



MEDALLION RESOURCES LTD.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)**

December 31, 2020

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(DEFICIT)**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statement; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by, and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of the financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

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

	Note	December 31, 2020 (Unaudited)	March 31, 2020 (Audited)
ASSETS			
Current			
Cash		\$ 1,528,686	\$ 138,104
Other receivables		6,978	6,213
Prepaid expenses	6	54,653	21,208
		<u>\$ 1,590,317</u>	<u>\$ 165,525</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		35,767	101,866
Due to related parties	7	75,306	214,200
Promissory notes payable	7	-	20,000
		<u>111,073</u>	<u>336,066</u>
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	8	21,479,191	19,321,993
Reserves	8	5,150,357	4,245,042
Deficit		(25,150,304)	(23,737,576)
		<u>1,479,244</u>	<u>(170,541)</u>
		<u>\$ 1,590,317</u>	<u>\$ 165,525</u>

Events After the Reporting Period (Note 11)

These consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2021.

Approved on behalf of the Board:

/s/ Donald M. Lay
Donald M. Lay – 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
(Expressed in Canadian dollars; Unaudited)

	Note	Three months ended December 31		Nine months ended December 31	
		2020	2019	2020	2019
Expenses					
Consulting fees	7	\$ 115,074	\$ 80,102	\$ 242,445	\$ 336,482
Director fees		9,000	-	9,000	-
Investor relations		54,612	42,643	122,633	92,040
Management fees	7	49,164	37,344	173,523	112,384
Office and general		5,220	10,490	18,232	62,868
Professional fees	7	43,788	6,427	73,673	29,003
Project investigation	4	89,710	117,958	132,746	225,922
Rent	7	2,850	3,975	11,300	11,925
Transfer agent and filing fees		38,051	7,894	53,724	28,816
Share-based compensation	7,8	21,845	-	566,098	175,406
		<u>(429,314)</u>	<u>(306,833)</u>	<u>(1,403,374)</u>	<u>(1,074,846)</u>
Other items					
Foreign exchange loss		(1,550)	-	(9,354)	-
Government assistance	5	-	14,609	-	83,104
		<u>(1,550)</u>	<u>14,609</u>	<u>(9,354)</u>	<u>83,104</u>
Net loss and comprehensive loss for the period		<u>\$ (430,864)</u>	<u>\$ (292,224)</u>	<u>\$ (1,412,728)</u>	<u>\$ (991,742)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding		<u>63,091,560</u>	<u>41,138,880</u>	<u>54,474,410</u>	<u>46,843,995</u>

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 (DEFICIT)
(Expressed in Canadian dollars)

	Note	Share capital		Reserves			Total shareholders' equity	
		Number of shares	Amount	Warrants	Contributed surplus	Total		Deficit
Balance as at March 31, 2019 (Audited)		37,855,472	\$ 18,610,174	\$ 948,900	\$ 2,959,809	\$ 3,908,709	\$ (22,543,649)	\$ (24,766)
Shares issued on:								
Private placement	8	410,167	27,601	9,314	-	9,314	-	36,915
Private placement	8	5,372,572	420,009	144,111	-	144,111	-	564,120
Private placement	8	2,197,657	174,122	56,632	-	56,632	-	230,754
Warrants exercised	8	518,000	127,875	(51,095)	-	(51,095)	-	76,780
Finders' warrants	8	-	-	10,958	-	10,958	-	10,958
Share issuance costs		-	(37,788)	-	-	-	-	(37,788)
Share-based compensation		-	-	-	175,406	175,406	-	175,406
Expiry of warrants		-	-	(4,680)	4,680	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(991,742)	(991,742)
Balance as at December 31, 2019 (Unaudited)		46,353,868	19,321,993	1,114,140	3,139,895	4,254,035	(23,535,391)	40,637
Shares issued on:								
Share issuance costs		-	-	-	-	-	-	-
Share-based compensation		-	-	-	(8,993)	(8,993)	-	(8,993)
Net loss and comprehensive loss		-	-	-	-	-	(202,185)	(202,185)
Balance as at March 31, 2020 (Audited)		46,353,868	19,321,993	1,114,140	3,130,902	4,245,042	(23,737,576)	(170,541)
Shares issued on:								
Private placement	8	2,500,000	193,300	56,700	-	56,700	-	250,000
Private placement		10,666,667	1,162,800	437,200	-	437,200	-	1,600,000
Warrants exercised		3,476,773	942,288	(201,170)	-	(201,170)	-	741,118
Stock options exercised		212,070	47,471	-	(21,713)	(21,713)	-	25,758
Finders' warrants		-	-	68,200	-	68,200	-	68,200
Share issuance costs		-	(188,661)	-	-	-	-	(188,661)
Share-based payments	8	-	-	-	566,098	566,098	-	566,098
Expiry of warrants		-	-	(218,090)	218,090	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(1,412,728)	(1,412,728)
Balance as at December 31, 2020 (Unaudited)		63,209,378	\$ 21,479,191	\$ 1,256,980	\$ 3,893,377	\$ 5,150,357	\$ (25,150,304)	\$ 1,479,244

