



MEDALLION RESOURCES LTD

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL RESULTS**

For the three months ended June 30, 2023

Dated: August 29, 2023

Medallion Resources Ltd.

Management's Discussion and Analysis

For the three months ended June 30, 2023 and 2022

Containing information up to and including August 29, 2023

The following Management's Discussion and Analysis ("MD&A") is prepared as at August 29, 2023 and is intended to help the reader understand the accompanying unaudited consolidated interim financial statements of Medallion Resources Ltd. (the "Company" or "Medallion"). The information provided herein should be read in conjunction with the Company's unaudited consolidated interim financial statements and notes for the three months ended June 30, 2023.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of applicable Canadian securities legislation and Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934.

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 feedstock supply agreements and the ability of the Company to finance and advance one or more rare earth 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.

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SUMMARY OF BUSINESS

The unaudited consolidated interim financial statements of the Company for the three months ended June 30, 2023 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, Canada and was formed on December 8, 1989 upon the amalgamation of Hera Resources Inc. and Talented Mines Ltd, and changed its name to Medallion Resources Ltd. on February 10, 1998.

The Company has two wholly owned subsidiaries, Medallion Research USA, Inc., a Delaware, USA corporation formed on February 9, 2021, and Medallion Innovations UK Limited, a UK corporation formed on October 10, 2022. Medallion Research USA, Inc. holds the Company's rights to Ligand Assisted Displacement ("LAD") Chromatography developed by Purdue University.

From inception until 2009, the Company explored a portfolio of mineral projects. In September 2009 the Company announced it would explore for lithium, rare earth elements ("REEs") and other metals related to clean energy. In evaluating these opportunities, the Company recognized the need for REE processing technologies that comply with health, safety and environmental best practice.

Medallion believes there is a paradigm shift in the need for and availability of critical materials required to accelerate the global energy transition from carbon to renewable sources. Building on the knowledge and expertise it has accumulated, the Company is focused on mid-stream separation and purification of rare earth oxides and salts ("REOs") which, it believes, is the most commercially attractive space within the mine-to-magnet supply chain.

Additional information relating to the Company is available on the SEDAR+ website: www.sedarplus.ca under "Medallion Resources Ltd."

All currency amounts are in Canadian dollars unless otherwise indicated.

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DETAILED DESCRIPTION OF BUSINESS

Medallion expects consumption of critical materials will be driven by surging demand for EVs, consumer electronics, renewable power generation, and robotics (Figure 1).

The Covid pandemic and the conflict in the Ukraine have highlighted supply chain vulnerabilities. China mines approximately 60% of the world's REEs, but currently handles more than 90% of each of the processing steps through to magnet production (Figure 2).

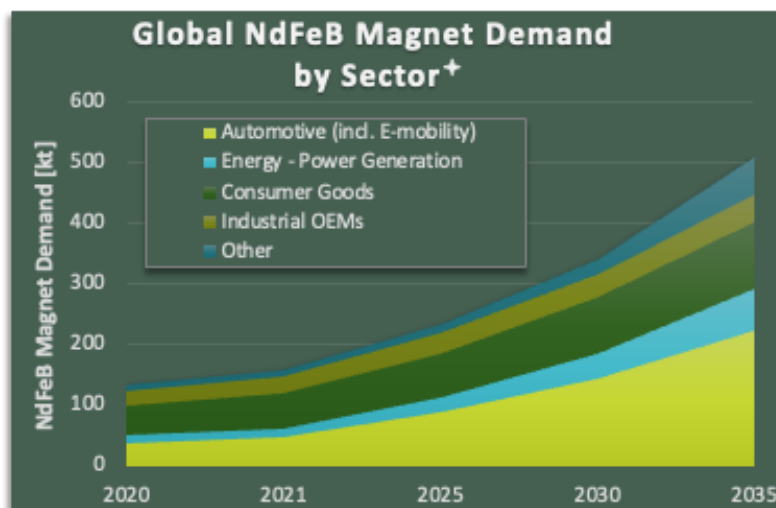


Figure 1: Forecasted Global NdFeB Magnet Demand by Sector (source - Adamas Intelligence)

