

FORM 2A

LISTING STATEMENT (ANNUAL UPDATE)

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. The Exchange requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

- (a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.
- (c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.
- (d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.
- (e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on
 - (i) the Issuer
 - (ii) all other companies or businesses that are involved in the fundamental change (the "target"); and
 - (iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

- (f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

1.1 Include a table of contents with the following headings:

1.	Table of Contents	2
2.	Corporate Structure	3
3.	General Development of the Business.....	5
4.	Narrative Description of the Business	7
5.	Selected Consolidated Financial Information	13
6.	Management’s Discussion and Analysis.....	14
	Annual MD&A.....	14
	Interim MD&A – N/A.....	20
7.	Market for Securities	22
8.	Consolidated Capitalization.....	22
9.	Options to Purchase Securities.....	22
10.	Description of the Securities.....	24
11.	Escrowed Securities.....	26
12.	Principal Shareholders.....	27
13.	Directors and Officers	28
14.	Capitalization	35
15.	Executive Compensation.....	36
16.	Indebtedness of Directors and Executive Officers.....	37
17.	Risk Factors	39
20.	Interest of Management and Others in Material Transactions.....	42
21.	Auditors, Transfer Agents and Registrars.....	43
22.	Material Contracts.....	44
23.	Interest of Experts.....	44
24.	Other Material Facts.....	45
25.	Financial Statements.....	45

2. Corporate Structure

- 2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

**Metalo Manufacturing Inc.
Suite 2002, Hilton Hotel,
145 Richmond St. W.
Toronto, ON, M5H 2L2**

- 2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

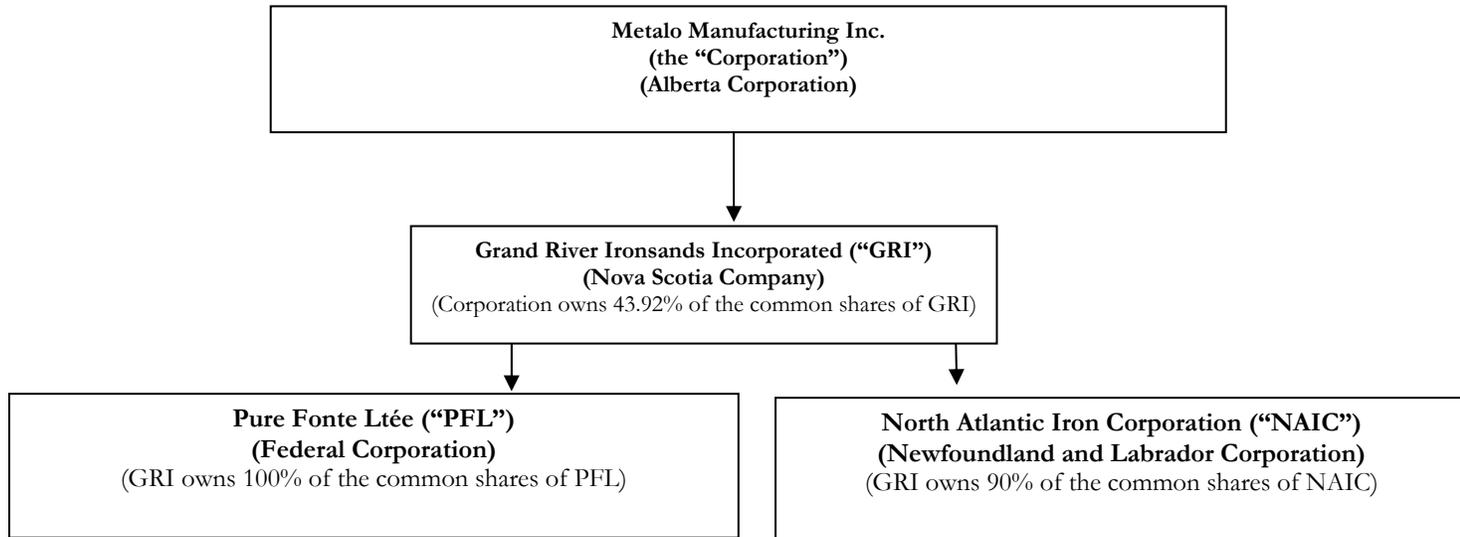
Metalo Manufacturing Inc. (hereinafter referred to as the “Corporation”) was incorporated on October 4, 2000, under the laws of the Province of Alberta, pursuant to the *Business Corporations Act* (Alberta). It was initially listed as a capital pool company on the Canadian Venture Exchange (“CDNX”), as Vistatech Corporation. On October 22, 2001, following the acquisition of VR Interactive International Inc., the Corporation changed its name to “VR Interactive Corporation” and was no longer deemed to be a capital pool company.

The Corporation traded on the TSX Venture Exchange as a Tier 2 corporation under the symbol “VRI” until February 15, 2010, at which time it failed to meet listing requirements and commenced trading on the TSX Venture Exchange “NEX” under the symbol “VRI.H”.

The Corporation commenced trading on the Canadian Securities Exchange (“CSE”) on March 29, 2012. The Corporation ceased trading on the TSX Venture Exchange effective as of the open of business on March 30, 2012.

The Corporation changed its name from Muskrat Minerals Incorporated to Metalo Manufacturing and began trading on the CSE under its new name and ticker (“MMI”) effective as of December 16, 2015.

- 2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state
- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;
 - (b) the place of incorporation or continuance; and
 - (c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.



In addition to the above, GRI also owns 100% of the issued and outstanding common shares of Forks Specialities Metal Inc. ("FSM"), which owned and operated two submerged arc smelting furnaces in Pennsylvania, USA. FSM tried unsuccessfully to independently operationalize as a stand-alone business and operated with minimal cash for in excess of a year. On December 28, 2017, FSM filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy proceedings have been stayed pending the result of an adversary complaint filed on February 8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, Grand River Ironsands Incorporated, North Atlantic Iron Corporation and Francis MacKenzie (collectively, the "Defendants"). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and motions to that effect have been filed. The matter is ongoing pending a judge ruling.

2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

N/A.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

N/A.

3. General Development of the Business

- 3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

The Corporation's primary investment is in GRI and indirectly through GRI's subsidiaries, NAIC and PFL.

NAIC Summary

- NAIC's primary business goal centres on the exploration and development of a mineral sands project (namely silica quartz, feldspars, garnets, zircon, etc.) near Happy Valley-Goose Bay, NL, Canada.
- On July 24, 2020, NAIC's geology team filed for an exploration permit for drilling and assaying its three mineral claims. As of writing, approval has not yet been provided.
- NAIC has had ongoing communications with engineering firms experienced in mineral sands in the United States, China, and Germany. The technical laboratories in Germany and China are of a similar view on the grades and uses for the feldspars and silica quartz. The discussions and negotiations with interested Chinese advisors, off-takers and investors have been placed on hold until the political matters between China and Canada have been resolved.
- Meetings have been held with the German firm able to undertake technical, market and feasibility work. Additionally, NAIC is exploring funding solutions, including potentially issuing flow through shares in Canada. Industrial minerals (silica quartz, feldspars, garnets, zircon, etc.) are not commonly understood in Canada by experts or investors. This complexity may require broadening the investment efforts.
- In September 2020, NAIC engaged in early discussions with the Innu First Nations to establish an operating framework to advance the project while respecting their ancestral rights to the target lands.
- NAIC is in ongoing discussions to raise up to \$5 million to advance the asset through permitting, feasibility, and market assessment efforts. Community consultation has been activated in Q3 2020 in Newfoundland and Labrador.
- In July 2020, NAIC received a technical report that is the first step of several, from a German laboratory viewed as competent and qualified in assessing mineral sands. The specifications for Feldspars and Silica Quartz make these products of value to glass making, such as clear and colored bottles, containers, etc., also for plate glass for automotive, industrial and residential, fiberglass, silicon carbide, industrial ceramics (sanitaryware, tiles, tableware), pottery, etc.

PFL Summary

- PFL's primary business goal centres on manufacturing a high-quality pig iron for sale to foundries and steel mills with the proposed pig iron plant being built in Quebec, Canada.
- In March, 2018, GRI, NAIC, PFL and Petmin Limited completed a major restructuring which resulted in Petmin holding a 10% interest in NAIC and no interest in PFL, but rights to construct a pig iron plant based in Ohio, US.
- A bankable feasibility study was completed for a US\$408 million pig iron manufacturing plant for a Québec site, subject to cost adjustments since 2018.
- The environmental assessment work in Québec was placed on hold in 2019 until greater visibility on capital raising for the pre-construction work was obtained. Those efforts, along with the environmental assessment, are now advancing with plans to finalize. The pre-construction work is comprehensive and will include the financing of the permitting, front end engineering (FEED) (site related), detailed engineering (plant), negotiating the capital required for project financing and other corporate and legal related matters.

3.2 Disclose:

- (1)
 - (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and
 - (b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.
- (2) Under paragraph (1) include particulars of
 - (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;
 - (b) the actual or proposed date of each significant acquisition or significant disposition;
 - (c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;
 - (d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;
 - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;
 - (f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for

the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

- (g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

Not applicable.

- 3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

At October 27, 2020, the Corporation has cash on hand of approximately \$80,000 and has a working capital deficiency of approximately \$9,315,000. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing business efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Corporation.

4 Narrative Description of the Business

4.1 General

- (1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:
 - (a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;
 - (b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;
 - (c) disclose the total funds available to the Issuer and the following breakdown of those funds:
 - (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
 - (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and
 - (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

As at June 30, 2020 the Corporation had a corporate head office and three operating business segments:

1. Grand River Ironsands Incorporated, a private corporation, incorporated under the *Companies Act* of Nova Scotia, is a development stage enterprise in the process of exploring its mineral properties through its majority-owned subsidiary North Atlantic Iron Corporation and a manufacturer of pig iron through its wholly owned subsidiary, Pure Fonte Ltée.

2. North Atlantic Iron Corporation, a private corporation, incorporated under the *Corporations Act* of Newfoundland and Labrador, is a development stage enterprise in the process of exploring its mineral properties in Newfoundland and Labrador, Canada

3. Pure Fonte Ltée a private corporation incorporated under the *Canada Business Corporations Act* to be engaged in the manufacturing of pig iron.

Over the next 12 months the primary objective of the Issuer and its direct and indirect subsidiaries will be to finalize and close on term sheets for financing on both assets (pig iron plant and mineral sands).

NAIC is in ongoing discussions to raise up to \$5 million to advance the asset through permitting, feasibility, and market assessment efforts. Community consultation has been activated in Q3 2020 in Newfoundland and Labrador.

PFL is also engaged in efforts to secure the US\$408 million required for the pig iron plant. Plans are to close a tranche of US\$2 million to fulfil the financial needs related to final stages of permitting and general administration

PFL is moving to finalize the key issues on a site for the proposed pig iron plant. A detailed rollout with a public announcement on location and permitting strategy will be forthcoming after closing of the financing. Upon concluding the Bankable Feasibility Study, production decisions will be made. The highlights of the feasibility study are expected to be released later this year concurrent with the next round of financing. Efforts will then be focused on activating the environmental permitting with a view to commencing construction after approval. A parallel decision on Front End Engineering Design (FEED) and detailed engineering will be announced post the completion of financing.

The Issuer, on a consolidated basis, has cash on hand of approximately C\$80,000 and has a working capital deficiency of approximately \$9,315,000. The Issuer has had recurring negative cash flows from operations and will require additional financing as detailed above to fund its continuing efforts.

- (2) For principal products or services describe: N/A
- (a) the methods of their distribution and their principal markets;
 - (b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for

15 per cent or more of total consolidated revenues for the applicable financial year derived from:

- (i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,
 - (ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,
 - (iii) sales or transfers to controlling shareholders; and
 - (iv) sales or transfers to investees.
- (c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,
- (i) the timing and stage of research and development programs,
 - (ii) the major components of the proposed programs, including an estimate of anticipated costs,
 - (iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and
 - (iv) the additional steps required to reach commercial production and an estimate of costs and timing.

(3) Concerning production and sales, disclose: **N/A**

- (a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;
- (b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;
- (c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;
- (d) the sources, pricing and availability of raw materials, component parts or finished products;
- (e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;
- (f) the extent to which the business of the segment is cyclical or seasonal;
- (g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

- (h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;
 - (i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;
 - (j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;
 - (k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;
 - (l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.
- (4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position. **N/A**
- (5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions. **N/A**
- (6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.
- Forks Specialty Metals Inc. filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy has been stayed pending the result of the adversary proceedings filed against several parties detailed above.**
- (7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.
- See paragraph 3.1 above.**
- (8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them. **N/A.**

Companies with Asset-backed Securities Outstanding **N/A.**

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

- (1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.
 - (2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to
 - (a) the composition of the pool as of the end of each financial year or partial period;
 - (b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
 - (c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
 - (d) servicing and other administrative fees; and
 - (e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).
 - (3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.
 - (4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.
 - (5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.
 - (6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.
- 4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

NAIC's exploration properties are in the Happy Valley, Goose Bay region of Newfoundland and Labrador, Canada. The claims are in central Labrador immediately to the east, west, south, southwest and southeast of the Town of Happy Valley-Goose Bay. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet and from the Churchill River to the boundary of the Mealy Mountains National Park. GRI has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Goose Bay, Newfoundland and Labrador and to reduce carrying costs and future work commitments. This review resulted in the cancellation and forfeiture of minerals claims

associated with several significant blocks. At the date hereof, the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres.

NAIC Mineral Claims

Claim Number (Oct. 2020)	# of claims	Issued	Status	Renewal Date	<i>Extended COVID</i>	10 year Renew Fee	Report Date	NTS Map
017907M – Muskrat	23	2010-08-23	Active	2020-08-23	2020-12-31	\$1,150	2021-10-22	13F07
017911M - South Branch	44	2010-08-23	Active	2020-08-23	2020-12-31	\$2,200	2021-10-22	13F02,13F07
018325M – Hoffman	114	2011-01-06	Active	2021-01-06			2021-03-08	13F02,13F03

Mineral claims and deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five-year time frame. As at the date of the MD&A, the Corporation has injected the prescribed amount of exploration expenditures into the remaining mineral claims. Prior to the end of the 2020, NAIC will undertake a 10-year renewal of 2 of the 3 claims with the third claim being renewed in 2021 when required.

