

Medallion takes major step toward commercialization of its monazite strategy

☒ Neodymium, dysprosium or praseodymium are exotic sounding rare metals but they are not geologically limited. As with many other mineral resources, new deposits are regularly identified. Recently Greenland and India have attracted fresh interest over their potential to produce and supply rare earth elements – REE. The issue is far less the identification than it is the accessibility of REE's; mostly the costs of extracting and separating them must allow for the relevant parties involved to make a profit. Medallion Resources Ltd ('Medallion', TSX-V: MDL | OTCQB: MLLOF) is one of those companies that has found a novel way of extracting rare earths, which removes many of the risks traditionally associated with rare earths mining. Indeed, Medallion is a rare earths company but it is rather different from others in the sector because it does not own a mine and does not plan to get involved in any mining per se. Even in China, known for supplying 95-96% of the world's rare earth, some 50% of production, derives from by-products.

Medallion Resources), today announced that it would commence lab-scale extraction tests of rare earths from monazite to produce a rare-earth chemical concentrate and its related materials. Medallion's potential customers will be able to test the rare-earth concentrate. Medallion obtains the monazite feedstock from a major heavy-minerals-sands producer, which is currently in confidential discussions with Medallion to provide this material on a long-term basis. Medallion is exclusively targeting the processing aspect of the business. Medallion plans to treat monazite from mineral sands, derived from other sources in expectation of avoiding traditional mining companies' development risks. Long term feedstock

agreement are essential to Medallion which aims to secure five and ten year agreements for supply of the monazite while its project's economics are very attractive and that even in China, half of rare earths production comes from right now and secondarily. Medallion has avoided some of the biggest risks of the mining space altogether because it needs not have to prove the quality of its minerals' grade, scoping studies, cushioning the cost of exploration preliminaries that absorb so much of today's limited project finance availability.

Monazite, with rare earth content of approximately 60%, could become one of the main sources of rare earth production outside of China. Monazite is a critical mineral containing rare earth elements and has been processed for its rare earth content for more than 100-years. Monazite feedstock is rich in the type of magnet application metals, such as neodymium and dysprosium that will continue to draw demand for years to come. Currently small-scale monazite rare earth extraction facilities are operating in China, India and Brazil. Medallion's targeted customers are downstream separation processors, which will use the miner's rare-earth-bearing monazite as the input. Such a method means that Medallion can operate with relatively low capital and operating costs. Its value is more in the high purity, and a time-tested, commercially viable metallurgy for REE extraction than in any actual mining. This model cuts out the 'mining' risk, focusing only on the processing and separation. So, it is very important to note that Medallion is not in the business of exploring an actual 'property'. It does not need to worry about the quality of the mineral, scoping studies, cushioning the cost of exploration preliminaries that absorb so much of today's limited project finance availability.

The challenge for Medallion is more about where to process the resource than where to find it. Medallion's monazite feedstock comes from a variety of suppliers but the processing site will be built in Oman, in the southern Arabian Peninsula. Many of

oil-rich Gulf States have been seeking solutions to diversify their economies as oil supplies run out. Oman has industrialization and development ambitions and looks favorably to such opportunity; there are virtually no risks of the kind endured by Lynas Corp in Malaysia, where environmentalists exploited by political opportunists delayed the start of production at its billion dollar LAMP facility. Oman, moreover, is situated on the Indian Ocean, around the Straits of Hormuz, geopolitically away from some of the more sensitive areas there. Also, Oman is building a new industrial city called Duqm, which “we thought was just a terrific place to start a rare earth value chain, starting with rare earth extraction from monazite.”

Medallion’s main partner in Oman is the Takamul Investment Company (‘Takamul’) a subsidiary of the State owned Oman Oil Company, which has been very active in the metals, petrochemicals, and downstream minerals sectors. Oman has instituted a transparent investment climate (Transparency International ranks it 28th in the world), which reduces risks for foreign companies interested in doing business. This is very important now that many corporations face increased shareholder scrutiny on matters of corporate sustainability. Medallion is not testing new ground by investing in Oman; indeed, the Brazilian mining giant, Vale SA, has established one of its most important and technologically advanced facilities for the production of iron ore pellets for distribution to Asia. Oman would be able to supply the labor, materials, logistics and infrastructure under an agreeable risk umbrella.