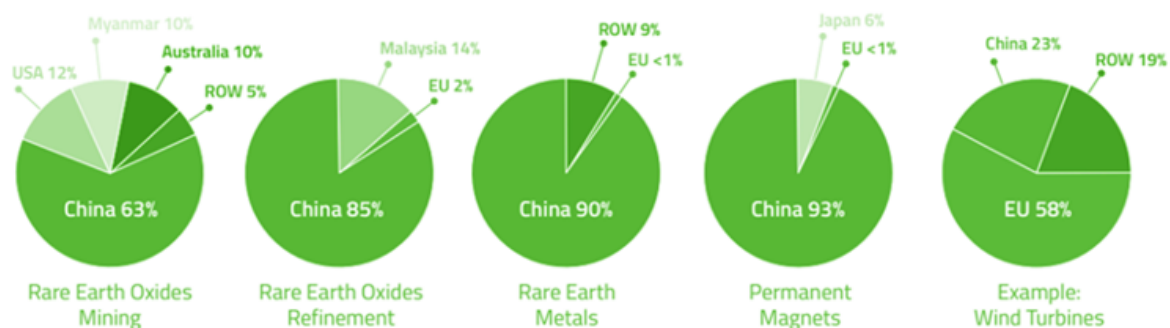


Figure 2: Share of market segment by country for key components of the rare earth supply chain (source - Adamas Intelligence)

The Company's immediate commercialization plan is based on LAD Chromatography, enablement of upstream processing using the Company's proprietary MMP, and marketing of magnetic REOs (neodymium, praseodymium, dysprosium, and terbium) to downstream rare earth permanent magnet producers and consumers.

Medallion's Technologies

Medallion currently has two REE process technology platforms, LAD Chromatography and MMP, focused on mid-stream separation and purification of magnetic REOs. Figure 3 provides a schematic representation of the positioning of the Medallion process technology platforms in the magnetic REE supply chain and the Company's assessment of the potential for innovation and competition along the various REE supply chain segments.

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In 2020, Medallion initiated a comparative technical review of existing and emerging REE separation technologies resulting in its selection of LAD Chromatography as the core element of a mid-stream separation and purification platform.