NAIC has had ongoing communications with engineering firms experienced in mineral sands in the United States, China, and Germany. The technical laboratories in Germany and China are of a similar view on the grades and uses for the feldspars and silica quartz. The discussions and negotiations with interested Chinese advisors, off-takers and investors have been placed on hold until the political matters between China and Canada have been resolved. In the interim, meetings have been held with the German firm able to undertake technical, market and feasibility work. Additionally, NAIC is exploring funding solutions, including potentially issuing flow through shares in Canada. Industrial minerals (silica quartz, feldspars, garnets, zircon, etc.) are not commonly understood in Canada by experts or investors. This complexity may require broadening the investment efforts. In September 2020, NAIC engaged in early discussions with the Innu First Nations to establish an operating framework to advance the project while respecting their ancestral rights to the target lands. The Innu First Nations have been a shareholder, partner, and Board member (2 seats in GRI) since 2007.

NAIC is in ongoing discussions to raise up to \$5 million to advance the asset through permitting, feasibility, and market assessment efforts. Community consultation has been activated in Q3 2020 in Newfoundland and Labrador. As pertinent information is obtained, it will be shared with through a media release or the CSE Form 7A monthly filing.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate). **N/A.**

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

- (a) net sales or total revenues;
- (b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;
- (c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;
- (d) total assets;
- (e) total long-term financial liabilities as defined in the Handbook;
- (f) cash dividends declared per share for each class of share; and
- (g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

The financial statements attached as Appendix "A" provide the financial position of the Corporation for the years ended June 30, 2020, June 30, 2019 and June 30, 2018.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

The MD&A for years ended June 30, 2020, June 30, 2019 and June 30, 2018 are attached as Appendix "B". The "Selected Quarterly Financial Data" section of the MD&A contained therein provide highlights of selected financial information.

5.3 Dividends – disclose: **N/A.**

- (a) any restriction that could prevent the Issuer from paying dividends; and
- (b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if: **N/A.**

- (a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

- (b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

6. Management's Discussion and Analysis

Annual MD&A

- 6.1 Date – Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

The MD&A is for the financial year ended June 30, 2020 and is prepared based on information available to the Corporation as at October 27, 2020.

- 6.2 Overall Performance – Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:
 - (a) operating segments that are reportable segments as those terms are used in the Handbook;
 - (b) other parts of the business if they have a disproportionate effect on revenues, income or cash needs, or there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;
 - (c) industry and economic factors affecting the Issuer's performance;
 - (d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and
 - (e) the effect of discontinued operations on current operations.

Please refer to the Corporation's MD&A regarding the overall performance which is attached as Appendix "B".

Selected Annual Financial Information

- 6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:
 - (a) net sales or total revenues;
 - (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
 - (c) net income or loss, in total and on a per-share and diluted per-share basis;
 - (d) total assets;
 - (e) total long-term financial liabilities; and
 - (f) cash dividends declared per-share for each class of share.

Refer to the financial statements attached as Appendix "A".

- 6.4 Variations – Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer’s business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Refer to the financial statements and MD&A attached as Appendix “A” and Appendix “B”, respectively.

- 6.5 Results of Operations – Discuss management’s analysis of the Issuer’s operations for the most recently completed financial year, including:

- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;
- (b) any other significant factors that caused changes in net sales or total revenues;
- (c) cost of sales or gross profit;
- (d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer’s plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;
- (e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;
- (f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;
- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer’s future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;
- (h) effect of inflation and specific price changes on the Issuer’s net sales and total revenues and on income or loss before discontinued operations and extraordinary items;
- (i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer’s ability to achieve its business objectives and milestones; and

- (j) unusual or infrequent events or transactions.

Refer to the financial statements and MD&A attached as Appendix “B”.

6.6 Summary of Quarterly Results – Provide the following information in summary form, derived from the Issuer’s financial statements, for each of the eight most recently completed quarters:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and
- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Refer to the financial statements and MD&A attached as Appendix “A” ad Appendix “B”, respectively.

6.7 Liquidity – Provide an analysis of the Issuer’s liquidity, including:

- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer’s capacity, to meet the Issuer’s planned growth or to fund development activities;
- (b) trends or expected fluctuations in the Issuer’s liquidity, taking into account demands, commitments, events or uncertainties;
- (c) its working capital requirements;
- (d) liquidity risks associated with financial instruments;
- (e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;
- (f) balance sheet conditions or income or cash flow items that may affect the Issuer’s liquidity;
- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and
- (h) defaults or arrears or anticipated defaults or arrears on
 - (i) dividend payments, lease payments, interest or principal payment on debt,
 - (ii) debt covenants during the most recently completed financial year, and
 - (iii) redemption or retraction or sinking fund payments; and

- (i) details on how the Issuer intends to cure the default or arrears.

Refer to the financial statements and MD&A attached as Appendix “A” ad Appendix “B”, respectively.

- 6.8 Capital Resources – Provide an analysis of the Issuer’s capital resources, including
- (a) commitments for capital expenditures as of the date of the Issuer’s financial statements including:
 - (b) the amount, nature and purpose of these commitments,
 - (c) the expected source of funds to meet these commitments, and
 - (d) expenditures not yet committed but required to maintain the Issuer’s capacity, to meet the Issuer’s planned growth or to fund development activities;
 - (e) known trends or expected fluctuations in the Issuer’s capital resources, including expected changes in the mix and relative cost of these resources; and
 - (f) sources of financing that the Issuer has arranged but not yet used.

Refer to the financial statements and MD&A attached as Appendix “A” ad Appendix “B”, respectively.

- 6.9 Off-Balance Sheet Arrangements – Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including: **N/A.**

- 6.10 Transactions with Related Parties – Discuss all transactions involving related parties as defined by the Handbook.

On September 29, 2016, GRI borrowed \$250,000 from Forest Lane Holdings (“FLH”), a company controlled by a director and officer of the Corporation, with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly, to GRI in the amount of \$2,105,000. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly. The original loan amount was increased by an additional \$14,000 on March 14, 2019, bringing the total loan amount to \$2,369,000. The warrant expiry time was also extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$2,889,158.

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000 with FLH. The maturity date of the debenture has been extended until November 1, 2020 (previously May 1, 2020) and bears interest at a rate of 5% per annum payable quarterly and in previous years was reflected in long-term debt. As consideration for the extension to the maturity date, 200,000 common shares in the capital stock of the Corporation were issued to FLH. The debenture is convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$1.00 per common share.

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum payable monthly. This loan was previously reflected in short-term debt, however, subsequent to year end, a loan extension

was signed extending the payment of principal, without penalty, on or before August 31, 2022, and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$2,488,835. This loan was reclassified to current liabilities as at September 30, 2019.

On August 1, 2017, the Corporation issued 41,667 common shares to FLH. This represents interest due August 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.60 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2017.

On November 1, 2017, the Corporation issued 53,914 common shares to FLH. This represents interest due November 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4637 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2017.

On February 1, 2018, the Corporation issued 58,080 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4304 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2018.

On May 1, 2018, the Corporation issued 62,574 common shares to FLH. This issuance represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3995 per share, which is the volume-weighted trading price for the 20 trading days ending March 31, 2018.

On August 1, 2018, the Corporation issued 69,351 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018.

On November 1, 2018, the Corporation issued 65,789 common shares to FLH. This represents interest due November 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.38 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2018.

On February 1, 2019, the Corporation issued 87,719 common shares to FLH. This represents interest due February 1, 2019 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2850 per share, which is the volume-weighted trading price for the 20 trading days ending January 11, 2019.

On May 1, 2019, the Corporation issued 132,899 common shares to FLH. This issuance represents interest due May 1, 2019 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1881 per share, which is the volume-weighted trading price for the 20 trading days ending April 4, 2019.

On August 1, 2019, the Corporation issued 85,749 common shares to FLH. This represents interest due August 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2915 per share, which is the volume-weighted trading price for the 20 trading days ended July 11, 2019.

On November 1, 2019, the Corporation issued 90,171 common shares to FLH. This represents interest due November 1, 2019, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$ 0.2773 per share, which is the volume-weighted trading price for the 20 trading days ended October 31, 2019. The securities are subject to a four-month hold period following the date of issuance.

On February 1, 2020, the Corporation issued 240,989 common shares to FLH. This represents interest due February 1, 2020, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1037 per share, which is the volume-weighted trading price for the 20 trading days ended January 6, 2020. The securities are subject to a four-month hold period following the date of issuance.

On May 1, 2020, the Corporation issued 160,511 common shares to FLH. This represents interest due May 1, 2020, in the aggregate amount of \$ 25,000 on a convertible debenture and was made at a deemed price of \$0.1158 per share, which is the volume-weighted trading price for the 20 trading days ended April 2, 2020. The securities are subject to a four-month hold period following the date of issuance.

On August 1, 2020, the Corporation issued issue 127,660 common shares to FLH. This represents interest due August 1, 2020, in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.1958 per share, which is the volume-weighted trading price for the 20 trading days ending July 13, 2020. The securities will be subject to a four month hold period following the date of issuance.

In addition to the related party loans described above, the Issuer has the following related party transactions. The compensation expense associated with key management, directors and employees for services is as follows:

Related party - Management fees		
	Year Ended	
	30-Jun-20	30-Jun-19
	\$	\$
Management fees	224,511	401,000
Consulting fees	12,600	11,216
Directors fees	14,000	14,350
Salaries and benefits	48,798	204,307
Operating expenses	299,909	630,873

In 2020, the Corporation reported an amount payable of \$29,945 (2019- \$29,945) to Torvan Capital Group, a division of Ashley Park Enterprises Inc., a company controlled by a director and officer of the Corporation, for services and facilities related to provision of the Corporation's head office.

- 6.11 Fourth Quarter – Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments. **See MD&A attached as Appendix "B".**
- 6.12 Proposed Transactions – Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have

decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals. **N/A**

6.13 Changes in Accounting Policies including Initial Adoption – Discuss and analyze any changes in the Issuer’s accounting policies, including: **None.**

6.14 Financial Instruments and Other Instruments – For financial instruments and other instruments: **N/A**

Interim MD&A – N/A.

6.15 Date – Specify the date of the interim MD&A.

6.16 Updated Disclosure – Interim MD&A must update the Issuer’s annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4.

6.17 Additional Disclosure for Issuers without Significant Revenue:

(a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) if the Issuer’s business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

(c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

- (iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;
- (b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and
- (c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

6.19 Provide Breakdown:

- (a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:
 - (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administrative expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and
- (c) provide the disclosure in subsection (a) for the following periods:
 - (i) the two most recently completed financial years, and
 - (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

6.20 Negative cash-flow – If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose: (i) the period of time the proceeds raised are expected to fund operations; (ii) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and (iii) the estimated amount of other material capital expenditures during that period of time.

6.21 Additional disclosure for Issuers with significant equity investees:

- (a) if the Issuer has a significant equity investee (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and
- (b) provide the disclosure in subsection (a) for the following periods (i) the two most recently completed financial years, and (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if: (i) the information required under that subsection has been disclosed in the financial statements included, or (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

7. Market for Securities

- 7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Issuer initially commenced trading on the CSE on March 29, 2013 under the symbol "YR", and currently trades under the symbol "MMI".

8. Consolidated Capitalization

- 8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

The Issuer's share and loan capital is described in notes 7 ("Short-term Liabilities"), 8 ("Long-term Debt"), and 9 ("Share Capital") in the FS attached as Appendix "A".

9. Options to Purchase Securities

- 9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:
 - (a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;
 - (b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;
 - (c) all other employees and past employees of the Issuer as a group, without naming them;

- (d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;
- (e) all consultants of the Issuer as a group, without naming them; and
- (f) any other person or company, including the underwriter, naming each person or company.

Under the Issuer’s employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees or consultants of the Corporation. Shareholders approved the number of shares reserved for issuance under the Plan be a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 5 years from the date of the grant. The Corporation has reserved 3,504,203 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the granting date based upon a fair value of the award and is recognized over the related service period.

As of the date hereof, 2,034,000 options have been granted by the Issuer as detailed below:

Options Outstanding and Exercisable			
Number of options outstanding	Expiry Date	Exercise Price	Number of options exercisable
144,000	28-May-2022	0.65	144,000
450,000	30-Nov-2022	0.65	450,000
985,000	6-Dec-2023	0.85	985,000
455,000	8-Dec-2024	0.75	455,000
2,034,000		0.77	2,034,000

Additional information on the stock options can be found in note 11 of the FS attached as Appendix “A”.

GRI

Information on the stock options granted by GRI can be found in note 11 of the FS attached as Appendix “A”.

PFL

No options were granted by PFL.

NAIC

No options were granted by NAIC.

10. Description of the Securities

10.1 General – State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

- a) dividend rights;
- b) voting rights;
- c) rights upon dissolution or winding-up;
- d) pre-emptive rights;
- e) conversion or exchange rights;
- f) redemption, retraction, purchase for cancellation or surrender provisions,
- g) sinking or purchase fund provisions;
- h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- i) provisions requiring a securityholder to contribute additional capital.

The common shares of the Issuer are without par value and entitle the holders thereof to receive notice of, attend and vote at all meetings of the shareholders of the Issuer. Each common share carries one vote at such meetings. Holders of common shares are entitled to dividends as and when declared by the directors. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the corporation, after payment of all outstanding debts, the remaining assets of the Issuer available for distribution shall be distributed to the holders of common shares.

10.2 Debt securities – If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including: **N/A.**

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions,
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its

subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

- (g) the name of the trustee under any indenture relating to the Issuer and
 - (h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.
- 10.4 Other securities – If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities. **N/A.**
- 10.5 Modification of terms: **N/A.**
- (a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and
 - (b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.
- 10.6 Other attributes: **N/A.**
- (a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and
 - (b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.
- 10.7 Prior Sales – State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price. **N/A.**
- 10.8 Stock Exchange Price:
- a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;
 - b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and
 - c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

12 Months Trading Data				
Month	High	Low	Close	Volume
Apr-19	0.250	0.150	0.250	66,081
May-19	0.350	0.215	0.350	23,665
Jun-19	0.350	0.210	0.270	85,000
Sep-19	0.350	0.130	0.350	10,664
Oct-19	0.330	0.220	0.220	34,000
Nov-19	0.220	0.185	0.190	24,000
Dec-19	0.280	0.100	0.100	173,490
Jan-20	0.200	0.100	0.200	118,000
Feb-20	0.300	0.125	0.200	4,000
Mar-20	0.200	0.150	0.150	2,500
Apr-20	0.150	0.070	0.070	15,830
May-20	0.080	0.070	0.070	105,540
Jun-20	0.200	0.070	0.200	22,600
	0.350	0.100	0.200	859,241

11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow. **N/A**

ESCROWED SECURITIES

Designation of class held in escrow	Number of securities held in escrow	Percentage of class

12. Principal Shareholders

- 12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:
- (a) Name;
 - (b) The number or amount of securities owned of the class to be listed;
 - (c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and
 - (d) The percentages of each class of securities known by the Issuer to be owned.
- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.
- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.
- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

To the knowledge of the directors and officers of the Issuer, as of the date hereof, there is no one individual who beneficially own, directly or indirectly, or exercise control or direction over, securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than as detailed below:

Name	Shares Held	Options Held	% Undiluted	% Partially Diluted
David J. Hennigar	4,767,095	176,000	25.14%	28.83%
Francis MacKenzie	1,723,693	196,000	9.27%	10.20%

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years. **See below.**

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

The Board of Directors of the Corporation is currently comprised of seven persons. Each director is elected to serve until the next annual meeting of shareholders or until a successor is elected or appointed.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

See below.

