MEDALLION RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

September 30, 2022

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

	Note	September 30, 2022	March 31, 2022
ASSETS			
Current			
Cash		$ 1,311,123	$ 828,194
Other receivables		2,830	3,433
Prepaid expenses	5	71,587	27,496
		1,385,540	859,123
Non-current			
Property and equipment	6	146,712	152,146
Investments	9	426,336	441,840
Technology license	4	309,833	309,833
		882,881	903,819
		$ 2,268,421	$ 1,762,942
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 99,339	$ 118,898
Convertible debentures	10	1,357,837	-
Due to related parties	7	10,500	9,396
		1,467,676	128,294
SHAREHOLDERS' EQUITY			
Share capital	8	23,563,179	23,563,179
Reserves	8	4,707,556	4,707,556
Deficit		(27,469,990)	(26,636,087)
		800,745	1,634,648
		$ 2,268,421	$ 1,762,942

Corporate information and nature of operations (Note 1)
Subsequent events (Note 13)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 28, 2022.

Approved on behalf of the Board:

/s/ Rod C. McKeen
Rod C. McKeen – Director

/s/ Andrew Morden
Andrew Morden – Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022
(Expressed in Canadian dollars)
(Unaudited)

		Three months ended September 30		Six months ended September 30	
	Note	**2022**	**2021**	**2022**	**2021**
Expenses					
Amortization	6	$ 5,434	$ -	$ 5,434	$ -
Consulting fees	7	225	40,129	14,265	58,410
Director fees	7	18,000	13,500	40,800	27,000
Investor relations		44,070	75,853	70,015	120,715
Management fees	7	75,714	76,000	141,838	125,205
Office and general		13,210	4,739	24,175	10,400
Professional fees	7	55,094	27,238	159,532	47,065
Research costs	4	35,815	95,064	269,171	377,754
Transfer agent and filing fees		7,663	6,116	56,747	11,303
Travel and accommodation		2,847	-	13,386	-
Share-based compensation		-	78,827	-	78,827
		(258,072)	(417,466)	(795,362)	(856,679)
Other items					
Interest and accretion expense	10	(18,112)	-	(18,112)	-
Foreign exchange gain (loss)		(5,625)	624	(4,925)	298
Fair value loss on investments	9	(15,504)	-	(15,504)	-
		(39,241)	624	(38,541)	298
Net loss and comprehensive loss for the period		$ (297,313)	$ (416,842)	$ (833,903)	$ (856,381)
Basic and diluted loss per share		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		69,194,437	69,977,046	70,194,437	69,112,511

The accompanying notes are an integral part of these condensed consolidated interim financial statements

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(Unaudited)

	Note	**Number of shares**		**Amount**		**Reserves**		**Deficit**		**Total shareholders' equity**
Balance as at March 31, 2021		67,941,937	$	23,011,915	$	4,683,301	$	(25,638,826)	$	2,056,390
Shares issued on:										
License acquisition	4	1,000,000		300,000		-		-		300,000
Warrants exercised		1,227,500		249,889		(64,889)		-		185,000
Stock options exercised		25,000		5,125		(1,375)		-		3,750
Commitment to issue shares		-		(3,750)		-		-		(3,750)
Share-based payments		-		-		78,827		-		78,827
Net loss and comprehensive loss		-		-		-		(856,381)		(856,381)
Balance as at September 30, 2021		70,194,437		23,563,179		4,695,864		(26,495,207)		1,763,836
Shares issued on:										
Share-based payments		-		-		11,692		-		11,692
Net loss and comprehensive loss		-		-		-		(140,880)		(140,880)
Balance as at March 31, 2022		70,194,437		23,563,179		4,707,556		(26,636,087)		1,634,648
Net loss and comprehensive loss		-		-		-		(833,903)		(833,903)
Balance as at September 30, 2022		**70,194,437**	**$**	**23,563,179**	**$**	**4,707,556**	**$**	**(27,469,990)**	**$**	**800,745**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022
(Expressed in Canadian dollars)
(Unaudited)