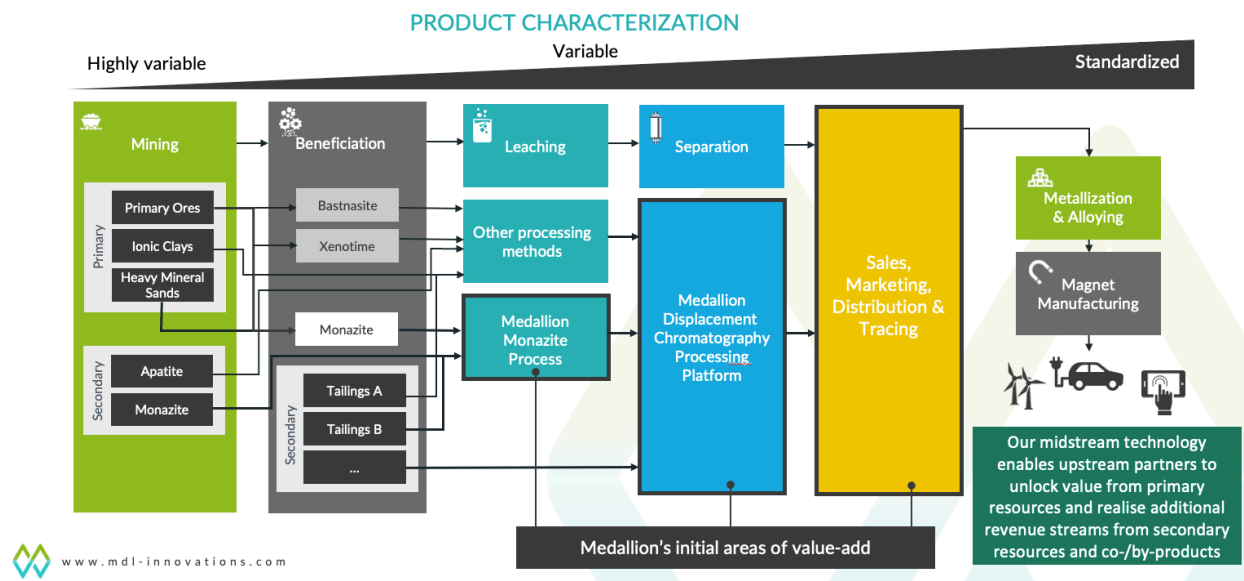


Figure 3: Industry Position of Medallion Technology Platforms

LAD Chromatography

The patented LAD Chromatography separation process was developed by Purdue University. On February 17, 2021 Medallion exclusively licensed LAD Chromatography (the “Technology License”) from Purdue Research Foundation to separate minerals from raw material feed stocks excluding coal sources and recycled materials from manufacturing wastes and recyclates from battery and magnet sources.

In June 2021 the Company announced successful separation and purification of neodymium and praseodymium from an REE chemical concentrate derived from monazite processed via the MMP.

Work conducted by Purdue in parallel with Medallion’s program has reported 99.5% or better, separated REEs. The Company expects the LAD Chromatography platform will provide a lower capital and operating cost than the incumbent solvent extraction process and have a reduced carbon footprint in addition to being adaptable to different feedstocks.

Unlike solvent extraction, adopted by the REE industry in the 1960s which remains standard practice in China, LAD Chromatography does not use organic solvents and targets specific elements instead of sequential group separation using many hundreds of mixer-settlers. LAD Chromatography was initially developed as a theoretical model that has been verified in laboratory analysis. This novel approach ties well with the Company’s technical expertise in process modelling, verification, and commercialization.

The LAD Chromatography process is capable of processing complex metal mixtures into individual metals (or groups) and, as such, the Company anticipates it may find uses in other separation processes which employ solvent extraction, in addition to REOs.

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Medallion Monazite Process

The Company is also advancing its proprietary MMP technology. Monazite, a common by-product of heavy mineral sand processing and the primary ore at some primary REE deposits such as Lynas' Mt. Weld mine in Western Australia, is typically rich in neodymium and praseodymium, the key magnetic REOs.

Medallion conducted a suite of diagnostic analysis at the Australian Nuclear Science and Technology Organization ("ANSTO") in Sydney, Australia evaluating the potential to process monazite from operating and prospective heavy mineral sand operations in Australia using the MMP process.

The MMP process is designed to produce high-purity mixed REE as a chemical concentrate as well as byproduct trisodium phosphate ("TSP"), and radioactive materials in a form where they can be handled effectively for market or storage.

In May 2021, Simulus Engineers' completed a confidential techno-economic assessment ("TEA") of the MMP process that evaluated a commercial-scale facility processing 7,000 metric tons per year of monazite feedstock. Simulus estimated the capital cost at US\$34 million including 15% contingency and annual operating costs of approximately US\$21 million, excluding the cost of the monazite feedstock.

The TEA estimated the facility would produce approximately 870 tonnes per year of NdPr contained in a cerium-depleted mixed carbonate. At 2022 average prices, Medallion estimates the value of the contained NdPr produced each year by the proposed facility would be approximately US\$115 million – note that a mixed concentrate is worth less than the value of the contained REOs.

Technology Deployment

Medallion has evaluated numerous samples of monazite from heavy mineral sand producers and is in technical and commercial discussions with current and prospective monazite, bastnasite, and xenotime producers.

Medallion believes that its expertise will enable it to assist upstream producers of other REE minerals such as xenotime and bastnasite optimize their processing for mid-stream refining independent of China.

The MMP and LAD Chromatography processes can operate independently or can be integrated into a combined facility processing monazite feedstock and producing separated rare earth oxides.

Medallion continues to pursue related technologies such as the metallization of magnetic REOs and the application of LAD Chromatography to high-purity separation of other complex metals.