13.4 Disclose the board committees of the Issuer and identify the members of each committee. **See below.**

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company. **See below.**

The Corporation

Name and Residence of Nominee	Position or Office	Principal occupation for the past 5 years	No. of Common Shares Beneficially Owned*
J. Paul Allingham ⁽¹⁾⁽²⁾ Burlington, ON	Independent Director since November, 2000	Mr. Allingham is currently a management consultant, a director and officer of Hut 2 Hut Events and a director of the Art Fair Company.	79,264 0.42%
David J. Hennigar Bedford, NS	Director & Chairman since October, 2001	Mr. Hennigar has spent his career in the securities business as an analyst, salesman, manager, director and chairman. He was the founder of Acadian Securities Inc. and began employment with Burns Bros and Denton Limited. He has been a director of a number of companies including Extendicare, Crown Life, Assisted Living Centers, Halifax Developments and Crombie REIT where he retired as Lead Director. Currently he is chairman of Thornridge Holdings Limited, a director or Chairman of a number of other public and private companies, including Highliner Foods Inc. He is also a director and chairman of Grand River Ironsands Incorporated and North Atlantic Iron Corporation.	4,767,095 21.67%

Francis MacKenzie Bedford, NS	Director, President & CEO since February, 2012	Mr. MacKenzie is currently a director or officer of numerous private companies, including Grand River Ironsands Incorporated, North Atlantic Iron Corporation, and Pure Fonte Ltée.	1,723,693 9.27%
Jean-Marc MacKenzie⁽²⁾ Toronto, ON	Independent Director since February, 2012	Mr. MacKenzie is currently President of TMM Management and is an accomplished senior executive specializing in law, corporate development and governance for the past 25 years. He is also a director of Grand River Ironsands Incorporated.	400,000 2.11%
Paul Snelgrove⁽²⁾ Goose Bay, NL	Independent Director since February, 2012	Mr. Snelgrove is a businessman based in in Happy Valley-Goose Bay, NL, as well as Chairman of the HVGB Airport Authority and a director of Grand River Ironsands Incorporated.	350,000 1.85%
K. Barry Sparks⁽¹⁾⁽³⁾ Toronto, ON	Independent Director since February, 2012	Mr. Sparks is currently a director and CEO of NamSys Inc.. He is also the President of Torvan Capital Group, a division of Ashley Park Enterprises Inc. As of October 24, 2017, Mr. Sparks is also a director and chairman of World Wide Minerals Inc.	259,796 1.37%
E. Christopher Stait-Gardner⁽⁴⁾⁽³⁾ Vaughan, ON	Independent Director since November, 2000	Mr. Stait-Gardner is a corporate director of NamSys Inc. and the independent chairman.	110,514 0.58%

*The information as to residence, principal occupation(s) and common shares beneficially owned or controlled or directed is based on information furnished to the Corporation by the respective nominees as at the date of this Circular.

Notes:

- (1) Member of the Audit Committee. J. Paul Allingham will continue to serve as Chairman of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee. Jean-Marc MacKenzie will continue to serve as Chairman of the Corporate Governance and Compensation Committee.
- (3) K. Barry Sparks and E. Christopher Stait-Gardner both sit on the board of NamSys Inc.

GRI

Name, Province of Residence and Office Held	Director Since	Principal occupation during past 5 years and other Directorships	Number and % of Outstanding Common Shares beneficially owned
David J. Hennigar Bedford, Nova Scotia <i>Chairman and Director</i>	February, 2007 to present	See above.	1,063,662 4.47%
Francis MacKenzie Bedford, Nova Scotia <i>President and Director</i>	February, 2007 to present	See above.	733,750 3.09%
Jean Marc MacKenzie Toronto, Ontario <i>Director (Independent)</i>	February, 2007 to present	See above.	135,000 0.57%
Prote Poker Natuashish, Newfoundland and Labrador <i>Director (Independent)</i>	February, 2007 to present	Mr. Poker is the past Grand Chief of Innu Nation and the past chief of the Mushuau Innu First and past co-chair of the Innu Development Limited Partnership.	Nil
Anastasia Qupee Sheshatshiu, Newfoundland and Labrador <i>Director (Independent)</i>	May, 2008 to present	Ms. Qupee is the Grand Chief of Innu Nation and past chief of the Sheshatshiu Innu First Nation and past co-chair of the Innu Development Limited Partnership.	Nil
Paul Snelgrove Goose Bay, Newfoundland and Labrador <i>Director</i>	May, 2008 to present	See above.	Nil

NAIC

Name, Province of Residence and Office Held	Director Since	Principal occupation during past 5 years and other Directorships	Number and % of Outstanding Common Shares beneficially owned
David J. Hennigar Bedford, Nova Scotia <i>Chairman and Director</i>	November, 2016 to present	See above.	Nil
Francis MacKenzie Bedford, Nova Scotia <i>CEO, President and Director</i>	September, 2010 to present	See above.	Nil
K. Barry Sparks Toronto, ON <i>Director</i>	November, 2016 to present	See above.	Nil

Name, Province of Residence and Office Held	Director Since	Principal occupation during past 5 years and other Directorships	Number and % of Outstanding Common Shares beneficially owned
Francis MacKenzie Bedford, Nova Scotia <i>President and Director</i>	July, 2013	See above.	Nil
Lina Tannous Bedford, Nova Scotia <i>Corporate Secretary and Director</i>	July, 2013	Ms. Tannous has over 18 years' experience with a diverse legal background	Nil

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

Mr. Hennigar was a director of (i) Landmark Global Financial Corporation Limited at the time Landmark Global Financial Corporation Limited had a temporary cease trade order in place from May 7, 2012 to May 22, 2012 for failing to file annual financial statements on time; and when it was delisted as of October 20, 2014 for failure to pay its quarterly NEX listing maintenance fee; (ii) Aquarius Coatings Inc. at the time Aquarius Coatings Inc. had a management cease trade order in place from December 12, 2008 to January 14, 2009 for failing to address TSX Venture Exchange requirements with respect to failing to holding shareholder meetings for the financial years ended March 31, 2007 and March 31, 2008, and an trading halt issued by IIROC on September 11, 2014 for failing to maintain TSXV requirements; (iii) MedX Health Corp. at the time MedX Health Corp. had a management cease trade order in place from (1) January 21, 2010 to February 26, 2010 for failing to hold its financial 2008 annual general meeting within the timeframes required by applicable corporate law and Exchange policy, (2) May 6, 2010 to June 30, 2010 for failing to file its audited annual financial statements, its management discussion and analysis, and its certification of the foregoing filings as required by National Instrument 52-109: Certification of Disclosure in Issuers' Annual and Interim Filings, for the year ending December 31, 2009 on or before the prescribed deadline, (3) May 7, 2012 to May 22, 2012 for failing to file its audited annual financial statements, its management discussion and analysis, and its certification of

the foregoing filings as required by National Instrument 52-109: Certification of Disclosure in Issuers' Annual and Interim Filings, for the year ending December 31, 2011 on or before the prescribed deadline, (4) May 16, 2013 to May 20, 2013 for failing to file its audited annual financial statements, its management discussion and analysis, and its certification of the foregoing filings as required by National Instrument 52-109: Certification of Disclosure in Issuers' Annual and Interim Filings, for the year ending December 31, 2012; (iv) was a director of SolutionInc Technologies Limited at the time SolutionInc Technologies Limited had a temporary cease trade order, issued by the British Columbia Securities Commission, in place from August 9, 2011 to August 24, 2011 for failing to file annual financial statements on time; had a cease trading order in place issued by the British Columbia Securities Commission on October 6, 2011 for failing to file June 30, 2011 quarterly financial statements on time and had a cease trading order in place issued by the Alberta Securities Commission on January 4, 2012 for failure to file September 30, 2011 quarterly financial statements on time.

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; **N/A.**
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

Mr. Hennigar who was a director of KLJ Field Services Inc., a private Nova Scotia company, which made an assignment in bankruptcy on February 25, 2009; and (ii) Mr. Francis MacKenzie and Mr. Kevin Kemper were directors of Forks Specialty Metals Inc. which filed for bankruptcy on December 28, 2017.

- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact. **N/A.**

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

N/A.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

N/A.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

N/A.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

N/A.

13.11 Management — In addition to the above provide the following information for each member of management:

- (a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;
- (b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;
- (c) state whether the individual is an employee or independent contractor of the Issuer;
- (d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on; its name and principal business;
- (e) if applicable, that the organization was an affiliate of the Issuer, positions held by the individual, and
- (f) whether it is still carrying on business, if known to the individual;
- (g) describe the individual's experience in the Issuer's industry; and
- (h) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

In addition to the disclosures under 13.5, Bertan Atalay is the COO of GRI and was retained by GRI as an independent contractor. Luc Boivin is also a strategic advisor to GRI and was retained as an independent contractor. Elizabeth MacKenzie is the communications director of GRI.

There are no non-competition agreements in place and as part of all consulting agreements, there is a confidentiality clause.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital				
Public Float	Number of Securities (Non-Diluted)	Number of Securities (Fully -Diluted)	% of Issued (Non-Diluted)	% of Issued (Fully -Diluted)
Total Outstanding (A)	18,958,475	21,092,475	100%	100%
Related Parties (B)	8,014,909	9,973,909	42.28%	47.29%
(A) – (B)	10,943,566	11,118,566	57.72%	52.71%

Public Securityholders (Registered)

Instruction: For the purposes of this report, “public securityholders” are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Public Security Holders (Registered)

Number of Common Shares Held	Number of Holders	Total Number of Securities
1-99	Nil	Nil
100-499	1	125
500-999	Nil	Nil
1,000- 1,999	Nil	Nil
2,000-2,999	Nil	Nil
3,000 – 3,999	Nil	Nil
4,000-4,999	Nil	Nil
5,000 or more shares	27	18,958,475
Total	28	18,958,475

Public Shareholders (Beneficial)

The Issuer was unable to obtain written confirmation from its transfer agent as of the date hereof.

Non –Public Shareholders (Holders of 5% or more of Common Shares)

The Issuer was unable to obtain written confirmation from its transfer agent as of the date hereof.

There are no other common shares or other securities reserved for issuance.

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities. The only convertible security terms were pursuant to the loan detailed above.

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Common Share purchase Options of the Corporation

Description	Number of Options Outstanding	Number of Common Shares Issued upon Conversion
Stock Purchase Options convertible to common shares at \$.65 per share until May 28, 2022	144,000	144,000
Stock Purchase Options convertible to common shares at \$.65 per share until November 30, 2022	450,000	450,000
Stock Purchase Options convertible to common shares at \$.85 per share until December 6, 2023	985,000	985,000
Stock Purchase Options convertible to common shares at \$.75 per share until December 8, 2024	455,000	455,000

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

The following table sets forth the compensation earned in each of the Corporation’s two most recently completed financial years by its Named Executive Officers (“NEOs”):

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Francis MacKenzie (a) President/CEO and Director	2020	30,000 (Paid by the Corporation) 75,000 (Paid by GRI)	Nil	Nil	Nil	Nil	\$105,000 ^(a)
	2019	30,000 (Paid by the Corporation) 75,000 (Paid by GRI)	Nil	Nil	Nil	Nil	\$105,000 ^(a)

Jean-Marc MacKenzie ⁽²⁾	2019	Nil	Nil	Nil	Nil	Nil	Nil
Interim CFO and Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
Bert Loveless ⁽³⁾	2020	Nil ⁽³⁾	Nil	Nil	Nil	Nil	Nil
(former Vice-President, former Interim CFO and former Director)	2019	Nil ⁽³⁾	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. MacKenzie is compensated in his capacity as an officer of the Corporation only and is not compensated for acting as a director as well. Mr. MacKenzie is paid a consulting fee by the Corporation of \$30,000 and a consulting fee of \$75,000 by Grand River Ironsands Incorporated, the Corporation's partially owned subsidiary, for a consolidated fee of \$105,000. **These fees have been accrued and not paid to preserve cash and may be written-off pending a determination by the Board at a later date.**
- (2) Mr. Jean-Marc MacKenzie is a director of the Corporation and has been acting as the Interim CFO of the Corporation since December, 2019.
- (3) Mr. Loveless retired as an officer of the Corporation in December, 2019 and as a director of the Corporation in September, 2020.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness **N/A.**

Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with: a purchase of securities; and all other indebtedness.

Report separately the indebtedness to: the Issuer or any of its subsidiaries (column (b)); and another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)), of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

“Support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs **N/A.**

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] (\$)	Amount Outstanding as at [the date of the Form] (\$)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] (\$)
(a)	(b)	I	(d)	I	(f)	(g)
Securities Purchase Programs						
Other Programs						

- (i) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,
- (a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
 - (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column I – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column I – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

- (i) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:
- (ii) the nature of the transaction in which the indebtedness was incurred,
- (iii) the rate of interest,
- (iv) the term to maturity,
- (v) any understanding, agreement or intention to limit recourse, and
- (vi) any security for the indebtedness;
- (vii) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and
 - (viii) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

17. Risk Factors

- 17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

- 17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.
- 17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Please refer to the “Risk Factors” section of the MD&A attached as Appendix “B”

In addition, on March 11, 2020, the World Health Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus (“COVID-19”). The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals may adversely impact the Corporation’s operations and its financial results. This has resulted in significant economic uncertainty, of which the potential impact on the Corporation’s future financial results is difficult to reliably measure.

- 18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state: **N/A**
- (a) the person or company’s name;
 - (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;
 - (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and
 - (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter;
 - (e) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (f) the person or company making the determination referred to in subparagraph (i) and the person or company’s relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and
 - (g) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.
- 18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:
- (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect.