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

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars; Unaudited)

	Nine months ended December 31	
	2020	2019
Cash provided by (used for):		
Operating activities		
Net loss	\$ (1,412,728)	\$ (991,742)
Items not involving cash:		
Share-based compensation	566,098	175,406
Changes in non-cash working capital items:		
Other receivables	(765)	(2,955)
Prepaid expenses	(33,445)	7,892
Accounts payable and accrued liabilities	(66,099)	(6,468)
Due to related parties	(138,894)	(84,586)
Cash (used in) operating activities	(1,085,833)	(902,453)
Financing activities		
Issuance of share capital	1,850,000	846,596
Warrants exercised	741,118	76,780
Stock options exercised	25,758	-
Share issuance costs	(120,461)	(34,002)
Promissory Note	(20,000)	(20,000)
Cash provided by financing activities	2,476,415	869,374
Net increase (decrease) in cash	1,390,582	(33,079)
Cash - beginning of the period	138,104	269,010
Cash - end of the period	\$ 1,528,686	\$ 235,931
Supplemental cash flow information:		
Interest paid	\$ 6,834	\$ 14,014
Non-cash investing and financing activities:		
Issuance of finders' warrants	\$ 68,200	\$ 10,958
Expiry of warrants	218,090	4,680
Fair value reversal on exercise of warrants	201,170	51,095

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 has historically been in the business of the acquisition and exploration of mineral properties. The Company’s operations consisted generally of mineral exploration and evaluation of new property acquisitions. This included acquiring mineral properties, evaluating the merits of these properties using various techniques such as sampling, trenching and geophysical and geochemical methods as well as drilling.

More recently, the Company has been increasingly and primarily focused on a rare earth element 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 elements from monazite. The Company is testing a variety of samples, which have been submitted by heavy-mineral-sands producers, to locate suitable quantities and qualities of monazite feedstock. This testing could lead to monazite purchase agreements to potentially provide feedstock for a planned rare earth element processing plant. Furthermore, Medallion is investing in the development of a chromatography based REE separation technology developed by Purdue University (Note 11). Since no monazite purchase contracts or definitive 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 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 and compliance with International Accounting Standards (“IAS”) 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 have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s, and its subsidiary’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.

Principles of Consolidation

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

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

NOTE 2 – BASIS OF PREPARATION (cont'd)

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 \$1,412,728 for the nine months ended December 31, 2020 and as of that date the Company's accumulated deficit was \$25,150,304. 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 consolidated financial statements. These material uncertainties may 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, 2020. 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, 2020. 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 nine-month period ended December 31, 2020 are not necessarily indicative of the results that may be expected for the current fiscal year ending March 31, 2021.

NOTE 4 – PROJECT INVESTIGATION

Details of project investigation costs in connection with the Company's efforts to finance, develop and construct monazite processing facilities are as follows. These costs support the Company's current strategy of focusing on the purchase of the mineral monazite and the search for monazite processing partnerships by which to process and produce rare-earth elements products:

	Three months ended		Nine months ended	
	December 31		December 31	
	2020	2019	2020	2019
Consulting	\$ 68,248	\$ 46,276	\$ 110,081	\$ 92,225
Geological consulting	\$ 1,908	-	\$ 1,908	-
Process testing	19,554	71,682	20,757	133,697
	<u>\$ 89,710</u>	<u>\$ 117,958</u>	<u>\$ 132,746</u>	<u>\$ 225,922</u>

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

NOTE 5 – GOVERNMENT ASSISTANCE

Government assistance relates to the recovery of a portion of eligible expenditures on project investigation from various government authorities and are recorded in the period in which they are received. During the nine months ended December 31, 2020, the Company received government assistance in the amount of \$Nil (2019 - \$83,104) as a recovery of certain process testing and consulting expenditures incurred during the period, which were recorded as Project Investigation expenses (Note 4).