The Company believes that partnering with research groups at universities offers excellent opportunities to bridge the gap between early-stage research and development and commercialization. Medallion plans to partner with other entities in order to leverage its expertise, enable it to commercialize more than one technology at a time, and reduce the financial and market risks associated with technology commercialization.

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Technology Commercialization

The Company is in active discussions with feedstock suppliers around the world regarding potential partnerships whereby the Company would secure long-term supply agreements to ensure feedstock supply for magnetic rare earth refineries using LAD Chromatography.

On October 4, 2022 the Company announced that it had entered into a definitive agreement with ACDC Metals Ltd. whereby ACDC has the right to use Medallion's proprietary MMP technology to extract rare earth elements from monazite sourced as a by-product of heavy mineral sand production.

ACDC has acquired interests in the Goschen Central Project, the Douglas Project, and the Watchem Project, located on the eastern edge of the Murray Basin, Victoria, Australia. The projects have historical mineral resources which are not compliant with the JORC Code or *National Instrument 43-101*. ACDC's business plan includes drilling the properties with the objective of establishing resources that comply with JORC and establishing a pilot processing facility to demonstrate the MMP and produce sample materials for evaluation by potential customers.

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

Medallion invested \$31,746 of cash to purchase shares of ACDC at an early stage and, as of June 30, 2023 recorded the investment at a fair value of \$342,688 based on subsequent arms' length IPO financings by ACDC. For further details regarding ACDC, please refer to Note 9 of the accompanying unaudited consolidated interim financial statements for the three months ended June 30, 2023.

Competitive Strengths

Medallion believes its competitive strengths include:

- An initial technology portfolio that offers low-cost, energy-efficient processes with less environmental impact than incumbent alternatives, specifically:
 - established technical leadership in extracting REEs from monazite byproduct of heavy mineral sand processing, and
 - established technical leadership in the separation of mixed REE which can be applied to a broad range of natural raw material feedstocks; and
- Global technical, operating, and financing experience and access to relevant networks in North America, Europe, Australia, as well as South and East Asia.

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Growth Strategy

Medallion's initial focus is to establish REO refineries using the LAD Chromatography platform to cover the Pacific region, Europe, the Americas, and Africa.

In parallel, Medallion intends to identify, evaluate, and as appropriate, acquire and commercially develop additional innovative IP related to the clean energy transformation. This may include complimentary technologies to add value to the existing REE processes or technologies.

In the longer-term, the Company plans to establish a portfolio of technologies targeting a variety of materials including but not limited to clean energy production and storage and other major clean technology and decarbonization applications.

Environmental, Social, and Governance ("ESG") Mandates Impacting Global Capital Allocation Throughout Value Chain

The Company believes it is essential that materials required for the clean energy transition be produced in accordance with ESG best practices. The production of EVs and clean energy technologies should not cause harm to the communities or the environment where they are produced.

MMP extracts REEs from waste material that would need to be stored, disposed, or possible sold to China for processing. Medallion offers a value-added process utilizing by-products that does not require incremental mining activity to produce REEs and is itself environmentally responsible with no liquid discharge and only small volumes of solid waste that can be easily stored.

As the Company grows, it intends to further implement ESG best practices throughout its operations and activities, including advancing the 17 Sustainable Development Goals adopted by all the United Nation Member States in 2015, notably Affordable and Clean Energy (SDG 7) and Responsible Consumption and Production (SDG 12).

Financing Strategy

The Company is in active discussion with potential investors and strategic partners. Subject to regulatory and shareholder approval, Medallion plans a "change of business" to a technology company under TSXV listing regulations. If and when eligible, the Company may then seek to list on the OTCQX or NasdaqCM.

SUMMARY OF RECENT DEVELOPMENT AND OUTLOOK

Recent developments

- On April 26, 2022 the Company announced a new strategic plan focused on clean energy technologies, building on Medallion's existing REE processing technologies.
- Part of the strategic plan was to up list to the Nasdaq Capital Market and delisting from the TSXV (the "Up List"). At the Annual General and Special Meeting of Shareholders held in Vancouver, BC on May 27, 2022 the shareholders approved resolutions authorizing the Board of Directors to take steps

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necessary to meet the Initial Listing Requirements of NasdaqCM and delist from the Tier 2 of the TSXV.