- (2) For the purposes of section 18.2 (1), “order” means:
- (a) a cease trade order;
 - (b) an order similar to a cease trade order; or
 - (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.
- (3) If a promoter referred to in section 18.2 (1):
- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
 - (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

- 19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

On December 28, 2017, Forks Specialty Metals Inc., a wholly owned subsidiary of Grand River Ironsands Incorporated, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. Forks had been operating with minimal cash in excess of a year and despite its attempts to operationalize the facility and raise funding, it was unable to do so. In addition, its landlord, SK 3700 Glover Road Owner LLC, obtained a confession of judgment against it in the Court of Common Pleas, Northampton County, in the amount of USD\$1,189,562.70, which included rental arrears, accelerated rent, and attorney's fees. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February 8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, Grand River Ironsands Incorporated, North Atlantic Iron Corporation and Francis MacKenzie (collectively, the "Defendants"). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

19.2 Regulatory actions – Describe any: **N/A.**

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

- (a) any director or executive officer of the Issuer;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

Except as noted in the "Transactions with Related Parties" section of the MD&A attached as Appendix "B" and as disclosed herein, none of the directors or executive officers of the Corporation, or any person or company that is a direct or indirect beneficial owner of, or who

exercises control or direction over, more than 10% of the common shares of the Corporation, or any associates or affiliates of those persons or companies referred to above has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction during the Corporation's last three financial years or during the Corporation's current financial year or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Corporation or any of its subsidiaries.

The Corporation completed a restructuring and listing which it disclosed in its Listing Statement filed with the CSE on March 29, 2012. Prior to completing the transactions contemplated therein, there were individuals that were instrumental and had a vested interest in getting this proposed restructuring and listing completed. These individuals have significant positions in the Corporation and/or its other subsidiaries.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and shall continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations and situations may arise where such directors and officers shall be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

Auditors: PricewaterhouseCoopers LLP
400-1601 Lower Water Street
Halifax, NS B3J3P6

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

Transfer Agent & Registrar: TSX Trust
200 University Avenue, Suite 300
Toronto, Ontario, M5H 4H1

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

Other than as disclosed in note 8, 9, 12 and 19 of the FS attached as Appendix “A”, the Corporation has not entered into any material contracts.

22.2 If applicable, attach a copy of any co-tenancy, unitholders’ or limited partnership agreement. **N/A.**

23 Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

There is no known interest of what are called “Experts” in this project. The project, as required by regulatory agencies, must rely on qualified persons (“QP”) who shall render independent opinions related to the resource. There are technical people (geologists, geoscientists, mining engineers, iron making engineers, etc.) who have worked on the development of the resource over the past five years and some may or may not have a shareholding position in the Corporation. These people are not deemed to be in a conflict of interest position. In the event that their opinions are required to be material, disclosure of their shareholdings shall be published.

Technical Information

Any technical information provided in this document for the properties are based upon information contained in a Technical Report on the Churchill River property located in Happy Valley-Goose Bay, Newfoundland and Labrador, Canada. The report entitled “Independent Technical Report for the Churchill River Mineral Sands Project, Labrador, Canada” is dated June 17, 2014 and was prepared by SRK Consulting (Canada) Inc. and SRK Consulting (SA) (Pty) Ltd. On behalf of the Corporation’s affiliate, NAIC.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer. **N/A.**

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient. **N/A.**

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation. **N/A.**

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

N/A.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

- (a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and
- (b) a copy of financial statements for any completed interim period of the current fiscal year.

25.2 For Issuers re-qualifying for listing following a fundamental change provide **N/A.**

- (a) the information required in sections 5.1 to 5.3 for the target;
- (b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;
- (c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for: (i) the last full fiscal year of the Issuer, and (ii) any completed interim period of the current fiscal year.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to Metalo Manufacturing Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Halifax, Nova Scotia this 27th day of October, 2020.



Francis MacKenzie

Chief Executive Officer, Director



Jean-Marc MacKenzie

Interim Chief Financial Officer, Director



Appendix "A"

Financial Statements for the years ended June 30, 2020, June 30, 2019 and June 30, 2018



METALO MANUFACTURING INC.

Consolidated Financial Statements

For the year ended June 30, 2020

(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of management of Metalo Manufacturing Inc. (the "Corporation") and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. The Corporation maintains systems of internal accounting and administrative controls in order to ensure that the Corporation's assets are appropriately accounted for and adequately safeguarded, and that the financial information is accurate and reliable.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Audit Committee is composed of three non-management, independent directors and meets periodically with management and the independent auditors to review internal accounting controls, auditing matters and financial reporting issues, and to satisfy itself that all parties are properly discharging their responsibilities. The Audit Committee also reviews the consolidated financial statements and reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders.

"Francis H. MacKenzie"

Francis H. MacKenzie

President and Chief Executive Officer

October 27, 2020



Independent auditor's report

To the Shareholders of Metalo Manufacturing Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Metalo Manufacturing Inc. and its subsidiaries (together, the Corporation) as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at June 30, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1
T: +1 902 491 7400, F: +1 902 422 1166

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk



of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Lessard.

(Signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
October 27, 2020

Metalto Manufacturing Inc.
Consolidated Statements of Financial Position
(Amounts presented in Canadian Dollars)

	June 30 2020 \$	June 30 2019 \$
Assets		
Current assets:		
Cash	325,513	7,138
Other receivables	9,297	15,241
Prepaid and other deposits	-	29,031
Investments	2,800	2,800
	337,610	54,210
Non-current assets:		
Resource properties (Note 4)	57,210,600	57,175,564
Project development costs (Note 5)	1,462,322	1,462,322
Property and equipment (Note 6)	14,187	16,821
	58,687,109	58,654,707
	59,024,719	58,708,917
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	860,835	922,540
Short-term loans (Note 7)	8,692,604	4,892,256
	9,553,439	5,814,796
Non-current liabilities:		
Long-term debt (Note 8)	1,001,993	3,045,388
Deferred taxes (Note 14)	4,518,332	4,984,310
	5,520,325	8,029,698
	15,073,764	13,844,494
Shareholders' equity		
Share capital (Note 9)	9,387,978	9,273,978
Equity component debenture	649,593	649,593
Stock-based payment reserve	1,284,000	1,284,000
Retained earnings	6,183,444	6,756,960
Equity attributable to shareholders	17,505,015	17,964,531
Non-controlling interests	26,445,940	26,899,892
	43,950,955	44,864,423
	59,024,719	58,708,917

Note 1 – Nature of operations and going concern

Note 15 – Commitments and contingencies

Note 18 – Subsequent events

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board

David J. Hennigar

Francis H. MacKenzie

October 27, 2020

Metalco Manufacturing Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Amounts presented in Canadian Dollars)

	Year ended	
	June 30, 2020 \$	June 30, 2019 \$
Operating expenses (Note 12)	(481,102)	(1,149,110)
Depreciation (Note 6)	(3,606)	(4,490)
Interest and bank charges	(827,056)	(561,181)
Interest accretion	(193,804)	(195,281)
Valuation discount applied to term note (Note 8)	-	234,526
Unrealized (loss) on investments	-	(400)
Government assistance benefit (Note 8)	12,122	-
Net loss before taxes	(1,493,446)	(1,675,936)
Income tax recovery (Note 14)	465,978	674,468
Net loss and comprehensive loss	(1,027,468)	(1,001,468)
Net loss and comprehensive loss attributable to:		
Shareholders of the Corporation	(573,516)	(395,938)
Non-controlling interest	(453,952)	(605,530)
	(1,027,468)	(1,001,468)
Basic and diluted loss per share	(\$0.03)	(\$0.02)
Weighted average number of shares outstanding	18,349,944	17,807,026

The accompanying notes form an integral part of these consolidated financial statements.

Metalco Manufacturing Inc.
Consolidated Statements of Changes in Equity
(Amounts presented in Canadian Dollars)

	Number of shares issued	Share capital	Equity component convertible debenture	Stock-based payment reserve	Retained earnings	Total shareholders' equity	Non- controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$
Balance, June 20, 2018	17,697,637	9,173,978	649,593	1,284,000	7,152,898	18,260,469	27,505,422	45,765,891
Net loss and comprehensive loss for the year	-	-	-	-	(395,938)	(395,938)	(605,530)	(1,001,468)
Shares issued in payment of interest (Note 9)	355,758	100,000	-	-	-	100,000	-	100,000
Balance, June 30, 2019	18,053,395	9,273,978	649,593	1,284,000	6,756,960	17,964,531	26,899,892	44,864,423
Balance, June 30, 2019	18,053,395	9,273,978	649,593	1,284,000	6,756,960	17,964,531	26,899,892	44,864,423
Net loss and comprehensive loss for the year	-	-	-	-	(573,516)	(573,516)	(453,952)	(1,027,468)
Shares issued for convertible debt term extension (Note 7)	200,000	14,000	-	-	-	14,000	-	14,000
Share issued in payment of interest (Note 9)	577,420	100,000	-	-	-	100,000	-	100,000
Balance, June 30, 2020	18,830,815	9,387,978	649,593	1,284,000	6,183,444	17,505,015	26,445,940	43,950,955

The accompanying notes form an integral part of these consolidated financial statements.

Metalo Manufacturing Inc.
Consolidated Statements of Cash Flows
(Amounts presented in Canadian Dollars)

	Year ended	
	June 30, 2020 \$	June 30, 2019 \$
Cash flows used in operating activities		
Net loss	(1,027,468)	(1,001,468)
Items not involving cash:		
Depreciation	3,606	4,490
Valuation discount applied to term note (Note 8)	-	(234,526)
Interest capitalized on short-term loans and long-term debt	582,540	455,505
Unrealized loss on investments	-	400
Interest paid by issuance of shares	114,000	100,000
Interest accretion	193,804	195,281
Deferred taxes recovery	(465,978)	(674,468)
Government assistance benefit	(12,122)	-
Changes in non-cash operating working capital		
Other receivables	5,944	(1,730)
Prepaid and other deposits	29,031	22,427
Trade and other payables	(61,705)	519,171
	(638,348)	(614,918)
Cash flow generated from financing activities		
Repayments of short-term loans	(657,305)	(41,092)
Proceeds from short-term loans and long-term debt	1,615,000	635,000
	957,695	593,908
Cash flows used in investing activities		
Purchase of property and equipment	(972)	-
Increase (decrease) in cash during the year	318,375	(21,010)
Cash, beginning of year	7,138	28,148
Cash, end of year	325,513	7,138

The accompanying notes form an integral part of these consolidated financial statements.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



1. NATURE OF OPERATIONS AND GOING CONCERN

Metalo Manufacturing Inc. (“the Corporation”) was incorporated on October 4, 2000 under the laws of the Province of Alberta pursuant to the provisions of the Business Corporations Act. Through its direct and indirect subsidiaries, it is involved in the mining and exploration sector and the manufacturing sector. The Corporation’s Head Office is located at 1400 – 141 Adelaide Street West, Toronto, ON M5H 3L5.

The Corporation’s partially owned subsidiary, Grand River Ironsands Incorporated (“GRI”), has its principal place of business in Nova Scotia. GRI’s majority owned subsidiary, North Atlantic Iron Corporation (“NAIC”), has its principal place of business in Newfoundland and Labrador and GRI’s wholly-owned subsidiary, Pure Fonte Ltée (“Pure Fonte”), has its principal place of business in Quebec.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation and its subsidiaries have not yet determined whether the properties contain mineral reserves that are economically recoverable and whether the development of a pig iron facility will occur. The recoverability of amounts shown for resource properties and project development costs is dependent upon the discovery of economically recoverable reserves and the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has cash on hand of \$325,513 (June 30, 2019 - \$7,138) and has a working capital deficiency of \$9,215,829 (June 30, 2019 - \$5,760,586). The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts on its resource properties and its development plans for its pig iron plant. These uncertainties cast significant doubt upon the Corporation’s ability to continue as a going concern. Management plans to raise additional funds through debt and/or equity financings and is also in negotiations with certain debtholders to extend the maturity date of certain short-term loans coming due in the next year. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Corporation. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses and the balance sheet classifications used that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations and such adjustments could be material.

COVID-19

On March 11, 2020, the World Health Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus (“COVID-19”). The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals may adversely impact the Corporation’s operations and its financial results. This has resulted in significant economic uncertainty, of which the potential impact on the Corporation’s future financial results is difficult to reliably measure.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and statement of compliance

The consolidated financial statements are prepared on the historical cost basis except for certain financial assets that are measured at fair value.

The consolidated financial statements are presented in Canadian dollars which is also the Corporation's functional currency and the functional currency of its Canadian subsidiaries. The functional currency of the US subsidiary is the US dollar.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and were approved and authorized for issuance by the board of directors on October 27, 2020.

(b) Basis of consolidation

These financial statements include the accounts of the Corporation and the following entities:

- 43.9% GRI
A company incorporated in Nova Scotia engaged in the exploration and development of mineral deposits which owns:
 - 90% NAIC
A corporation incorporated in Newfoundland and Labrador engaged in the exploration and development of mineral deposits. (Note 3).
 - 100% Pure Fonte
A corporation incorporated in Canada expected to be engaged in nodular pig iron manufacturing (Note 3).
 - 100% Forks Specialty Metals Inc. ("FSM")
A company incorporated in Pennsylvania engaged in iron ore smelting that filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. (Note 15).

All intercompany transactions and balances have been eliminated on consolidation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(c) Business combinations and non-controlling interests**

The Corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition dates. Acquisition related costs are expensed as incurred.

Transactions with non-controlling interests are treated as transactions with equity owners of the Corporation. For purchases from non-controlling interests that do not involve loss of control, the difference between the fair value of the consideration paid and the share of the carrying value of net assets acquired is recorded in equity. Similarly, gains or losses on disposals to non-controlling interests, which do not involve loss of control, are computed and recorded in equity.

(d) Resource properties

Mineral property expenses and mining reserves are stated at cost by capitalizing related expenditures until they are ready for commercial production. Upon commercial viability, depletion commences on a unit-of-sale basis over the estimated recoverable measured and indicated reserves.

Pre-exploration costs are generally expensed unless management considers it probable that future economic benefits can be identified. Other general exploration expenses are charged to the statement of loss and comprehensive loss as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are charged to the statement of loss and comprehensive loss in the year the disposition or abandonment occurs.

The value associated with resources and exploration potential is allocated at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category, generally as a result of the conversion of resource or exploration potential into reserves. On transfer, the asset is tested for impairment.

(e) Intangible assets

Intangible assets are comprised of the project development costs that have been incurred related to the future investment in a manufacturing facility that management expects to construct. Depreciation will commence once the project is completed.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Restoration, rehabilitation and environmental obligation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises.