	Note	Six months ended September 30 2022	2021
Cash provided by (used for):			
Operating activities			
Net loss		$ (833,903)	$ (856,381)
Items not involving cash:			
Amortization		5,434	-
Share-based compensation		-	78,827
Fair value loss on investments		15,504	-
Foreign exchange loss (gain)		4,925	(298)
Interest and accretion expense	10	18,112	-
Changes in non-cash working capital items:			
Other receivables		603	(3,900)
Prepaid expenses		(44,091)	(9,113)
Accounts payable and accrued liabilities		(19,559)	(40,769)
Due to related parties		1,104	9,262
Cash used in operating activities		(851,872)	(822,372)
Investing activities			
Purchase of equipment		-	(76,073)
Cash used in investing activities		-	(76,073)
Financing activities			
Warrants exercised		-	185,000
Convertible debentures		1,253,265	-
Cash provided by financing activities		1,253,265	185,000
Effect of exchange rate changes on cash		81,536	298
Net increase (decrease) in cash		482,929	(713,147)
Cash - beginning of the period		828,194	2,081,232
Cash - end of the period		$ 1,311,123	$ 1,368,085
Non-cash investing and financing activities:			
Expiry of warrants		$ -	$ 29,282
Fair value reversal on exercise of stock options		-	1,375
Fair value reversal on exercise of warrants		-	58,214
Shares issued to acquire technology license	4	-	300,000
Purchase of equipment included in accounts payable		76,073	76,073

The accompanying notes are an integral part of these condensed consolidated interim financial statements

NOTE 1 – CORPORATE INFORMATION AND NATURE OF OPERATIONS

Medallion Resources Ltd. (the "Company") was incorporated on December 8, 1989, under the Business Corporations Act (British Columbia).

The Company is focused on mid-stream separation and purification of rare earth oxides and salts ("REOs") based on Ligand Assisted Displacement ("LAD") Chromatography, enablement of upstream processing using the Company's proprietary Medallion Monazite Process ("MMP") technology, and marketing of magnetic REOs (neodymium, praseodymium, dysprosium, and terbium) to downstream rare earth permanent magnet producers and consumers.

The Company holds exclusive rights to the patented LAD Chromatography rare earth element ("REE") separation process initially developed by Purdue University and licensed by the Company from Purdue Research Foundation (together, "Purdue") to separate minerals from all raw material feed stocks excluding coal sources and recycled materials from manufacturing wastes and recyclates from battery and magnet sources.

The Company is investing in the development of LAD Chromatography (Note 4) and recorded as a non-current asset the acquisition of a technology license and a related equipment purchase.

All other expenses associated with the REE strategy are expensed in the Company's condensed consolidated interim statements of comprehensive loss.

The Company's registered office is Suite 410 – 325 Howe Street, Vancouver, British Columbia, V6C 1Z7.

NOTE 2 – BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

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.

(Expressed in Canadian dollars, unaudited)

NOTE 2 – BASIS OF PREPARATION (cont'd)

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Medallion Resources (USA) Inc. All intercompany transactions and balances have been eliminated on consolidation.

Continuance of Operations

These condensed consolidated interim financial statements are prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company has not generated revenue from operations. The Company incurred a net loss of $833,903 for the six months ended September 30, 2022 and as at that date the Company's accumulated deficit was $27,469,990. The Company does not generate any cashflow from operations to fund its future activities and has relied principally upon the issuance of securities to fund its operating and administrative expenditures. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these condensed consolidated interim financial statements. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Starting in March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended March 31, 2022. These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended March 31, 2022. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six-month period ended September 30, 2022 are not necessarily indicative of the results that may be expected for the current fiscal year ending March 31, 2023.

NOTE 4 – RESEARCH COSTS & EXPENDITURES

Details of research costs in connection with the Company's efforts to finance, develop and construct LAD Chromatography and MMP processing facilities and/or enter into commercial partnerships follow. These costs support the Company's strategy of focusing on mid-stream separation and purification of magnetic REOs.