Owing to adverse conditions in global equity markets, especially for micro-cap stocks, the Company subsequently decided to pursue alternative financing strategies and postpone seeking a listing on NasdaqCM until such time as the Company meets minimum listing requirements without needing to complete a significant financing simultaneously.

- On August 2, 2022 the Company issued US\$1,150,000 principal amount unsecured convertible debentures due August 2, 2023 bearing interest at 5% to two US investors at an original issue discount of US\$150,000 for proceeds to the Company of US\$975,000 (CDN\$1,285,400).

On July 31, 2023 the Company entered into amendments with the holders of the unsecured convertible debentures whereby the term was extended from August 2, 2023 to October 31, 2023, the convertibility features and any obligation for the Company to issue warrants to purchase shares of the Company associated with the unsecured convertible debentures were cancelled, in exchange for which the Company paid the Holders a loan bonus of US\$100,000 and agreed to an interest rate of 15% per annum for the period of the extension on the initial principal (US\$1,150,000), the loan bonus and accrued, unpaid interest of US\$57,500 at August 2, 2023.

- On October 4, 2022 the Company entered into a definitive agreement with ACDC Metals Ltd (ACDC), an Australian exploration and development company focused on heavy mineral sand projects in southeast Australia, 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. The definitive agreement replaced a previously-disclosed non-binding letter of intent between the Company and ACDC.

ACDC holds the Goschen Central Project, the Douglas Project, and the Watchem Project located on the eastern edge of the Murray Basin, Victoria, Australia. Medallion believes the projects are highly prospective for heavy mineral sand, REE and other materials based on past exploration results which are not compliant with the JORC Code or National Instrument 43-101.

ACDC's business plan includes drilling the properties with the objective of establishing resources that comply with JORC and establishing a pilot processing facility to demonstrate the MMP and produce sample materials for evaluation by potential customers.

Medallion 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.

- ACDC completed allocation of shares issued at A\$0.20 per share in its initial public offering and its shares began trading on the Australian Securities Exchange on January 17, 2023 under the ticker ADC.

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Medallion holds 4,800,000 common shares, 2,500,000 performance rights that convert into common shares upon successful completion of a pilot plant incorporating the Medallion Monazite Process (MMP), and an additional 750,000 performance rights that convert into common shares upon commercial production. Medallion owns approximately 7% of the issued shares of ACDC and, upon conversion of all performance rights to common shares, Medallion would own 8,050,000 shares, or approximately 10.2% of the total 78,555,130 shares that would then be outstanding.

Prior to the commencement of trading, the Company and ACDC entered into a Restriction Deed whereby the Company agreed that 4,650,000 of the ACDC common shares (the "Restricted Shares"), 2,500,000 Class C performance rights, 750,000 Class D performance rights, or any common shares issued upon conversion of performance rights, shall be escrowed for 24 months from the first trading day of the ordinary shares.

ACDC raised A\$8.0 million in the IPO.

- On March 30, 2023, Medallion and Purdue Research Foundation signed an amended and restated Technology License whereby Medallion's planned UK-based magnetic rare earth evaluation facility will be supported by continued research at Purdue. Medallion has committed to raise at least US\$5 million by September 30, 2023 to accelerate commercialization of the displacement chromatography technologies.
- On August 28, 2023 the Company announced the appointment of Gabriel Alonzo-Mendoza as Interim CEO and the resignations of Mr. Alfredo Ramos Plasencia as Chief Executive Officer and Director and Dr. Kurt Forrester as Chief Technical Officer and Director. Both Mr. Ramos and Dr. Forrester will remain available to Medallion in advisory roles.

Outlook

The Company's strategy is to midstream processing and refining of rare earth elements offer the best commercial opportunity in the "mine-to-magnet" supply chain.