(g) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and any impairment. The cost of an item of property and equipment consists of the purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is provided using the declining balance method at the following annual rates:

Assets	Rates
Computer hardware	30%
Office furniture and equipment	20%
Industrial equipment	20%
Automotive equipment	30%

(h) Impairment of non-financial assets

Resource properties that are not subject to amortization, property and equipment and other non-current assets with definite useful lives, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Project development costs, that are not yet available for use, are subject to an annual impairment assessment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of non-financial assets (continued)

Impairment losses may be reversed, except for goodwill, in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

(i) Share issuance cost

Costs incurred for the issuance of common shares are deducted from share capital.

(j) Foreign currency

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. As at the statements of financial position date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognized in the statement of loss and comprehensive loss.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial statements of subsidiaries, affiliates and joint ventures for which the functional currency is not the Canadian dollar are translated into Canadian dollars as follows: all asset and liability accounts are translated at the statement of financial position exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the year. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income (loss) and recorded in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognized in equity are reclassified to the statement of loss and comprehensive loss and recognized as part of the gain or loss on disposal.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss) in the translation reserve.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in the statement of loss and comprehensive loss in the year which included the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Stock-based compensation

Stock-based awards that are direct awards of stock to employees or directors, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by issuing equity instruments, are accounted for using the Black-Scholes option pricing model. The cost is recognized on a straight-line graded method basis adjusted for expected forfeitures as an employee or director expense with a corresponding increase to equity in stock-based payment reserve. Consideration paid by employees or directors on the exercise of stock options is recorded as share capital.

Stock-based payments with parties other than employees, assumes a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. In certain circumstances, the Corporation rebuts this presumption because it cannot estimate reliably the fair value of the goods or services received. The Corporation then measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

(m) Financial instruments

(i) Financial assets and liabilities

The Corporation classifies its financial instruments in the following measurement categories: fair value through profit and loss (“FVTPL”); fair value through other comprehensive income (“FVOCI”); or amortized cost. Management determines the classification of its financial instruments at initial recognition.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(i) Financial assets and liabilities (continued)

The Corporation recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification. Transaction costs that are directly attributable to the acquisition or issue of financial instruments, other than financial instruments at FVTPL, are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at FVTPL are recognized immediately in net income (loss).

Financial assets are subsequently measured at:

- Amortized cost if it is held for the purposes of collecting contractual cash flows with such cash flows solely comprising payments of principal and interest on the principal amount outstanding;
- FVOCI if it is held for the purposes of collecting contractual cash flows and selling financial assets with such cash flows solely comprising payments of principal and interest on the principal amount outstanding; or irrevocably designated as such upon initial recognition; and
- FVTPL if it is neither classified as subsequently measured at amortized cost nor FVOCI or irrevocably designated as such upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest rate method.

The Corporation's financial assets include cash, investments and other receivables. The Corporation's financial liabilities include trade and other payables, short-term loans and long-term debt. Classification of these financial instruments is as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash	Amortized cost
Investments	FVTPL
Other receivables	Amortized cost
Trade and other payables	Amortized cost
Short-term loans	Amortized cost
Long-term debt	Amortized cost

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(i) Financial assets and liabilities (continued)

Financial assets are derecognized when the Corporation's rights to cash flows from the respective assets have expired or have been transferred and the Corporation has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss and comprehensive loss.

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: Includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: Includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: Includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The only financial instruments measured at fair value are the investments. The investments are classified as Level 1 (shares in a public company) with a book value of \$2,800 (2019 - \$2,800).

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(ii) Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

- Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- FVTPL financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on FVTPL equity instruments are not reversed.

(n) Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Loss per share

Basic earnings per share amounts are calculated by dividing net income (loss) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive ordinary shares into common shares. For the years ended June 30, 2020 and 2019, all dilutive instruments are anti-dilutive. As a result, basic and diluted earnings are the same.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(p) New accounting standards adopted by the Corporation****IFRS 16 “Leases”**

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. As a lessee, an entity recognizes a right-of-use asset representing its right-to-use the underlying asset and a lease liability representing its obligation to make lease payments.

Effective July 1, 2019, the Corporation adopted IFRS 16 using the modified retrospective transition method. As at the transaction date, the Corporation had no leases in place and therefore, there was no impact to the financial statements.

(q) Critical accounting estimates and judgments

The preparation of consolidated financial statements under IFRS requires the Corporation to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates.

Control of subsidiaries

The determination of control of subsidiaries involves significant judgment. De facto control exists in circumstances when an entity owns less than 50% voting rights in another entity but has control for reason other than voting rights or contractual and other statutory means. The consolidated financial statements include the results of GRI and its subsidiaries as management has determined that the Corporation has de facto control over GRI and its subsidiaries. The Corporation has the practical ability to direct the relevant activities of GRI and its subsidiaries. The Corporation directly owns 43.9% of GRI, with the remaining shareholders being widely dispersed, each holding less than 3%.

Recoverability of resource properties

At the end of each reporting year, the Corporation assesses each of its resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the year for which the Corporation has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Critical accounting estimates and judgments (continued)

Recoverability of resource properties (continued)

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Corporation does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

Other non-financial assets

Management assesses impairment of non-financial assets such as intangible assets and property and equipment. In assessing impairment, management estimates the recoverable amount of each asset or CGU based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Deferred income taxes

The Corporation is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the year of changes.

Each year, the Corporation evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for gold, production costs, quantities of proven and probable reserves, interest rates and foreign currency exchange rates.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Critical accounting estimates and judgments (continued)

Share-based payments

The Corporation makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

3. INVESTMENT IN SUBSIDIARY COMPANIES

In March 2018, GRI, NAIC, Pure Fonte and Petmin Limited (“Petmin”) agreed to complete a restructuring transaction summarized as follows. Prior to the restructuring, Petmin was a 40% shareholder of NAIC and it is now a 10% shareholder of NAIC. On February 13, 2019, GRI and Petmin agreed to release their option on each other’s projects.

During the year ended June 30, 2018, Petmin purchased from NAIC the rights to the use of the “Tenova Process” which was classified as an intangible asset. The agreement permits either party to construct a pig iron facility in specified locations, Ohio, USA for Petmin and Quebec, Canada for GRI. These exclusive rights will expire in the event either of the parties have not commenced the construction of a pig iron facility within three years of the date of the agreement. Following the transaction with Petmin, NAIC transferred 100% of its investment and ownership position in the proposed pig iron facility to Pure Fonte in consideration of reduction of a portion of its debt owing to GRI. NAIC retained 100% ownership of the mineral resources at Goose Bay, with GRI holding 90% of its shares and Petmin holding a 10% dilutable ownership position in NAIC.

4. RESOURCE PROPERTIES

	June 30, 2020 \$	June 30, 2019 \$
Labrador Mineral Sands		
Balance, beginning of year	57,175,564	57,170,334
Accretion adjustment related to loan extension (Note 8)	-	(26,802)
Accretion capitalized to resource properties	35,036	32,032
Balance, end of year	57,210,600	57,175,564

The Labrador Mineral Sands relate to licenses held by NAIC, which include land on the north side of the Churchill River and to the west of Happy Valley, Goose Bay, NL. Additions to resource properties includes accretion on the ACOA loan (Note 8).

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



4. RESOURCE PROPERTIES (continued)

Commencing in 2015, NAIC began pursuing the evaluation of accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include feldspar, garnets, iron ore and silica quartz. In 2017, NAIC made the decision to abandon further evaluation of the iron ore with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties. In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC concluded that the carrying amount of the resource properties is recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require material adjustment to the carrying amount of the resource properties in the future.

5. PROJECT DEVELOPMENT COSTS

The Corporation is planning the development of a low cost North American producer of foundry grade pig iron. The costs incurred to date relate primarily to a Bankable Feasibility Study.

Costs incurred and disposals to date are as follows:

	June 30, 2020 \$	June 30, 2019 \$
Balance, beginning and end of year	1,462,322	1,462,322

6. PROPERTY AND EQUIPMENT

	Computer equipment \$	Industrial equipment \$	Office equipment \$	Total \$
For the year ended June 30, 2020				
Opening net book value	1,595	15,000	226	16,821
Additions	972	-	-	972
Depreciation	(561)	(3,000)	(45)	(3,606)
Net book value	2,006	12,000	181	14,187
As at June 30, 2020				
Cost	3,250	18,751	282	22,283
Accumulated depreciation	(1,244)	(6,751)	(101)	(8,096)
Net book value	2,006	12,000	181	14,187

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



7. SHORT-TERM LIABILITIES

The loan balances in the following table include interest accrued.

	June 30, 2020 \$	June 30, 2019 \$
(i) Short-term loan, interest at 6%, due December 31, 2020	314,611	296,309
(ii) Short-term loan, interest at 10%, due April 16, 2021	1,000,000	-
(iii) Short-term loan, interest at 6%, due on demand	2,889,158	2,721,090
(iv) Short-term loan from related party, interest at 12%, due August 31, 2020 (Note 18)	2,488,835	-
(v) Convertible debentures		
Amount outstanding, beginning of year	1,874,857	1,725,135
Accretion expense	125,143	149,722
Balance, end of year	2,000,000	1,874,857
Balance, end of year	8,692,604	4,892,256

- (i) On August 25, 2016, GRI borrowed \$250,000 from a third party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants (Note 10) exercisable on or before August 25, 2019 at an exercise price of \$0.01 per share. The repayment date in the original loan agreement has been extended to December 31, 2020 and the warrant expiry date has been extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$314,611.
- (ii) On April 16, 2020, MMI received a loan of \$1,000,000 from a third party, bearing interest at 10% per annum payable monthly interest payments of \$8,333. The loan agreement includes the issuance of 100,000 warrants (Note 10), with each warrant entitling the lender to acquire one common share of MMI at an exercise price of \$0.15 per share for a period of two years.
- (iii) On September 29, 2016, GRI borrowed \$250,000 from Forest Lane Holdings Limited ("FLH"), a company controlled by a director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants (Note 10) exercisable on or before September 29, 2019 at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly, to GRI in the amount of \$2,105,000. The loan and line of credit have subsequently been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly. The original loan amount was increased by an additional \$14,000 on March 14, 2019, bringing the total loan amount to \$2,369,000. The warrant expiry time was also extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$2,889,158.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



7. SHORT-TERM LIABILITIES (continued)

(iv) On August 31, 2017, GRI received from David J. Hennigar, chairman of the Corporation, a loan of \$2,000,000, bearing interest at 12% per annum payable monthly. During the year ended June 30, 2019, the maturity date of the loan was extended to August 2020 and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share. Subsequent to year end, a loan extension was signed extending the payment of principal, without penalty, on or before August 31, 2022 (Note 18). Including accrued interest, the balance outstanding at June 30, 2020, totaled \$2,488,835.

(v) Convertible debenture

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000 with FLH. The debenture matures on November 1, 2020, extended from May 1, 2020, and bears interest at 5% per annum payable quarterly and in previous years was reflected in long-term debt. The debenture is convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.80 per common share if exercised within 12 months of closing and will increase by \$0.05 per common share on the anniversary date each year thereafter until the maturity date.

As consideration for the extension to the maturity date, 200,000 common shares of the Corporation have been issued to FHL at market value of \$ 0.07/share on May 1, 2020. A four-month hold will apply on the issuance. The Amending Agreement and share issuance were approved unanimously by independent members of the Board of Directors the date before issuance.

At the option of the Corporation, quarterly interest may be converted into common shares of the Corporation at a conversion price equal to the volume-weighted average trading price of the shares for the 20 consecutive trading days ending on the fifth trading day preceding the determination date. The determination date is 15 business days prior to the payment date. The debenture will not be listed on the CSE, however the common shares issued upon any conversion will be listed and will be subject to a four-month hold period from the date of issuance.

The debenture is a compound financial instrument and as such has been recorded as a liability and as equity. The liability component was valued first and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using a discount rate of 14% which approximated the interest rate that would have been applicable to non-convertible debt of the Corporation at the time the debenture was issued. The liability component will be accreted to the face value of the liability using the effective interest method. The accretion of the liability is charged at an effective interest rate of 14% such that at maturity the liability component is equal to the face value of the outstanding debenture.

Loan issued and repaid during the year

On September 18, 2019, a six-month loan (further extended to June 18, 2020), guaranteed by the Corporation, in the amount of \$575,000, was provided to GRI by a non-related party. The loan bears an interest rate of 24% per annum. The lender withheld an interest reserve of \$62,500 from the proceeds disbursed to GRI. This loan was fully repaid and discharged on May 1, 2020.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



8. LONG-TERM DEBT

ACOA loan

In fiscal 2012, NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000 related to resource properties. The loan is repayable in five annual equal and consecutive installments commencing six months after the end of the fiscal year in which “Project Success” is achieved. It is anticipated that management has estimated that Project Success will be achieved in the fiscal year ending June 30, 2022 and the repayments will commence in December 2022.

Term loan

On July 5, 2018, an unsecured loan in the amount of \$621,000 was provided to Pure Fonte by a non-related party. The loan bears interest at a rate of 5% per annum and matures three years from the date of receipt. The interest shall accrue and will be capitalized to the end of term. The principal and accumulated interest can be converted into shares at the option of the holder discounted by 25%. The loan can be paid in advance, however, is subject to a 15% penalty. The value of the loan has been discounted using an effective interest rate of 20%.

CEBA loan

On May 5, 2020, GRI received an interest-free loan of \$40,000 through the Canada Emergency Business Account program. This loan was created by the federal government to assist businesses during the COVID-19 pandemic. 25% of the loan is forgivable (up to \$10,000) if GRI repays the loan on or before December 31, 2022. If the loan is not repaid by that date, the loan can be converted to a three-year term loan bearing interest of 5% per annum. A government assistance benefit of \$12,122 was recognized during the year.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)

**8. LONG-TERM DEBT** (continued)

	June 30, 2020 \$	June 30, 2019 \$
ACOA loan		
Loan amount, beginning of year	373,497	368,267
Accretion adjustment related to loan extension	-	(26,802)
Accretion capitalized to resource properties	35,037	32,032
Balance, end of year	408,534	373,497
Short-term loan (Notes 7 (iv))		
Loan amount, beginning of year	-	2,000,000
Accrued interest	-	208,354
Balance, end of year	-	2,208,354
Term loan		
Principal amount discounted	463,537	386,474
Accretion expense	68,313	45,559
Accrued interest	33,383	31,504
Balance, end of year	565,233	463,537
CEBA loan		
Loan amount, beginning of year	27,878	-
Accrued interest	348	-
Balance, end of year	28,226	-
Total	1,001,993	3,045,388

The future minimum payments associated with the above debt instruments are as follows:

	\$
2021	-
2022	621,000
2023	40,000
Thereafter	500,000

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



9. SHARE CAPITAL

On November 1, 2018, the Corporation issued 65,789 common shares to FLH. This represents interest due November 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.38 per share, which is the volume-weighted trading price for the 20 trading days ended October 3, 2018.