NOTE 6 – PREPAID EXPENSES

Prepaid expenses consist of:

	December 31,		March 31,
	2020		2020
Insurance	\$ 787	\$	7,875
Consulting and other	53,866		13,333
	<u>\$ 54,653</u>	<u>\$</u>	<u>21,208</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

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

- a) During the nine months ended December 31, 2020, \$76,000 (2019 - \$108,000) was charged by a private company controlled by a director of the Company, Don Lay, for management and consulting fees. At December 31, 2020, \$69,334 (March 31, 2020 - \$214,200) 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 a director of the Company, Don Lay, on account of management and consulting fees owed at an interest rate of prime plus 3.00%. During the nine months ended December 31, 2020, \$6,925 (2019 - \$12,392) was paid to this company on account of interest. At December 31, 2020, \$722 (March 31, 2020 - \$Nil) was owed to this company on account of interest.
- c) During the nine months ended December 31, 2020, the Company incurred \$9,875 (2019 - \$11,925) in rent in connection with an office sub-lease the Company entered into with a company owned by a former director of the Company. At December 31, 2020, \$Nil (March 31, 2020 - \$Nil) was owed to this company.
- d) During the nine months ended December 31, 2020, the Company incurred \$11,900 (2019 - \$29,500) of consulting fees to a company owned by the former Chief Financial Officer of the Company. At December 31, 2020, a total of \$Nil (March 31, 2020 - \$Nil) was owed to this company.
- e) During the nine months ended December 31, 2020, the Company incurred \$25,000 (2019 - \$Nil) of accounting and consulting fees to a company of which Robert Doyle the Company's CFO, is a Senior Vice President. At December 31, 2020, a total of \$5,250 (March 31, 2020 - \$Nil) was owed to this company.
- f) As at December 31, 2020, a principal amount of \$Nil (March 31, 2020 - \$20,000) was outstanding on the promissory notes, payable to a company owned by a former director of the Company, bearing interest at a rate of prime plus 3.00%. During the nine months ended December 31, 2020, the Company paid the principal amount of \$20,000 and interest totaling \$630 (2019 - \$1,622).
- g) During the nine months ended December 31, 2020, \$93,161 (2019 - \$Nil) was charged by a private company controlled by the Chief Executive Officer, Mark Saxon, of the Company for management and consulting fees. At December 31, 2020, \$Nil (March 31, 2020 - \$Nil) was owed to this company on account of management and consulting fees.
- h) On May 20, 2020, 1,100,000 stock options were granted to the Chief Executive Officer of the Company, Mark Saxon, which can be exercised at a price of \$0.105 per share. The options are exercisable for 5 years and vested immediately.

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

NOTE 7 – RELATED PARTY TRANSACTIONS, (cont'd)

- i) On July 22, 2020, the Company granted 442,500 stock options to officers and directors of the Company that can be exercised at a price of \$0.195 per share. The options are exercisable for 5 years and vested immediately.
- j) On September 18, 2020, the Company granted 1,000,000 stock options to officers, directors and consultants of the Company that can be exercised at a price of \$0.33 per share. The options are exercisable for 5 years and vested immediately.

NOTE 8 – SHARE CAPITAL

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

- a) 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 \$27,601 and \$9,314, 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 \$6,280 cash and issued 16,480 finders' warrants (valued at \$1,095) each exercisable to acquire a common share at a price of \$0.09 per share for a period of 2 years from closing. In accordance with the Company's accounting policy in regards to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 3 years, dividend yield of 0%, expected volatility of 129% and a risk free interest rate of 1.60%. In addition, the Company calculated the fair value of the finders' warrants with use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 129% and a risk free interest rate of 1.60%.
- b) 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. Cash proceeds from the private placement were allocated as \$420,009 and \$144,111, 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 \$18,830 cash and issued 164,686 finders' warrants (valued at \$9,629) each exercisable to acquire a common share at a price of \$0.165 per share for a period of 3 years from closing. In accordance with the Company's accounting policy in regards to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 3 years, dividend yield of 0%, expected volatility of 127% and a risk free interest rate of 1.41%. In addition, the Company calculated the fair value of the finders' warrants with use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 127% and a risk free interest rate of 1.41%.