- The Company has a strong competitive advantage as a result of its worldwide rights to LAD Chromatography combined with the Company's expertise in upstream processing – the Medallion Monazite Process.
- This technology advantage can be further strengthened through application of Computer-aided Engineering solutions to optimize commercial plant design and implementation.

The key objective for 2023 (calendar year) is to initiate plans for the first pilot of a commercial-scale project that may either be co-located with a feedstock supplier's facilities or at Medallion's technology development facility.

The Company would then be well positioned to design and construct a pilot of a commercial-scale facility and, assuming successful outcome of that work, move to commercial scale-up and completion.

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RESEARCH COSTS AND EXPENDITURES

Since no feedstock supply contracts or processing plant financing and development agreements are in place at this time, all expenditures, other than assets acquired separately, are being expensed in the Company's consolidated statements of loss and comprehensive loss.

To support the Company's strategy of securing feedstock supply agreements for the future production of REE materials, 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.

RESULTS OF OPERATIONS

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

Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

The Company's loss for the three months ended June 30, 2023 was \$709,781 (loss per share – \$0.01) compared to a loss of \$536,591 (loss per share – \$0.00) for the three months ended June 30, 2022.

The expenses amounted to \$450,605 (2022 – \$537,291). The factors that contributed to the decrease in the expenses during the three months ended June 30, 2023 compared with the corresponding period in 2022 were:

- Consulting fees for the three months ended June 30, 2023 were \$Nil compared to \$14,040 for the three months ended June 30, 2022 as a result of the decrease in the contract staff;
- Investor relations expenses for the three months ended June 30, 2023 were \$14,188 compared to \$25,945 for the three months ended June 30, 2022 as a result of the decrease in marketing activities and in-person conference participation;
- Professional fees for the three months ended June 30, 2023 were \$27,865 compared to \$104,438 for the three months ended June 30, 2022 as a result of the decrease in the contract staff;
- Research costs for the three months ended June 30, 2023 were \$74,563 compared to \$233,356 for the three months ended June 30, 2022 as a result of scheduling of the Company's active development of the LAD Chromatography; and
- Transfer agent and filing fees for the three months ended June 30, 2023 were \$8,397 compared to \$49,084 for the three months ended June 30, 2022 as the Company has been preserving its cash reserves.

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These decreased expenses were offset by the following:

- Management fees for the three months ended June 30, 2023 were \$264,897 compared to \$66,124 for the three months ended June 30, 2022. This is due to an increase in the number of contract executive staff engaged during the current period;
- Non-cash amortization and depreciation of the Technology License and equipment of \$9,307 for the three months ended June 30, 2023 compared to \$Nil for the three months ended June 30, 2022.

Other items amounted to \$259,176 (2022 – (\$700)). The factors that contributed to the increase in the other items during the three months ended June 30, 2023 compared with the corresponding period in 2022 were:

- Accrued interest and accretion of loan issuance expense of \$77,620 for the three months ended June 30, 2023 compared to \$Nil for the three months ended June 30, 2022.
- Foreign exchange gain of \$41,100 for the three months ended June 30, 2023 compared to \$700 for the three months ended June 30, 2022.
- Non-cash fair value loss on investments of \$222,656 for the three months ended June 30, 2023 compared to \$Nil for the three months ended June 30, 2022.

SUMMARY OF QUARTERLY RESULTS

	Revenue	Other loss (gain)	Expenses	Net loss (income)	Loss per share
September 30, 2021	\$ -	\$ 624	\$ 417,466	\$ 416,842	\$ 0.01
December 31, 2021	\$ -	\$ (409,980)	\$ 271,277	\$ (138,703)	\$ 0.00
March 31, 2022	\$ -	\$ 326	\$ 279,257	\$ 279,583	\$ 0.00
June 30, 2022	\$ -	\$ (700)	\$ 537,291	\$ 536,591	\$ 0.01
September 30, 2022	\$ -	\$ 39,241	\$ 258,072	\$ 297,313	\$ 0.00
December 31, 2022	\$ -	\$ (342,084)	\$ 689,287	\$ 347,203	\$ 0.01
March 31, 2023	\$ -	\$ 399,413	\$ 512,540	\$ 911,953	\$ 0.01
June 30, 2023	\$ -	\$ 259,176	\$ 450,605	\$ 709,781	\$ 0.01

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2023, the Company had working capital deficiency of \$1,807,367 compared to working capital deficiency of \$1,322,591 as at March 31, 2023, a decrease of \$484,776. The working capital decrease is due to operating expenses during the three months ended June 30, 2023 being funded by proceeds from the debentures due within twelve months.