On February 1, 2019, the Corporation issued 87,719 common shares to FLH. This represents interest due February 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2850 per share, which is the volume-weighted trading price for the 20 trading days ended January 4, 2019.

On May 1, 2019, the Corporation issued 132,899 common shares to FLH. This issuance represents interest due May 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1881 per share, which is the volume-weighted trading price for the 20 trading days ended April 4, 2019.

On August 1, 2019, the Corporation issued 85,749 common shares to FLH. This represents interest due August 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2915 per share, which is the volume-weighted trading price for the 20 trading days ended July 11, 2019.

On November 1, 2019, the Corporation issued 90,171 common shares to FLH. This represents interest due November 1, 2019, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$ 0.2773 per share, which is the volume-weighted trading price for the 20 trading days ended October 31, 2019. The securities are subject to a four-month hold period following the date of issuance.

On February 1, 2020, the Corporation issued 240,989 common shares to FLH. This represents interest due February 1, 2020, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1037 per share, which is the volume-weighted trading price for the 20 trading days ended January 6, 2020. The securities are subject to a four-month hold period following the date of issuance.

On May 1, 2020, the Corporation issued 160,511 common shares to FLH. This represents interest due May 1, 2020, in the aggregate amount of \$ 25,000 on a convertible debenture and was made at a deemed price of \$0.1558 per share, which is the volume-weighted trading price for the 20 trading days ended April 2, 2020. The securities are subject to a four-month hold period following the date of issuance.

On May 1, 2020, the Corporation also entered into an amending agreement with FLH, to extend the term of the debenture. The maturity date of the debenture has been extended to November 1, 2020. As consideration for the extension to the maturity date, 200,000 common shares in the capital stock of the Corporation were issued at the market value as at April 30, 2020. (\$0.07 per share).

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements
For the year ended June 30, 2020
(Amounts presented in Canadian Dollars)



9. SHARE CAPITAL (continued)

COMMON STOCK OUTSTANDING	Number of shares #	Amount \$
Authorized: Unlimited number of common shares without par value		
Issued and outstanding, June 30, 2018	17,697,637	9,173,978
Issued in payment of interest	355,758	100,000
Issued and outstanding, June 30, 2019	18,053,395	9,273,978
Issued in payment of interest	577,420	100,000
Issued in for convertible debt term extension (Note 7 (v))	200,000	14,000
Issued and outstanding, June 30, 2020	18,830,815	9,387,978

10. WARRANTS

The following is a summary of the warrants outstanding as at June 30, 2020:

	Outstanding and exercisable as at June 30, 2020			
	Number #	Exercise price \$	Expiry date	Issuance date \$
GRI warrants (Note 7 (i))	50,000	0.01	December 31, 2020	August 25, 2016
GRI warrants (Note 7 (iii))	50,000	0.01	December 31, 2020	September 29, 2016
MMI warrants (Note 7(ii))	100,000	0.15	April 16, 2022	April 16, 2020
	200,000	0.13		

11. STOCK-BASED COMPENSATION PLAN

The Board of Directors has established a stock option plan under which options to purchase common shares are granted to directors, officers and key employees of the Corporation. Options to acquire common shares are granted at option prices which shall be not less than the fair market value of the shares at the time the option is granted. Fair market value shall be deemed to be the average between the highest and lowest prices at which the common shares are traded on the day the option is granted and if not traded, the average between the closing bid and asked prices thereof as reported for the day on which the option is granted. Options expire between one and ten years from the date of the grant.

The Corporation has reserved 3,450,203 (2019 - 3,450,203) common shares pursuant to the stock option plan. There are 2,034,000 (2019 - 2,114,000) options to acquire common shares outstanding under the plan as at June 30, 2020. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



11. STOCK-BASED COMPENSATION PLAN (continued)

No stock options were issued for the year ended June 30, 2020 or for the year ended June 30, 2019.

Options outstanding and exercisable

Number of options outstanding	Expiry date	Exercise price \$	Number of options exercisable
144,000	28-May-2022	0.65	144,000
450,000	30-Nov-2022	0.65	450,000
985,000	6-Dec-2023	0.85	985,000
455,000	8-Dec-2024	0.75	455,000
2,034,000		0.77	2,034,000

GRI stock option plan

The Board of Directors of GRI has established a stock option plan under which options to purchase common shares are granted to directors, officers, and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors and expire five years from the date of the grant.

GRI has reserved 2,376,933 (2019 - 2,376,933) common shares pursuant to the stock option plan. There are 150,000 (2019 - 548,000) options to acquire common shares outstanding under the plan as at June 30, 2020. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vest immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of \$nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the options of 5 years.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



11. STOCK-BASED COMPENSATION PLAN (continued)

	Continuity of stock options issued and outstanding			
	June 30, 2020		June 30, 2019	
	Number of stock options #	Weighted average exercise price \$	Number of options exercisable \$	Weighted average exercise price \$
Beginning balance	598,000	2.20	1,048,000	2.15
Expired	(448,000)	2.10	(450,000)	2.10
Ending balance	150,000	2.50	598,000	2.20

GRI options outstanding and exercisable – June 30, 2020

Number of options outstanding	Expiry date	Exercise price \$	Number of options exercisable
150,000	May 27, 2021	2.50	150,000

12. EXPENSES BY NATURE

	Year-to-date	
	June 30, 2020 \$	June 30, 2019 \$
Operating expenses		
Utilities	7,005	2,046
Dues and fees	21,526	19,336
Foreign exchange loss (gain)	7,950	(403)
General and administrative	21,159	8,690
Insurance	1,458	3,500
Management and consulting fees	145,408	653,011
Professional fees	141,159	160,670
Rental	3,878	40,389
Travel	82,761	142,064
Salaries and wages	48,798	119,807
	481,102	1,149,110

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



13. RELATED PARTY TRANSACTIONS

In addition to the related party loans described in Notes 7 and 8, the Corporation has the following related party transactions. The compensation expense associated with key management, directors and employees for services is as follows:

	Year ended	
	June 30, 2020	June 30, 2019
	\$	\$
Management fees	224,511	401,000
Consulting fees	12,600	11,216
Directors fees	14,000	14,350
Salaries and benefits	48,798	204,307
Operating expenses	299,909	630,873

The Corporation has issued shares in lieu of payment of interest on a related party loan as described in Note 7.

14. INCOME TAXES

The Corporation's income taxes have been calculated as follows:

	Year ended	
	June 30, 2020	June 30, 2019
	\$	\$
Loss before income taxes	(1,493,446)	(1,675,935)
Combined Federal and Provincial tax rate	31%	31%
Expected recovery at statutory rates	(462,968)	(519,540)
Unrecognized tax assets	34,934	142,423
Subsidiaries rate differential	35,607	56,634
Other	(73,551)	(353,985)
Deferred tax recovery	(465,978)	(674,468)

Deferred tax liability consists of:

	Year ended	
	June 30, 2020	June 30, 2019
	\$	\$
Non-capital losses	6,379,304	6,220,523
Resource properties	(10,941,720)	(11,281,283)
Property and equipment	577	1,824
Long-term debt	42,218	75,494
Investment	1,289	(868)
	(4,518,332)	(4,984,310)

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



14. INCOME TAXES (continued)

Expiry of non-capital losses	\$
2028	22,819
2029	25,260
2030	22,113
2031	145,349
2032	110,470
2033	1,141,074
2034	2,169,465
2035	2,328,885
2036	7,090,725
2037	7,483,943
2038	1,581,843
2039	1,710,077
2040	1,312,419
	<u>25,144,442</u>

15. COMMITMENTS AND CONTINGENCIES

On December 28, 2017, FSM, a wholly-owned subsidiary of GRI, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern district of Pennsylvania. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February 9, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of FSM against the Corporation, GRI, NAIC and Francis MacKenzie (collectively, the “Defendants”). The trustee is alleging that the Defendants are responsible for the debts of FSM. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is going to court. No provisions have been recognized in the consolidated financial statements related to this matter.

16. MANAGEMENT OF CAPITAL

The Corporation defines capital that it manages as the aggregate of its long-term debt and shareholders’ equity attributable to the Corporation. Its objective when managing capital is to ensure that the Corporation will continue as a going concern, so that it can provide returns to its shareholders. See Note 1.

	2020	2019
	\$	\$
Long-term debt	1,001,993	3,045,388
Share capital	9,387,978	9,273,978
Equity component convertible debenture	649,593	649,593
Stock-based payment reserve	1,284,000	1,284,000
Retained earnings	6,183,444	6,756,960
	<u>18,507,008</u>	<u>21,009,919</u>

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



16. MANAGEMENT OF CAPITAL (continued)

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Corporation is not subject to any externally imposed capital requirements or debt covenants and does not presently utilize any quantitative measures to monitor its capital. The Corporation's overall strategy with respect to management of capital remains unchanged from the year ended June 30, 2019.

17. FINANCIAL INSTRUMENTS

The carrying amounts reported on the financial statements for cash, amounts receivable, trade and other payables and short-term loans all approximate their fair values due to their immediate or short-term nature. Management believes the carrying amounts of long-term debt also approximate their fair values, as they believe the effective interest rates used by management in determining the carrying values of long-term debt continue to be appropriate.

Risk disclosures

The main risks the Corporation's financial instruments could be exposed to are credit risk, liquidity risk, foreign exchange risk and interest rate risk.

Credit risk

Trade and other payables are due in the next 12 months. The Corporation's credit risk is primarily attributable to its cash. The Corporation places its cash with high quality financial institutions and in reliable trust accounts in Canada, and as result, believes its exposure to credit risk is minimal.

Liquidity risk

The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. To the extent that the Corporation does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through debt or equity transactions. The Corporation manages its liquidity risk by continuously monitoring forecasts and actual cash flows from operations. In recent years, additional loans from directors/shareholders and new equity financing have provided the necessary liquidity required. Trade and other payables are due within 12 months. See Note 1 for additional disclosure on the Corporation's ability to continue as a going concern.

Foreign currency risk

The Corporation has limited US dollar exposure, however, maintains some US denominated bank accounts to settle trade payables denominated in US dollars. A five percent change in the US dollar to Canadian dollar exchange rate would not have a significant impact on the consolidated financial statements.

Interest rate risk

The Corporation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements

For the year ended June 30, 2020

(Amounts presented in Canadian Dollars)



18. SUBSEQUENT EVENTS

On August 4, 2020, the Corporation issued 127,660 common shares to FLH. This represents interest due August 1, 2020 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1958 per share, which is the volume-weighted trading price for the 20 trading days ended July 13, 2020. The securities are subject to a four-month hold period following the date of issuance.

On October 8, 2020, the Corporation reached an agreement with David J. Hennigar to extend the maturity date of its \$2,000,000 loan to August 31, 2022 (Note 7).

19. SEGMENTED INFORMATION

As at June 30, 2020, the Corporation had two operating business segments;

1. NAIC, a private corporation, incorporated under the Corporations Act of Newfoundland and Labrador, is a development stage enterprise in the process of exploring its mineral properties in Newfoundland and Labrador, Canada. It is a majority owned subsidiary of GRI.
2. PURE FONTE, a federally incorporated private entity created under the Canada Business Corporations Act and registered extra-provincially in Quebec to be engaged in the production of pig iron. It is a wholly-owned subsidiary of GRI.

	NAIC		Pure Fonte		Corporate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Operating expenses	(24,941)	(1,275)	(62,078)	(387,882)	(394,083)	(760,352)	(481,102)	(1,149,509)
Depreciation and amortization	(2,680)	(3,369)	-	-	(926)	(1,121)	(3,606)	(4,490)
Interest and bank charges	(824)	(666)	(133,511)	(34,635)	(692,721)	(525,880)	(827,056)	(561,181)
Interest accretion	-	-	(68,313)	(45,559)	(125,491)	(149,722)	(193,804)	(195,281)
Valuation discount on term loan	-	-	-	-	-	234,526	-	234,526
Government assistance benefit	-	-	-	-	12,122	-	12,122	-
Segment income (loss) before taxes	(28,445)	(5,310)	(263,902)	(468,076)	(1,201,099)	(1,202,549)	(1,493,446)	(1,675,935)
Total assets	53,915,899	54,230,038	1,466,939	1,464,640	3,641,881	3,014,239	59,024,719	58,078,917
Total liabilities	570,757	864,211	621,193	562,724	13,881,814	12,417,559	15,073,764	13,844,494

The Corporation's Board of Directors evaluates the performance of these segments and allocates resources to them based on certain performance measures. Segment earnings correspond to each business' earnings from operations. The Corporation's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes.



METALO MANUFACTURING INC.

Audited Consolidated Financial Statements

For the year ended June 30, 2019

(expressed in Canadian dollars)

Management's Responsibility for Financial Information

The consolidated financial statements, the notes thereto and other financial information contained in the management's discussion and analysis are the responsibility of management of Metalo Manufacturing Inc. (the "Corporation") and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. The Corporation maintains systems of internal accounting and administrative controls in order to provide reasonable assurance that the Corporation's assets are appropriately accounted for and adequately safeguarded, and that financial information is accurate and reliable.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management's discussion and analysis.

The Audit Committee is composed of three non-management, independent directors and meets periodically with management and the independent auditors to review internal accounting controls, auditing matters and financial reporting issues, and to satisfy itself that all parties are properly discharging their responsibilities. The Audit Committee also reviews the consolidated financial statements and the management's discussion and analysis of financial results and reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders.

"Francis H. MacKenzie"

Francis H. MacKenzie
President and Chief Executive Office

"C. H. Bert Loveless"

C.H. (Bert) Loveless
Interim Chief Financial Officer

October 28, 2019



Independent auditor's report

To the Shareholders of Metalo Manufacturing Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Metalo Manufacturing Inc. and its subsidiaries (together, the Company) as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at June 30, 2019 and 2018;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1
T: +1 902 491 7400, F: +1 902 422 1166



Other information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk



of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Lessard.