	Three months ended September 30,		Six months ended September 30	
	2022	**2021**	**2022**	**2021**
Consulting	$ 29,896	$ 33,287	$ 66,560	$ 132,586
Legal and other	191	2,225	3,412	4,042
Process testing	5,728	52,474	5,728	52,488
LAD Chromatography	-	7,078	193,470	188,638
	$ 35,815	$ 95,064	$ 269,171	$ 377,754

(Expressed in Canadian dollars, unaudited)

NOTE 4 – RESEARCH COSTS & EXPENDITURES (cont'd)

On February 18, 2021, the Company announced the acquisition from Hasler Ventures LLC of a license from Purdue Research Foundation for exclusive rights to Ligand Assisted Displacement (LAD) Chromatography developed by Purdue University to separate minerals from all raw material feed stocks excluding coal sources and recycled materials from manufacturing wastes and recyclates from battery and magnet sources. The Company anticipates building, owning and operating REE separation facilities using LAD Chromatography, and/or receiving royalty and sublicense fees from third party operators.

In consideration for the license transfer agreement, the Company issued 1,000,000 fully paid shares to a nominee of Hasler Ventures LLC at a fair value of $300,000 and paid cash consideration of $9,833 (Note 8a).

Research Commitment: As part of the exclusive patent license for its fields of use, the Company has committed to a three-year US$150,000 per annum (US$450,000 in aggregate) sponsored research program to further advance the technologies subject to technical milestones including operation of a demonstration plant.

LAD chromatography is a technology deployed in the separation and purification of REEs. On commercial operation, royalty fees or sub-license fees will be payable at standard industry rates.

In support of the research program, the Company has purchased specialized equipment to be used by Purdue University for $152,146 (see Note 6).

NOTE 5 – PREPAID EXPENSES

Prepaid expenses consist of:

	September 30, 2022	March 31, 2022
Insurance	$ 4,983	$ 12,458
Investor relations	24,340	8,333
Consulting and other	42,264	6,705
	$ 71,587	$ 27,496

NOTE 6 – PROPERTY AND EQUIPMENT

Cost - Research equipment (see Note 4)	
Balance, March 31, 2022	$ 152,146
Additions	-
Balance, September 30, 2022	$ 152,146
Accumulated amortization	
Balance, March 31, 2022	$ -
Amortization	5,434
Balance, September 30, 2022	$ 5,434
Net book value, March 31, 2022	**$ 152,146**
Net book value, September 30, 2022	**$ 146,712**

NOTE 7 – RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these condensed consolidated interim financial statements are as follows:

a) During the six months ended September 30, 2022, $72,000 (2021 - $72,000) was charged by a private company controlled by the Chief Executive Officer of the Company for management and consulting fees. At September 30, 2022, $Nil (March 31, 2022 - $Nil) was owed to this company on account of management and consulting fees and expense reimbursement.

b) During the six months ended September 30, 2022, $64,734 (2021 - $Nil) was charged by a private company controlled by the Chief Financial Officer of the Company for management and consulting fees. At September 30, 2022, $Nil (March 31, 2022 - $6,721) was owed to this company on account of management and consulting fees.

c) During the six months ended September 30, 2022, the Company paid $12,000 (2021 - $30,000) of accounting and consulting fees to a company of which the Company's former CFO is a shareholder. At September 30, 2022, a total of $Nil (March 31, 2022 – $9,396) was owed to this company.

d) During the six months ended September 30, 2022, the Company incurred $64,310 (2021 - $Nil) to a private company controlled by Kurt Forrester, who was appointed a non-independent director of the Company on March 15, 2022. At September 30, 2022, $10,500 (March 31, 2022 - $Nil) was owed to this company.

e) During the six months ended September 30, 2022, $39,348 (2021 - $16,702) was charged by a private company controlled by a director of the Company for management and consulting fees. At September 30, 2022, $Nil (March 31, 2022 - $Nil) was owed to this company on account of management and consulting fees

f) During the six months ended September 30, 2022, $Nil (2021 - $52,000) was charged by a private company controlled by a former director of the Company for management and consulting fees. At September 30, 2022, $Nil (March 31, 2022 - $Nil) was owed to this company on account of management and consulting fees.

g) During the six months ended September 30, 2022, $40,800 (2021 - $27,000) was paid to independent directors for director fees. At September 30, 2022, $Nil (March 31, 2022 - $Nil) was owed to directors.