Cash consists of \$56,250 (March 31, 2023 - \$183,456) available in the bank accounts of the Company at June 30, 2023.

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Reserves totalled \$4,803,809 as at June 30, 2023 (March 31, 2023 - \$4,803,809).

On August 2, 2022 the Company issued US\$1,150,000 principal amount unsecured debentures due August 2, 2023 bearing interest at 5% to two US investors at an original issue discount of US\$150,000 for proceeds to the Company of US\$975,000(CDN\$1,285,400). For further details, please refer to Note 10 of the accompanying audited consolidated financial statements for the year ended March 31, 2023.

Under the amended and restated agreement with Purdue, the Company has committed to raise US\$5 million in debt or equity, including government grants that match non-grant funding, by September 30, 2023. If the Company fails to raise that funding Purdue has the right to issue notice of default, at which time the Company would have ten days to cure the default or license to LAD Chromatography would terminate.

On July 31, 2023 the Company entered into amendments with the holders of the unsecured convertible debentures whereby the term was extended from August 2, 2023 to October 31, 2023, the convertibility features and any obligation for the Company to issue warrants to purchase shares of the Company associated with the unsecured convertible debentures were cancelled, in exchange for which the Company paid the Holders a loan bonus of US\$100,000 and agreed to an interest rate of 15% per annum for the period of the extension on the initial principal (US\$1,150,000), the loan bonus and accrued, unpaid interest of US\$57,500 at August 2, 2023.

All related parties agreed to defer amounts due since April 1, 2023 until the Company is better able to pay.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are as follows:

- During the three months ended June 30, 2023, \$Nil (2022 - \$36,000) was charged by a private company controlled by the former Chief Executive Officer of the Company, Mark Saxon, for management and consulting fees. At June 30, 2023 \$Nil (March 31, 2023 – Nil) was owed to this company.
- During the three months ended June 30, 2023, \$119,875 (2022 - \$Nil) was incurred in management fees and salaries to the former Chief Executive Officer of the Company, Alfredo Ramos. At June 30, 2023 \$107,390 (March 31, 2023 – Nil) was owed to this person.
- During the three months ended June 30, 2023, \$80,568 (2022 - \$25,020) was charged by a private company controlled by the Chief Financial Officer of the Company, Douglas Newby, for management and consulting fees. At June 30, 2023 \$80,568 (March 31, 2023 – Nil) was owed to this company.
- During the three months ended June 30, the Company incurred \$Nil (2022 - \$12,000) of accounting and consulting fees to a company of which the Company's former CFO, Robert Doyle, is a shareholder. At June 30, 2023 \$Nil (March 31, 2023 – Nil) was owed to this company.
- During the three months ended June 30, 2023, the Company incurred \$64,454 (2022 - \$32,766) of management and consulting fees to a private company controlled by a former director and the

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Chief Technology Officer of the Company, Kurt Forrester. At June 30, 2023 \$63,080 (March 31, 2023 – Nil) was owed to this company.

- During the three months ended June 30, 2023, \$Nil (2022 - \$Nil) was charged by a private company controlled by a director of the Company, Gabriel Alonso-Mendoza, for marketing and consulting fees. At June 30, 2023 \$Nil (March 31, 2023 – Nil) was owed to this company.
- During the year ended March 31, 2023, \$81,300 (2022 - \$79,800) was paid to independent directors for director fees. At March 31, 2023, \$Nil (March 31, 2022 - \$Nil) was owed to the independent directors.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at June 30, 2023 and August 29, 2023:

	Issued and outstanding	
	June 30, 2023	August 29, 2023
Common shares outstanding	70,194,437	70,194,437
Stock options	6,700,250	6,600,250
Warrants	5,005,849	-
Fully diluted common shares outstanding	81,900,536	76,794,687

OFF BALANCE SHEET ARRANGEMENTS

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

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.