(signed) *"PricewaterhouseCoopers LLP"*

Chartered Professional Accountants, Licensed Public Accountants

Halifax, Nova Scotia
October 28, 2019

Metalo Manufacturing Inc.



Financial Information

June 30, 2019

<u>Contents</u>	<u>Page</u>
Consolidated Statements of Financial Position	1
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	2
Consolidated Statements of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 29

Metalto Manufacturing Inc.
Consolidated Statements of Financial Position
(Amounts presented in Canadian Dollars)



	30-Jun 2019 \$	30-Jun 2018 \$
Assets		
Current assets:		
Cash	7,138	28,148
Other receivable	15,241	13,511
Prepaid and other deposits	29,031	51,457
Investments (Note 4)	2,800	3,200
	54,210	96,316
Non-current assets:		
Resource properties (Note 5)	57,175,564	57,170,334
Project development costs (Note 6)	1,462,322	1,462,322
Property and equipment (Note 7)	16,821	21,311
	58,654,707	58,653,967
	58,708,917	58,750,283
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	922,540	403,369
Short-term loans (Note 8)	4,892,256	4,828,844
	5,814,796	5,232,213
Non-current liabilities:		
Long-term debt (Note 9)	3,045,388	2,093,401
Deferred taxes (Note 15)	4,984,310	5,658,778
	8,029,698	7,752,179
	13,844,494	12,984,392
Shareholders' equity		
Share capital (Note 10)	9,273,978	9,173,978
Equity component convertible debenture	649,593	649,593
Stock based payment reserve	1,284,000	1,284,000
Retained earnings	6,756,960	7,152,898
Equity attributable to shareholders	17,964,531	18,260,469
Non-controlling interests	26,899,892	27,505,422
	44,864,423	45,765,891
	58,708,917	58,750,283

Note 1 - Nature of operations and going concern

Note 16 - Commitments and contingencies

Note 19 - Subsequent events

The accompanying notes form an integral part of these consolidated financial statements

Approved on behalf of the Board:

David J. Hennigar

Francis H. MacKenzie

October 28, 2019

Metalto Manufacturing Inc.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Amounts presented in Canadian Dollars)



	year ended	
	30-Jun-19	30-Jun-18
	\$	\$
Operating expenses (Note 12)	(1,149,110)	(1,303,497)
Depreciation (Note 7)	(4,490)	(12,793)
Interest and bank charges	(561,181)	(495,258)
Interest accretion	(195,281)	(130,268)
Gain on deconsolidation of subsidiary debt	-	1,562,459
Gain on sale of intangible asset (Note 6)	-	2,249,678
Impairment of property & equipment (Note 7)	-	(20,609)
Gain on disposition of equipment	-	6,177
Valuation discount applied to term note (Note 9)	234,526	-
Realized (loss) on sale of investments (Note 4)	-	(1,563)
Unrealized (loss) on investments (Note 4)	(400)	(2,560)
Net income (loss) before taxes	(1,675,936)	1,851,766
Income tax recovery expense (Note 15)	674,468	(100,845)
Net income (loss) and comprehensive income (loss)	(1,001,468)	1,750,922
Net income (loss) attributable to:		
Shareholders of the Corporation	(395,938)	391,878
Non-controlling interest	(605,530)	1,359,044
Net income (loss) and comprehensive income (loss)	(1,001,468)	1,750,922
Net income (loss) per share (Note 14)	(\$0.02)	\$0.02
Weighted average number of shares outstanding (Note 10)	17,807,026	17,584,713
<i>The accompanying notes form an integral part of these consolidated financial statements</i>		



Metalto Manufacturing Inc.
Consolidated Statement of Changes in Equity
(Amounts presented in Canadian Dollars)

	Number of Shares Issued	Share Capital	Equity			Accumulated			Total Shareholders Equity	Non- controlling interest	Total Equity
			Component Convertible Debtenture	Stock based payment reserve	Retained Earnings	Other Comprehensive Income	Shareholders Equity	controlling interest			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance June 30, 2017	17,481,402	9,073,978	649,593	1,284,000	3,332,273	175,365	14,515,209	31,856,722	46,371,931		
Net income and comprehensive income for the period	-	-	-	-	391,878	-	391,878	1,359,044	1,750,922		
Other comprehensive income (loss) for the period	-	-	-	-	-	(175,365)	(175,365)	(223,192)	(398,557)		
Comprehensive income (loss) for the period	-	-	-	-	391,878	(175,365)	216,513	1,135,852	1,352,365		
Shares issued in payment of interest (Note 10)	216,235	100,000	-	-	-	-	100,000	-	100,000		
Change in non-controlling interest on restructuring of subsidiary (Note 3)	-	-	-	-	3,428,747	-	3,428,747	(5,487,152)	(2,058,405)		
Balance June 30, 2018	17,697,637	9,173,978	649,593	1,284,000	7,152,898	-	18,260,469	27,505,422	45,765,891		
Balance June 30, 2018	17,697,637	9,173,978	649,593	1,284,000	7,152,898	-	18,260,469	27,505,422	45,765,891		
Net income (loss) and comprehensive (loss) for the period	-	-	-	-	(395,938)	-	(395,938)	(605,530)	(1,001,468)		
Shares issued in payment of interest (Note 10)	355,758	100,000	-	-	-	-	100,000	-	100,000		
Contributed Surplus Pure Fonte Loan acquired below cost	-	-	-	-	-	-	-	-	-		
Balance June 30, 2019	18,053,395	9,273,978	649,593	1,284,000	6,756,960	-	17,964,531	26,899,892	44,864,423		

The accompanying notes form an integral part of these consolidated financial statements

Metalo Manufacturing Inc.
Consolidated Statements of Cash Flows
(Amounts presented in Canadian Dollars)



	year ended	
	30-Jun-19	30-Jun-18
	\$	\$
Cash flows generated from operating activities:		
Net Income (Loss)	(1,001,468)	1,750,922
Items not involving cash:		
Depreciation	4,490	12,793
Gain on sale of intangible asset	-	(2,249,678)
Gain on deconsolidation subsidiary debt	-	(1,562,459)
Valuation discount applied to term note (Note 9)	(234,526)	-
Impairment of property & equipment	-	20,609
Loss (gain) on sale of investments	-	(1,563)
Interest capitalized on term note and loans	455,505	-
Unrealized gain on investments	400	(2,560)
Interest paid by issuance of shares	100,000	100,000
Interest accretion	195,281	130,268
Deferred taxes	(674,468)	100,845
Changes in non-cash operating working capital		
Other receivables	(1,730)	50,497
Prepaid and other deposits	22,427	299,562
Trade and other payables	519,171	(2,284,730)
	(614,918)	(3,635,494)
Cash flow generated from financing activities:		
Repayments of short-term loans	(41,092)	-
Proceeds from short term loans	14,000	4,128,630
Proceeds from term note	621,000	(693,181)
	593,908	3,435,449
Cash		
Sale of investments	-	13,155
Proceeds from sale of equipment	-	46,000
	-	59,155
Decrease in cash during the period	(21,010)	(140,891)
Cash, beginning of period	28,148	169,039
Cash, end of period	7,138	28,148

The accompanying notes form an integral part of these consolidated financial statements



1. NATURE OF OPERATIONS AND GOING CONCERN

Metalo Manufacturing Inc. (“the Corporation”) was incorporated on October 4, 2000, under the laws of the Province of Alberta pursuant to the provisions of the Business Corporations Act. Through its direct and indirect subsidiaries, it is involved in the mining and exploration sector and the manufacturing sector. The Corporation’s Head Office is located at 1400 – 141 Adelaide Street West, Toronto, ON M5H 3L5.

The Corporation’s partially owned subsidiary, Grand River Ironsands Incorporated (“GRI”), has its principal place of business in Newfoundland and Labrador. GRI’s majority owned subsidiary, North Atlantic Iron Corporation, has its principal place of business in Newfoundland and Labrador and GRI’s wholly owned subsidiary, Pure Fonte Ltée, has its principal place of business in Quebec. GRI’s subsidiary, Forks Specialty Metals Inc., had its principal place of business in Pennsylvania, USA.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation and its subsidiaries have not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary’s interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has cash on hand of \$7,138 (June 30, 2018 - \$28,148), and has a working capital deficiency of \$5,760,585 (June 30, 2018 - \$5,135,897). The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These matters and conditions indicate a material uncertainty upon the Corporation’s ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Statement of Compliance

These consolidated financial statements are prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

These consolidated financial statements are presented in Canadian dollars which is also the Corporation’s functional currency and the functional currency of its Canadian subsidiaries. The functional currency of the US subsidiary is the US dollar.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in the Chartered Professional Accountants of Canada Handbook–Accounting – Part 1 (“CPA Canada Handbook”), which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and were approved and authorized for issue by the board of directors on October 28, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation

These financial statements include the accounts of the Corporation and the following entities:

- 43.9% (2018 – 43.9%) Grand River Ironsands Incorporated (“GRI”)
A company incorporated in Nova Scotia engaged in the exploration and development of mineral deposits which owns;
- 100% (2018 – 100%) Forks Specialty Metals Inc. (“FSM”)
A company incorporated in Pennsylvania engaged in iron ore smelting that filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. (Note 3)
- 90% (2018 – 90%) North Atlantic Iron Corporation (“NAIC”)
A corporation incorporated in Newfoundland and Labrador engaged in the exploration and development of mineral deposits. (Note 3)
- 100% (2018 - 100%) Pure Fonte Ltée (“Pure Fonte”)
A corporation incorporated in Canada expected to be engaged in nodular pig iron manufacturing (Note 3)

In March, 2018 a restructuring transaction occurred between Petmin and GRI resulting in significant changes in ownership of NAIC. Refer to Investment in Subsidiaries - Note 3 - for additional explanation.

All inter-company transactions and balances have been eliminated on consolidation.

(c) Business combinations, goodwill and non-controlling interests

The acquisition method of accounting is used to account for the acquisition of subsidiaries and businesses as follows:

- Cost is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange;
- Identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;
- The excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill;
- If the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized as gain directly in the income statement; and
- Transaction costs are expensed as incurred.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree’s identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations, goodwill and non-controlling interests (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to its fair value as at the acquisition date through profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Corporation's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests are treated as transactions with equity owners of the Corporation. For purchases from non-controlling interests that do not involve loss of control, the difference between the fair value of the consideration paid and the share of the carrying value of net assets acquired is recorded in equity. Similarly, gains or losses on disposals to non-controlling interests, which do not involve loss of control, are computed and recorded in equity.

(d) Resource properties

Mineral property expenses and mining reserves are stated at cost by capitalizing related expenditures until they are ready for commercial production. Upon commercial viability, depletion commences on a unit-of-sale basis over the estimated recoverable measured and indicated reserves.

Pre-exploration costs are generally expensed unless management considers it probable that future economic benefits can be identified. Other general exploration expenses are charged to operations as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are charged to operations in the year the disposition or abandonment occurs.

The value associated with resources and exploration potential is allocated at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category, generally as a result of the conversion of resource or exploration potential into reserves. On transfer, the asset is tested for impairment.

(e) Intangible assets

Intangible assets are comprised of the project development costs that have been incurred related to the future investment in a manufacturing facility that management expects to construct. Depreciation will commence once the project is completed.

(f) Restoration, rehabilitation and environmental obligation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and any impairment. The cost of an item of property and equipment consists of the purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation is provided using the declining balance method at the following annual rates:

Assets	Rates
Computer hardware	30%
Office furniture and equipment	20%
Industrial equipment	20%
Automotive equipment	30%

(h) Impairment of Non-Financial Assets

Resource properties that are not subject to amortization, property and equipment and other non-current assets with definite useful lives, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Project development costs, that are not yet available for use, are subject to an annual impairment assessment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

Impairment losses may be reversed, except for goodwill, in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

(i) Share Issuance Costs

Costs incurred for the issuance of common shares are deducted from share capital.

(j) Foreign Currency

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Foreign Currency (continued)

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial statements of subsidiaries, affiliates and joint ventures for which the functional currency is not the Canadian dollar are translated into Canadian dollar as follows: all asset and liability accounts are translated at the balance sheet exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the year. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income and recorded in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the income statement and recognized as part of the gain or loss on disposal.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

(k) Income Taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in the statement of comprehensive income in the year which included the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Stock based Payments

Stock based payment awards that are direct awards of stock to employees or directors, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by issuing equity instruments, are accounted for using the Black-Scholes option pricing model. The cost is recognized on a straight-line graded method basis adjusted for expected forfeitures as an employee or director expense with a corresponding increase to equity in stock based payment reserve. Consideration paid by employees or directors on the exercise of stock options is recorded as share capital.

Stock based payments with parties other than employees, assumes a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. In certain circumstances, the Corporation rebuts this presumption because it cannot estimate reliably the fair value of the goods or services received. The Corporation then measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments – 2018

(i) Financial Assets and Liabilities

The Corporation recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification. Financial assets classified as held-for-trading are recognized at fair value through profit and loss ("FVTPL"). Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Corporation's financial assets include cash and investments. The Corporation's financial liabilities include trade and other payables, short term loans and long-term debt. Classification of these financial instruments is as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash	Loans and receivables
Investments	FVTPL
Trade and other payables	Other financial liabilities
Short-term loans	Other financial liabilities
Long-term debt	Other financial liabilities

Financial assets are derecognized when the Corporation's rights to cash flows from the respective assets have expired or have been transferred and the Corporation has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss and comprehensive loss.

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments – 2018 (continued)

(i) Financial Assets and Liabilities (continued)

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

- Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- Available-for-Sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the cumulative loss in accumulated other comprehensive income (loss) that is reclassified to net income.

Impairment losses on financial assets carried at amortized cost and available-for-sale financial assets are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available for-sale equity instruments are not reversed.

(n) Financial Instruments - 2019

(i) Financial Assets and Liabilities

The Company has applied IFRS 9 and classifies its financial instruments in the following measurement categories: fair value through profit and loss (FVTPL); fair value through other comprehensive income (FVOCI); or amortized cost. Management determines the classification of its financial instruments at initial recognition.