NOTE 8 – SHARE CAPITAL

Authorized share capital

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

Fiscal 2022

a) On June 22, 2021, the Company issued 1,000,000 common shares at a price of $0.30 per share to a nominee of Hasler Ventures LLC in connection with the acquisition the LAD Chromatography license (Note 4).

(Expressed in Canadian dollars, unaudited)

NOTE 8 – SHARE CAPITAL (cont'd)

Warrants

A summary of the changes in the Company's warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance - March 31, 2021	15,724,700	$ 0.18
Issued	-	-
Exercised	(1,227,500)	0.15
Expired	(4,343,542)	0.20
Balance - March 31, 2022	10,153,658	$ 0.18
Issued	-	-
Exercised	-	-
Expired	(4,312,123)	0.15
Balance - September 30, 2022	5,841,535	$ 0.19

As of September 30, 2022, the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Exercise Price
October 9, 2022[(a)]	835,686	0.165
August 25, 2023	5,005,849	0.20
	5,841,535	$ 0.19

(a) Subsequently expired unexercised

As at September 30, 2022, the weighted average remaining life of the outstanding warrants is 0.78 year (March 31, 2022 – 0.88 years).

Stock Options

The Board of Directors is authorized, pursuant to the Company's Stock Option Plan, to grant options to directors, officers, consultants, or employees to acquire up to 10% of the issued and outstanding common shares at the time of grant. The exercise price for a stock option must not be less than the market price of the Company's common shares at the time the option is granted, less applicable discounts permitted by the TSX Venture Exchange. Stock options granted under this plan are exercisable over a period not exceeding five years.

(Expressed in Canadian dollars, unaudited)

NOTE 8 – SHARE CAPITAL (cont'd)

Stock Options (cont'd)

A summary of the changes in the Company's stock options is presented below:

	Number of Stock Options	Weighted Average Exercise Price
Balance – March 31, 2021	5,625,278	$ 0.20
Granted	660,000	0.15
Exercised	(25,000)	0.15
Expired/cancelled	(366,250)	0.2
Balance – March 31, 2022 – Outstanding	5,894,028	$ 0.20
Balance – March 31, 2021 – Exercisable	5,827,361	$ 0.20
Granted	-	0.15
Exercised	-	0.15
Expired/cancelled	(735,278)	0.15
Balance – September 30, 2022 – Outstanding	5,158,750	$ 0.20
Balance – September 30, 2022 – Exercisable	5,158,750	$ 0.20

As of September 30, 2022, the following stock options were outstanding:

Expiry Date	Number of Stock Options Outstanding		Exercise Price
March 21, 2023	317,500	$	0.13
August 3, 2023	100,000		0.125
April 18, 2024	40,000		0.10
July 8, 2024	657,500		0.185
January 26, 2025	100,000		0.095
May 25, 2025	1,500,000		0.105
July 22, 2025	390,000		0.195
September 18, 2025	1,000,000		0.33
March 29, 2026	493,750		0.415
August 18, 2026	500,000		0.17
December 7, 2026	60,000		0.105
	5,158,750	$	0.20

As at September 30, 2022, the weighted average remaining life of the outstanding and exercisable options is 2.65 years (March 31, 2022 – 2.88 years).