NOTE 8 – SHARE CAPITAL (cont'd)

- c) 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. Cash proceeds from the private placement were allocated as \$174,122 and \$56,632, 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 \$1,720 cash and issued 4,000 finders' warrants (valued at \$234) each exercisable to acquire a common share at a price of \$0.165 per share for a period of 3 years from closing. In accordance with the Company's accounting policy in regards to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 3 years, dividend yield of 0%, expected volatility of 128% and a risk free interest rate of 1.59%. In addition, the Company calculated the fair value of the finders' warrants with use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 128% and a risk free interest rate of 1.59%.
- d) On June 26, 2020, the Company completed a non-brokered private placement issuing 2,500,000 units at a price of \$0.10 per Unit for aggregate gross proceeds of \$250,000. Each Unit consisted of one common share of the Company and one-half transferable common share purchase warrant. Each warrant is exercisable for one common share of the Company at a price of \$0.15 for two years from the date of issuance. The warrants were ascribed a value of \$56,700 under the Black-Scholes valuation model with the residual being allocated to share capital. In accordance with the Company's accounting policy in regards to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 114% and a risk free interest rate of 0.29%.
- e) On August 25, 2020 the Company completed a non-brokered private placement consisting of 10,666,667 units at \$0.15 per unit for gross proceeds of \$1,600,000. Each unit consisted of one common share and one-half transferable common share purchase warrant, with each warrant exercisable to acquire one common share for 3 years at an exercise price of \$0.20. The Company paid finders' fees of \$65,620 and granted 437,467 finders' warrants (valued at \$68,200), each finders' warrant exercisable to acquire one common share at an exercise price of \$0.25 until August 25, 2022. The warrants were ascribed a value of \$437,200 under the Black-Scholes valuation model with the residual being allocated to share capital. In accordance with the Company's accounting policy in regards to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 3 years, dividend yield of 0%, expected volatility of 123.49% and a risk free interest rate of 1.53%. In addition, the Company calculated the fair value of the finders' warrants with use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 123.72% and a risk free interest rate of 1.38%.

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

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, 2019	16,159,667	0.20
Issued	4,175,365	0.16
Exercised	(518,000)	0.15
Expired	(40,000)	0.16
Balance - March 31, 2020	19,777,032	0.20
Issued	7,020,800	0.19
Exercised	(3,476,773)	0.21
Expired	(2,935,250)	0.32
Balance - December 31, 2020	20,385,809	0.20

As of December 31, 2020 the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Exercise Price
March 9, 2021 ^(a)	2,807,500	0.15
March 26, 2021 ^(b)	16,000	0.09
April 26, 2021 ^(c)	388,000	0.15
July 25, 2021	1,000,000	0.15
August 15, 2021 ^(d)	2,138,000	0.40
September 15, 2021	408,667	0.40
March 26, 2022 ^(e)	2,964,500	0.15
April 9, 2022 ^(f)	205,084	0.15
June 26, 2022	1,250,000	0.15
August 22, 2022 ^(g)	2,572,572	0.165
August 25, 2022 ^(h)	437,467	0.25
October 9, 2022 ⁽ⁱ⁾	864,686	0.165
August 25, 2023 ^(j)	5,333,333	0.20
	20,385,809	0.20

^(a) 2,020,000 warrants were exercised subsequent to period end

^(b) 4,000 warrants were exercised subsequent to period end

^(c) 128,000 warrants were exercised subsequent to period end

^(d) 543,750 warrants were exercised subsequent to period end

^(e) 462,500 warrants were exercised subsequent to period end

^(f) 28,000 warrants were exercised subsequent to period end

^(g) 117,000 warrants were exercised subsequent to period end

^(h) 8,000 warrants were exercised subsequent to period end

⁽ⁱ⁾ 29,000 warrants were exercised subsequent to period end

^(j) 143,334 warrants were exercised subsequent to period end

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

NOTE 8 – SHARE CAPITAL (cont'd)

Warrants, (cont'd)

As at December 31, 2020, the weighted average remaining life of the outstanding warrants is 1.43 years (March 31, 2020 – 1.41 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.