FINANCIAL INSTRUMENTS

Three months ended June 30, 2023

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.

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	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance June 30, 2023
Cash	\$ 56,250	\$ -	\$ -	\$ 56,250
Investments - trading shares	\$ 10,709	\$ -	\$ -	\$ 10,709
Investments - restricted shares	\$ 331,979	\$ -	\$ -	\$ 331,979

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 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 of June 30, 2023, 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 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 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 June 30, 2023, 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.

Medallion Resources Ltd.

Management's Discussion and Analysis

For the three months ended June 30, 2023 and 2022

Containing information up to and including August 29, 2023

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 processing technologies 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 technology development, 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 June 30, 2023.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure controls and procedures

The Company's management is responsible for establishing and maintaining 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 CEO and 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 June 30, 2023. Based on this evaluation, the CEO and CFO of the Company have concluded that the Company's disclosure controls and procedures in place during the three months ended June 30, 2023 and 2022 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.

Medallion Resources Ltd.

Management's Discussion and Analysis

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Containing information up to and including August 29, 2023

Internal control over financial reporting

Management is responsible for 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 during the three months ended June 30, 2023 and 2022. Based on this evaluation, the CEO and CFO have concluded that as at June 30, 20223 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 three months ended June 30, 2023 and 2022, that materially affected, or was reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The Company is developing mineral processing technologies 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 REE 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.

The Company's assets comprise the Technology License (see Note 4 to the Financial Statements), shares in ACDC (see Note 9 to the Financial Statements), and its proprietary Medallion Monazite Process.

The Company entered into an amended and restated Technology License with Purdue on March 30, 2023 that included modifications to milestones that more closely reflect the Company's current strategy and commitment to commercialization of the technology.

Under the amended and restated Technology License, the Company agreed to raise US\$5 million in equity, debt, or government grants that are tied to matching non-grant funding, by September 30, 2023. If the Company fails to raise such funds, Purdue has the right to issue notice of default at which time the Company would have ten days to cure or the Technology License would be terminated.

The Company carries its shares of ACDC at fair value however, there is no assurance that the Company could realize that value.

Medallion Resources Ltd.

Management's Discussion and Analysis

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Containing information up to and including August 29, 2023

The holders of the unsecured debentures (see Note 10 to the Financial Statements) due on August 2, 2023 have agreed in principle to extend the maturity of the debentures and to settle US\$650,000 principal in a shares for debt transaction subject to the Company repaying the balance of US\$500,000 principal and accrued interest. There is no assurance that the Company and the debenture holders will complete a formal amendment or settlement or that the Company will be able to secure funding to enable it to repay the cash portion and accrued interest on or before the due date.

On July 31, 2023 the Company entered into amendments with the holders of the unsecured convertible debentures (see Note 10) whereby the term was extended from August 2, 2023 to October 31, 2023, the convertibility features and any obligation for the Company to issue warrants to purchase shares of the Company associated with the unsecured convertible debentures were cancelled, in exchange for which the Company paid the Holders a loan bonus of US\$100,000 and agreed to an interest rate of 15% per annum for the period of the extension on the initial principal (US\$1,150,000), the loan bonus and accrued, unpaid interest of US\$57,500 at August 2, 2023.

Conflict in the Ukraine starting in February 2022 has further destabilized global supply chains and contributed to the highest rates of inflation in the US, EU, UK and elsewhere for several decades leading to tightening monetary policies.

The pandemic and the Ukraine conflicts 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.

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.sedarplus.ca). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

BY ORDER OF THE BOARD

"Gabriel Alonso-Mendoza"

GABRIEL ALONSO-MENDOZA