(Expressed in Canadian dollars, unaudited)

NOTE 9 – INVESTMENTS

September 30, 2022	Shares	Fair Value
ACDC Metals Ltd.	4,800,000	$ 426,336

March 31, 2022	Shares	Fair Value
ACDC Metals Ltd.	4,800,000	$ 441,840

On July 23, 2021, the Company signed a non-binding letter of intent ("LOI") with an Australian private company, ACDC Metals Pty Ltd ("ACDC") to permit ACDC to utilize Medallion's proprietary Medallion Monazite Process to extract rare earth elements from monazite exclusively in southeastern Australia. The LOI outlines various terms and conditions that will form the basis of a binding contract, subject to mutual due diligence and provides ACDC with the exclusive right to construct a mineral sand monazite refinery in southeastern Australia utilizing the Medallion Monazite Process as well as rights to the LAD Chromatography process for REE separation. Medallion received a significant allocation of pre-initial public offering ("IPO") shares of ACDC, and transferable rights to contribute funding to ACDC at seed investment and IPO financing stages. The investment was classified as FVTPL, and realized and unrealized gains and losses arising from changes in the fair value will be included in the statement of loss and comprehensive loss in the period in which they arise. ACDC shares are privately held, cost is $31,746, and have a fair value of $426,336 based on the private placement ACDC completed in December 2021 and adjusted for foreign currency translation which resulted in $15,504 loss on fair value of the investment. See Note 13 for further details.

NOTE 10 – CONVERTIBLE DEBENTURES

On August 2, 2022, the Company executed Securities Purchase Agreements (collectively, the "SPAs") with two creditors (the "Holders") whereby the Company issued convertible debentures for gross proceeds of US$1,000,000 ($1,285,400). The convertible debentures have a term of one year, maturing on August 2, 2023 (the "Maturity Date"), and bear interest at the rate of 5.0% per annum.

The principal value of the convertible debentures is US$1,150,000 of which US$150,000 ($192,811) was initially recognized as a financing charge and is credited against accretion/interest expense as the balance is amortized over the term of the convertible debentures. The convertible debentures are unsecured but include negative covenants that restrict the Company's ability to incur indebtedness other than capital lease obligations and other indebtedness incurred in connection with the acquisition of machinery and equipment, and trade accounts and insurance premium financing incurred in the ordinary course, unless the proceeds of such indebtedness are used to pay amounts due under the convertible debentures.

If the Company completes an Initial Public Offering on the Nasdaq Capital Market or equivalent exchange in the United States, and delists from the TSX-V (collectively, the Qualified Public Offering, or "QPO"), the convertible debentures are convertible at the option of the Holders (principal plus accrued interest) into the same common shares or units offered in the QPO at a price that is equal to 75% of the offering price.

Should the Company not complete a QPO by the Maturity Date, the convertible debentures (principal plus accrued interest) are repayable in cash. Further, if the Company completes a QPO on or before August 2, 2027, the Company is committed to issue to the Holders such number of share purchase warrants equal to dividing 50% of the initial principal amount (US$1,150,000) by 75% of the QPO price. The exercise price of the warrants would be equal to the QPO price on issuance. As the warrants have not been issued and will only be issued subject to the Company's completion of a QPO on or prior to August 2, 2027, no value has been attributed to the warrants for purposes of the accounting for the convertible debentures.

As the SPAs are denominated in the United States dollar and the functional currency of the Company is the Canadian dollar, the conversion feature is considered an embedded derivative and, collectively, the convertible debentures and conversion feature is considered a hybrid instrument. The embedded derivative is recorded at fair value, adjusted by a probability factor of the Company completing a QPO on or before the Maturity Date, and is re-measured each period with movements being recorded as a gain or loss on the consolidated statements of loss and comprehensive loss. The difference between the fair value of the derivative and the face value of the debt is allocated to the convertible debentures.

(Expressed in Canadian dollars, unaudited)

NOTE 10 – CONVERTIBLE DEBENTURES (cont'd)

As a result, the recorded liability to repay the convertible debentures is lower than its face value. Using the effective interest rate method, the convertible debentures are accreted up to their face value over the term of the convertible debentures. The Company recorded accretion and interest expense (net of amortization of the deferred financing charge (liability)) totaling $18,112 for the six months ended September 30, 2022 (2021 - $nil).

Upon initial recognition and prior to the allocation of transaction costs (US$25,000 ($32,136)), the fair value of the derivative was determined to be $nil using the Black-Scholes option pricing model with the following assumptions: share price of $0.06, exercise price of $0.045, risk-free rate of 3.10%, expected volatility of 113%, expected life of 1.00 year, no dividend yield, and a probability adjustment factor of 0%.