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, 2019	2,655,000	\$ 0.18
Granted	1,259,028	0.17
Expired/cancelled	(377,500)	0.31
Balance – March 31, 2020	3,536,528	\$ 0.16
Granted	2,942,500	0.195
Exercised	(212,070)	0.12
Expired/cancelled	(620,000)	0.17
Balance – December 31, 2020 – Outstanding and exercisable	5,646,958	\$ 0.18

On May 20, 2020, the Company granted 1,500,000 stock options to an officer and consultants of the Company that can be exercised at a price of \$0.105 per share. The options are exercisable for 5 years and vested immediately.

On July 22, 2020, the Company granted 442,500 stock options to officers and directors of the Company that can be exercised at a price of \$0.195 per share. The options are exercisable for 5 years and vested immediately.

On September 18, 2020, the Company granted 1,000,000 stock options to officers, directors and consultants of the Company that can be exercised at a price of \$0.33 per share. The options are exercisable for 5 years and vested immediately.

The fair value of stock options granted during the nine months ended December 31, 2020 was \$566,098 (December 31, 2019 - \$175,406).

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

NOTE 8 – SHARE CAPITAL (cont'd)

Stock Options, (cont'd)

As of December 31, 2020, the following stock options were outstanding:

Expiry Date	Number of Stock Options Outstanding and Exercisable	Exercise Price
December 7, 2021 ^(a)	585,000	0.20
April 18, 2022	277,778	0.15
March 21, 2023 ^(b)	722,500	0.13
August 3, 2023 ^(c)	187,930	0.125
April 18, 2024 ^(d)	67,500	0.10
July 8, 2024 ^(e)	863,750	0.185
May 25, 2025	1,500,000	0.105
July 22, 2025 ^(f)	442,500	0.195
September 18, 2025	1,000,000	0.33
	5,646,958	\$ 0.18

^(a) 206,250 options were exercised subsequent to period end

^(b) 129,250 options were exercised subsequent to period end

^(c) 87,930 options were exercised subsequent to period end

^(d) 7,500 options were exercised subsequent to period end

^(e) 54,500 options were exercised subsequent to period end

^(f) 30,000 options were exercised subsequent to period end

As at December 31, 2020, the weighted average remaining life of the outstanding and exercisable options is 3.47 years (March 31, 2020 – 2.89 years).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2020	2019
Risk-free interest rate	1.30% - 1.33%	2.10%
Expected stock price volatility	153% - 163%	155%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

NOTE 9 – 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.

MEDALLION RESOURCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited; expressed in Canadian dollars)
For the nine months ended December 31, 2020 and 2019

NOTE 9 – FINANCIAL INSTRUMENTS, (cont'd)

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 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.

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance December 31, 2020
Cash	\$ 1,528,686	\$ -	\$ -	\$ 1,528,686

The fair value of the Company's accounts payable and accrued liabilities, due to related parties and promissory note payable 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 as FVTPL. Accounts payable and accrued liabilities, amounts due to related parties and promissory notes payable are measured at amortized cost. As at December 31, 2020, 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 December 31, 2020, 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.

NOTE 10 – 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 10 – 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 nine months ended December 31, 2020.

NOTE 11 – EVENTS AFTER THE REPORTING PERIOD

On February 18, 2021, the Company announced the acquisition of a license for exclusive rights to Purdue University-developed rare earth element (REE) separation and purification technologies, from Hasler Ventures LLC. Medallion will further develop and commercialize this process technology which is complementary to the Company's existing business focus. In consideration for license transfer agreement, Medallion will issue one million fully paid shares Hasler Ventures or its nominee on closing of the transaction.

As part of the exclusive patent license for its fields of use, Medallion has committed to a three-year US\$150,000 per annum sponsored research program with Purdue University to further advance the technologies, and achieve various technical milestones including operation of a demonstration plant. On commercial operation, royalty fees or sub-license fees will be payable at standard industry rates.

The Company issued an aggregate of 3,483,584 common shares for gross proceeds of \$668,392 pursuant to the exercise of warrants.

The Company issued an aggregate of 515,430 common shares for gross proceeds of \$85,726 pursuant to the exercise of stock options.