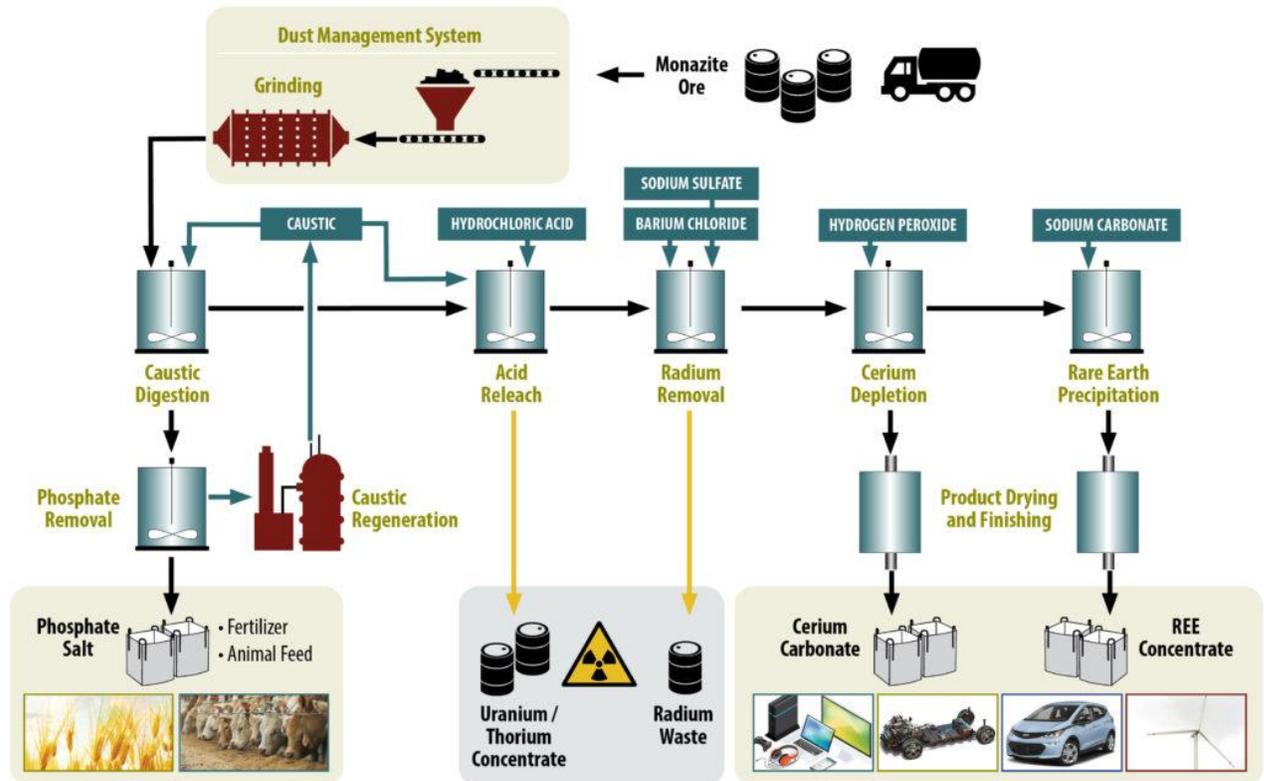
On March 20, 2019 Medallion announced that it will receive up to \$34,800 in funding from the federal government through the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) to research the optimization of its monazite rare earth extraction process at the University of Toronto. The optimization research project, with a total budget of about \$46,400, will be managed by Kurt Forrester and conducted by a research team within the University of Toronto's Chemical Engineering & Applied Chemistry Department.

On May 1, 2019, Medallion provided additional explanation on its process development work in progress:

- SRC – this project is focussed on optimizing the Company's approach to the safe and economical management of waste materials, by production and analysis of radioactive waste streams produced from additional "crack and leach" testwork on monazite sand feedstock. Following completion of this work, the findings and samples will be shared with waste processors and disposal firms for review and guidance.
- University of Toronto's Chemical Engineering & Applied Chemistry Department – this project is generating solubility data to establish precise thermodynamic models of the phosphate conversion and caustic regeneration projects in order to streamline the process design. This could potentially provide significant cost savings during plant operations.

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A current internal top-level process flow diagram of Medallion’s process can be seen here:



On July 9, 2019 Medallion announced it is seeking two different third-party proposals to advance its development of a North American rare earth extraction plant.

Rare-Earth Production Facility — Logistics and Facility Siting Studies

These studies will assess suitable jurisdictions for the proposed monazite “crack and leach” plant as well as the upstream and downstream logistic issues related to the transport of monazite sand feedstock, re-agents, produced products and waste material to and from potential project locations. Jurisdiction and location selection will address factors including:

- Access to and costs of re-agents such as sodium hydroxide and hydrochloric acid, energy, and human resources;
- Permitting; and
- Social and environmental impacts.

Extraction Flowsheet — Process Engineering Design

The process engineering program will start with the development of a robust process model for Medallion’s continuous monazite rare-earth extraction flowsheet including a mass and energy balance for the complete process. This is an important step ahead of plant engineering specifications and determining the related capital and operating cost estimates.

Both projects will advance ahead of undertaking a formalized economic study such as a preliminary economic assessment (PEA) and provide valuable input to such a study.

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On August 20, 2019 Medallion announced that the SRC has successfully concluded the final major testwork program for Medallion's rare-earth element (REE) extraction process. The completion of this program allows Medallion to engage processors, waste management and transportation groups to determine disposal options and costs and initiate processing engineering work.

The Company responded to a US Department of Defense Request for Information (RFI) conducting assessments of North America's REE supply chains, including the main barriers to market experienced by domestic (which includes Canada as a "domestic" source) business. Medallion has responded to the department's RFI to put its monazite by-product processing approach as a route to achieving near-term North American production of REEs. The department will use the information gathered to propose recommendations for a healthy manufacturing and defense industrial base, including potential government investment in relevant projects.

On August 23, 2019 Medallion Resources announced that it has closed the first tranche of its \$798,000 non-brokered private placement (the "Offering"), for gross proceeds to the Company of \$564,120. The proceeds of the Offering will be used to implement trade-off and process engineering design studies, pilot plant planning, customer and feedstock supply development, and general working capital.

On September 26, 2019, the Company announced the completion of the development of its proprietary flow-sheet design to extract a rare-earth element (REE) concentrate from by-product monazite sand. Medallion believes this new flow-sheet represents an important improvement in the processing of monazite, holding promise of a highly automated and cost-efficient process. Key features of Medallion's enhanced "caustic crack" REE extraction process include:

- Full automation for low manpower requirements and worker isolation from harsh operating environments (chemical, thermal and radiological) for enhanced safety;
- Highly-energy efficient design;
- Option for a zero liquid discharge plant to provide additional flexibility on planning/permitting;
- Waste production options; and
- Employment of only "off-the-shelf" equipment — with innovations on their application.

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

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

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

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

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

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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”

DAVID HABER