As at September 30, 2022, the adjusted fair value of the derivative was determined to be $nil using the Black-Scholes option pricing model with the following assumptions: share price of $0.06, exercise price of $0.045, risk-free rate of 3.76%, expected volatility of 113%, expected life of 0.84 years, no dividend yield, and a probability adjustment factor of 0%. Accordingly, as there was no fair value recognized with respect to the embedded derivative, there was no change in the fair value of the derivative liability recognized as a gain (loss) on the consolidated statements of loss and comprehensive loss.

A reconciliation of the convertible debenture liability is as follows:

Balance, March 31, 2022	**$**	**-**
Proceeds on issuance of convertible debenture		1,285,400
Allocation of transaction costs		(32,136)
Accretion/interest expense		18,112
Foreign transaction adjustment		86,461
Balance, September 30, 2022		**1,357,837**
Liabilities:		
Current portion - convertible debenture		1,357,837
Long term portion - convertible debenture		-
Balance, September 30, 2022	**$**	**1,357,837**

NOTE 11 – FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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 condensed consolidated 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.

NOTE 11 – FINANCIAL INSTRUMENTS (cont'd)

`	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance September 30, 2022
Cash	$ 1,311,123	$ -	$ -	$ 1,311,123
Investments	$ -	$ -	$ 426,336	$ 426,336
Convertible debentures	$ -	$ -	$ 1,357,837	$ 1,357,837

The fair value of the Company's accounts payable and accrued liabilities and 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 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 and due to related parties 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 as FVTPL. Accounts payable and accrued liabilities, amounts due to related parties and promissory notes payable are measured at amortized cost. As at September 30, 2022, 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 and the fact that interest to be accrued and paid on the convertible debentures is at a fixed rate of 5%, management does not believe that the Company's current financial instruments will be affected significantly by interest rate risk. The convertible debentures are denominated in US dollars and therefore the Company's current financial instruments do result in a foreign currency risk, which the Company seeks to mitigate by holding cash in US dollars. 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, 2022, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future financing transactions such as equity offerings, exercise of stock options and warrants, and debt or convertible debt to finance project development. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken.

NOTE 12 – MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital (Note 8). 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 business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

NOTE 12 – MANAGEMENT OF CAPITAL (cont'd)

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 business development 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 six months ended September 30, 2022.

NOTE 13 – SUBSEQUENT EVENTS

On October 4, 2022 the Company entered into a definitive agreement with ACDC whereby ACDC has the right to use Medallion's proprietary MMP monazite processing technology to extract REEs from monazite sourced primarily as a by-product of ACDC's potential heavy mineral sand production in Victoria, Australia. This definitive agreement replaced a previously disclosed non-binding letter of intent between the Company and ACDC.

The Company currently owns 4.8 million shares of ACDC, or approximately 15% of ACDC's issued capital before the IPO. Upon successful completion of a pilot plant utilizing MMP, the Company will receive an additional 2.5 million shares of ACDC by converting Class C Performance Rights to be issued to the Company at the time of the IPO. Upon commercial production, the Company will be entitled to convert additional Class D Performance Rights into an additional 750,000 shares of ACDC. Upon full conversion of Class C and Class D Performance Rights, the Company would own 8.05 million shares of ACDC.

The Company will receive a 2% royalty on the sale of mixed REE compounds and other minerals produced by ACDC and processed using MMP. The Company and ACDC have also agreed to collaborate on advancing a rare earth refinery to process mixed REE compounds to produce separated REOs using the LAD Chromatography process.

On October 9, 2022, 835,686 warrants expired unexercised.

On October 24, 2022 the Company announced a new leadership team including Alfredo Ramos Plasencia as President, CEO and a Director and Dr. Kurt Forrester as Chief Technology Officer. The Company issued to its leadership team, who are officers and directors, options to purchase 1,859,000 common shares of Medallion at C$0.09 per share at any time on or before October 23, 2027, subject to regulatory approval.