Partnership with Takamul moves Medallion 'significantly closer' to the development of a large-scale, rare-earth processing facility

✘ Medallion Resources Ltd ('Medallion', TSXV: MDL | OTCQX: MLLOF) announced earlier today that it has signed a memorandum of understanding to study the feasibility of building and operating its planned monazite sands rare earth extraction facility in the Omani industrial city of Duqm. Takamul Investment Company is a subsidiary of the State owned Oman Oil Company, which has been very active in the metals, petrochemicals, and downstream minerals sectors especially in the area of Duqm. Medallion and Takamul, which has been very active in securing joint ventures in the utility sector and fertilizer industry, will proceed with a financial and technical study of a potential Duqm-based facility, which will be the first major milestone of the partnership; the study will be conducted by a leading, third-party engineering firm. Medallion has completed process flow sheets, safety and environmental studies, detailed financial models, and established the necessary relationships within the heavy-mineral-sands industry to source long-term monazite feedstock supplies.

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sands, derived from other sources in expectation of avoiding traditional mining companies' development risks. Monazite, with rare earth content of approximately 60%, could become one of the main sources of rare earth production outside of China. Monazite is a critical mineral containing rare earth elements and has been processed for its rare earth content for more than 100-years. Currently small-scale monazite rare earth extraction facilities are operating in China, India and Brazil.

Medallion model in effect cuts out the 'mining' risk, focusing only on the processing and separation, the logic being that such a method ultimately saves many of the traditional miners' development costs. In this respect, Medallion has avoided some of the biggest risks of the mining space altogether because it needs not have to prove the quality of its minerals' grade, scoping studies, cushioning the cost of exploration preliminaries that absorb so much of today's limited project finance availability. Medallion's management has been 'scouting' venues to locate the site for their intended sand processing facility over the past year and there had been growing rumors are pointing to the site being built in the Arabian Peninsula with Oman being a likely candidate.

Medallion's shares, after a lackluster start to the year, started to bounce back last April in the wake of rumors of its probable agreement in Oman. As of the past week, medallion was trading at levels (about USD\$ 0.30/share) not seen since the rare earth heydays of 2011. What is surprising is the speed of that bounce. Medallion is rather different from the other companies in the Index and in the space because it does not own a mine. Medallion is exclusively targeting the processing aspect of the business. Medallion plans to process monazite from mineral sands, derived from other sources in expectation of avoiding traditional mining companies' development risks. The favorable market response is likely the result of Medallion's management preparations to locate the site for

their intended sand processing facility.

Why Oman? Oman offers a stable political and social environment with excellent infrastructure and strategic geography. Oman's laws facilitate foreign investment, especially in the field of technology, transportation, electricity and water supply. Unlike many Gulf and North African petro-dollar fueled economies, Oman has instituted a transparent investment climate (Transparency International ranks it 28th in the world), which reduces risks for foreign companies interested in doing business. This is very important now that many corporations face increased shareholder scrutiny on matters of corporate sustainability. There are also Free Zones, offering financial incentives for investors and tax and customs tax. Oil and gas still account for 40% of GDP, but thanks to a determined economic diversification policy, that share is decreasing as new industrial and economic avenues are being pursued.

Medallion is not testing new ground by investing in Oman; indeed, the Brazilian mining giant, Vale SA, has established one of its most important and technologically advanced facilities for the production of iron ore pellets for distribution to Asia. Oman would be able to supply the labor, materials, logistics and infrastructure under an agreeable risk umbrella. Oman, moreover, has been improving its infrastructure to ease trade and shipping; this is especially true in Duqm, which recently inaugurated a new port featuring the deepest basin of the Middle East anchor to moor supertankers and accommodate several vessels.