The accounting policies from July 1, 2018 related to these financial assets and liabilities are as follows:

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification. Transaction costs that are directly attributable to the acquisition or issue of financial instruments, other than financial instruments at FVTPL are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at FVTPL are recognized immediately in net earnings.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments - 2019 (continued)

1. Financial Assets and Liabilities (continued)

- i. Financial asset is subsequently measured at:
 2. amortized cost if it is held for the purposes of collecting contractual cash flows with such cash flows solely comprising payments of principal and interest on the principal amount outstanding;
 3. FVOCI if it is: held for the purposes of collecting contractual cash flows and selling financial assets with such cash flows solely comprising payments of principal and interest on the principal amount outstanding; or irrevocably designated as such upon initial recognition; and
 - FVTPL if it is: neither classified as subsequently measured at amortized cost nor FVOCI; or irrevocably designated as such upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as amortized cost are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash investments and other receivables. The Corporation's financial liabilities include trade and other payables, short term loans and long-term debt. Classification of these financial instruments is as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash	Amortized cost
Investments	FVTPL
Other Receivables	Amortized cost
Trade and other payables	Amortized cost
Short-term loans	Amortized cost
<u>Long-term debt</u>	<u>Amortized cost</u>

Financial assets are derecognized when the Corporation's rights to cash flows from the respective assets have expired or have been transferred and the Corporation has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss and comprehensive loss.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Instruments - 2019 (continued)

(i) Financial Assets and Liabilities (continued)

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

Only investments stay measured at fair value and are considered Level 1 (shares in public company) with a book value of \$2,800 (2018 - \$3,200).

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(i) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- FVTPL financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the cumulative loss in accumulated other comprehensive income (loss) that is reclassified to net income.

Impairment losses on financial assets carried at amortized costs are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on FVTPL equity instruments are not reversed.

(o) New Accounting Standards Adopted by the Company

IFRS 9, *Financial Instruments*

On January 1, 2019, the Corporation adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of "available for sale", "held-to-maturity", or "loans and receivables".

Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, FVTPL, or FVOCI. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 replaces the "incurred" loss model in IAS 39 with an Expected Credit Loss ("ECL") model for calculating impairment. This new standard also increases required disclosure about an entity's risk management strategy, cash flows from hedging activities,

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New Accounting Standards Adopted by the Company (continued)

and the impact of hedge accounting on the financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table summarizes the classification and measurement changes for the Company's financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IFRS 9		IAS 39	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Financial Assets				
Cash	Amortized cost	7,138	Amortized cost (Loans and receivables)	28,148
Other receivable	Amortized cost	15,241	Amortized cost (Loans and receivables)	13,511
Investments	FVTPL	2,800	FVTPL	3,200
Financial Liabilities				
Trade and other payables	Amortized cost	922,540	Other financial liabilities	403,369
Short term loans	Amortized cost	4,892,256	Other financial liabilities	4,828,844
Long term debt	Amortized cost	3,045,388	Other financial liabilities	2,093,401

As a result of the new classification model and measurement requirements under IFRS 9, the Company has elected to classify the available-for-sale investments as fair value through profit or loss. The measurement for these instruments and the line item in which they are included in the financial statements were unaffected by the adoption of IFRS 9.

Management has calculated an expected credit loss provision in line with IFRS 9 and noted that it was not significant. In accordance with the transitional provisions, the comparative information for prior periods have not been restated.

(p) New Accounting Standards and Interpretations in Issue Not Yet Adopted

(i) IFRS 16 "Leases"

In January 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16") effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have also adopted IFRS 15. IFRS 16 provides a comprehensive model for the measurement, presentation and disclosure of leases and supersedes IAS 17, "Leases". The adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions. The Corporation is currently reviewing the impact of IFRS 16 on its financial statements.

(ii) IFRIC 23 "Uncertainty over income tax treatments"

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and, clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments. The Corporation is currently reviewing the impact, if any, of these accounting standards and amendments on its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements under IFRS requires the Corporation to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are as follows:

Recoverability of Resource Properties

At the end of each reporting year, the Corporation assesses each of its resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the year for which the Corporation has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Corporation does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

Other non-financial assets

Management assesses impairment of non-financial assets such as intangible assets and property and equipment. In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit ("CGU") based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Deferred Income Taxes

The Corporation is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the year of changes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Critical Accounting Estimates and Judgments (continued)
Deferred income taxes (continued)

Each year, the Corporation evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for gold, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

Share-based Payments

The Corporation makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

(r) Provisions

A provision is recognized in the consolidated balance sheets when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Earnings (Loss) Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive ordinary shares into common shares.

3. INVESTMENT IN SUBSIDIARY COMPANIES

In March, 2018 GRI, NAIC, Pure Fonte and Petmin Limited “Petmin” agreed to a restructuring. Prior to the restructuring, Petmin Limited was a 40% shareholder of NAIC and it is now a 10% shareholder of NAIC. On February 13, 2019, GRI and Petmin agreed to release their option on each other projects.

Petmin purchased from NAIC the right to the use of the “Tenova Process” which was classified as an intangible asset. At the time of the restructuring Petmin had loans and accumulated management fees and expenses outstanding in the amount of \$2,472,324. Petmin was paid \$693,181 and the balance of \$1,779,143 was offset against prior year expenses, with the remaining balance in the amount of \$1,653,310 reflected as a transaction with an owner and accordingly was charged directly to equity. The agreement permits either party to construct a pig iron facility in specified locations, Ohio, US for Petmin and Quebec, Canada for GRI. These exclusive rights will expire in the event either of the parties have not commenced the construction of a pig iron facility within three years of the date of the agreement. NAIC transferred 100% its investment and ownership position in the proposed pig iron facility in Quebec (Pure Fonte Ltée.- a wholly-owned subsidiary of GRI) in consideration of reduction of a portion of its debt owing to GRI. NAIC will retain 100% ownership of the mineral resources at Goose Bay, with GRI holding 90% of its shares and

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



3. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Petmin holding a 10% dilutable ownership position in NAIC. This change of ownership resulted in an increase in controlling interest and a corresponding increase in consolidated retained earnings in the amount of \$3,428,747 at June 30, 2018 with offsetting reduction in non-controlling interest in the amount of (\$5,487,152) and total shareholders equity being reduced by (\$2,058,405).

On or about October 18, 2017, SK 3700 Glover Road Owner LLC, the landlord, served a notice on FSM indicating that a Confession of Judgment for Money (the “Judgment”) was granted against Forks by the Court of Common Pleas Northampton County in Pennsylvania, USA. The Judgment was in the amount of US\$1,189,563 for rental arrears, accelerated rent and attorney’s fees. On December 28, 2017, FSM filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy proceedings have been stayed pending the result of an adversary complaint filed on February 8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, Grand River Ironsands Incorporated, North Atlantic Iron Corporation and Francis MacKenzie (collectively, the “Defendants”). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

During 2018 cumulative translation adjustments of \$398,557 were reclassified to the statement of income from equity.

4. INVESTMENTS

The Corporation has the following holdings and disposition of investments:

	Year Ended	
	30-Jun-19	30-Jun-18
	\$	\$
Market value of investment end of period	2,800	3,200
Cost of investments beginning of period	5,708	20,426
Disposals	-	(14,718)
Cost of investment end of period	5,708	5,708
Unrealized (loss) end of period	(2,908)	(2,508)
Unrealized gain (loss) beginning of period	(2,508)	52
Change in unrealized (loss) during the period	(400)	(2,560)
Dispositions	Year Ended	
	30-Jun-19	30-Jun-18
	\$	\$
Proceeds on disposal	-	13,155
Cost of shares sold	-	(14,718)
Realized gain (loss) on investments	-	(1,563)

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



5. RESOURCE PROPERTIES

	30-Jun-19 \$	30-Jun-18 \$
Labrador Mineral Sands		
Balance beginning of year	57,170,334	57,138,760
Accretion adjustment related to loan extension (Note 9)	(26,802)	-
Accretion capitalized to resource properties	32,032	31,574
Balance end of period	57,175,564	57,170,334

The Labrador Mineral Sands relates to licenses held by NAIC, which include Churchill River, Mud Lake, Muskrat Lake, Goose Bay, and Hamilton River. Additions to resource properties includes accretion on the ACOA loan (Note 9).

Commencing in 2015, NAIC began pursuing the evaluation of accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include feldspar and silica quartz. In 2017, NAIC made the decision to abandon further evaluation of the iron ore with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties. In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require a material adjustment to the carrying amount of the resource properties in the future.

6. PROJECT DEVELOPMENT COSTS

The Corporation is planning the development of a low cost North American producer of foundry grade pig iron. The costs incurred to date relate primarily to a Bankable Feasibility Study. During the year ended June 30, 2018, as part of the restructuring transaction described in Note 3, the Company transferred elements of the Bankable Feasibility Study to Petmin for cash consideration of US \$2,900,000, resulting in a gain of \$2,249,678 which has been recorded in the consolidated statement of income (loss) and comprehensive income (loss) in the prior fiscal year.

Costs incurred and disposals to date are as follows:

	30-Jun-19 \$	30-Jun-18 \$
Balance beginning of period	1,462,322	2,924,994
Costs incurred (disposals)	-	1,462,672
Balance end of period	1,462,322	1,462,322

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



7. PROPERTY AND EQUIPMENT

As result of the action of the landlord in Forks and due to the uncertainty with the expected future use of these assets, the Corporation has recognized an impairment of office furniture and equipment in the amount of \$20,609 in 2018.

	Computer equipment \$	Industrial equipment \$	Office furniture and equipment \$	Total \$
For the year ended June 30, 2018				
Opening net book value	3,255	64,369	20,963	88,586
Sale of Equipment	-	(33,873)	-	(33,873)
Impairment of equipment	-	-	(20,609)	(20,609)
Depreciation	(976)	(11,746)	(71)	(12,793)
Net Book Value	2,279	18,750	283	21,311
As at June 30, 2018				
Cost	15,138	97,773	22,049	134,960
Accumulated depreciation	(12,860)	(79,022)	(21,767)	(113,649)
Net Book Value	2,278	18,751	282	21,311
For the period ended June 30, 2019				
Opening net book value	2,278	18,751	282	21,311
Depreciation	(683)	(3,751)	(56)	(4,490)
Net Book Value	1,595	15,000	226	16,821
As at June 30, 2019				
Cost	15,138	97,773	22,049	134,960
Accumulated depreciation	(13,543)	(82,773)	(21,823)	(118,139)
Net Book Value	1,595	15,000	226	16,821

8. SHORT TERM LIABILITIES

On August 25, 2016, GRI borrowed \$250,000 from an unrelated party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before August 25, 2019 at an exercise price of \$0.01 per share. The repayment date in the original loan agreement has been extended to December 31, 2019 and the warrant expiry date has been extended to December 31, 2020. Including accrued interest the balance outstanding at June 30, 2019 totaled \$296,309.

On September 29, 2016, GRI borrowed \$250,000 from Forest Lane Holdings Limited “FLH”, a company controlled by a Director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before September 29, 2019 at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly, to GRI in the amount of \$2,105,000. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly. The original loan amount was increased by an additional \$14,000 on March 14, 2019, bringing the total loan amount to \$2,369,000. The warrant expiry time was also extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2019 totaled \$2,721,090.



8. SHORT TERM LIABILITIES (continued)

Convertible Debenture

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000 with FLH. The debenture matures on May 1, 2020 and bears interest at a rate of 5% per annum payable quarterly and in previous years was reflected in long-term debt. The debenture is convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.80 per common share if exercised within 12 months of closing and will increase by \$0.05 per common share on the anniversary date each year thereafter until the maturity date.

At the option of the Corporation, quarterly interest may be converted into common shares of the Corporation at a conversion price equal to the volume-weighted average trading price of the shares for the 20 consecutive trading days ending on the fifth trading day preceding the determination date. The determination date is 15 business days prior to the payment date. The debenture will not be listed on the CSE, however the common shares issuable upon any conversion will be listed and will be subject to a four month hold period from the date of issuance. See Note 10.

The debenture is a compound financial instrument and as such has been recorded as a liability and as equity. The liability component was valued first and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using a discount rate of 14% which approximated the interest rate that would have been applicable to non-convertible debt of the Company at the time the debenture was issued. The liability component will be accreted to the face value of the liability using the effective interest method. The accretion of the liability is charged at an effective interest rate of 14% such that at maturity the liability component is equal to the face value of the outstanding debenture. The balance of the liability component is shown in the table below.

The loan balances in the table below include interest accrued to June 30, 2019.

	30-Jun-19	30-Jun-18
	\$	\$
Short term loan from unrelated party interest at 6% due December 31, 2019	296,309	279,095
Short term loan from related party interest at 6% due on demand	2,721,090	2,549,749
Convertible debenture		
Amount outstanding beginning of year	1,725,134	-
Accretion expense	149,722	-
Balance end of year	1,874,857	-
Short term loan from related party interest at 12% due on August 31, 2020 (Note 9)	-	2,000,000
Balance end of period	4,892,256	4,828,844

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



9. LONG TERM DEBT

ACOA Loan

In fiscal 2012, NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000 related to resource properties. The loan is repayable in five annual equal and consecutive installments commencing six months after the end of the fiscal year in which 'Project Success' is achieved. It is anticipated that project success will be achieved in the fiscal year ending June 30, 2020 and repayments will commence in December 2020.

Term Loan

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum payable monthly. This loan was previously reflected in short-term debt, however, subsequent to year end, a loan extension was signed extending the payment of principal, without penalty, on or before August 31, 2020, and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share. Including accrued interest the balance outstanding at June 30, 2019 totaled \$2,208,354.

Term Note

On July 5, 2018 an unsecured loan in the amount of \$621,000 was provided to Pure Fonte Ltée by a non-related party. The loan bears interest at a rate of 5% per annum and matures three years from the date of receipt. The interest shall accrue and will be capitalized to the end of term. The principal and accumulated interest can be converted into shares at the option of the holder discounted by 25%. The loan can be paid in advance, however, is subject to a 15% penalty. The value of the loan has been discounted using an effective interest rate of 20% which is line with the corporation cost of borrowing.

	30-Jun-19	30-Jun-18
	\$	\$
ACOA Loan		
Loan amount beginning of year	368,267	336,684
Accretion adjustment related to loan extension	(26,802)	-
Accretion capitalized to resource properties	32,032	31,583
Balance end of year	373,497	368,267
Short term Loan		
Loan amount beginning of year	2,000,000	-
Accrued interest	208,354	-
Balance end of year	2,208,354	-
Convertible debenture (Note 8)		
Amount outstanding beginning of year	-	1,594,866
Accretion expense	-	130,268
Balance end of year	-	1,725,134
Term Loan		
Principal amount discounted	386,474	-
Accrued interest	31,504	-
Accretion expense	45,559	-
	463,537	-
Total	3,045,388	2,093,401

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



9. LONG TERM DEBT (continued)

The future minimum payments associated with the above debt instruments are as follows:

	\$
2020	-
2021	2,210,000
2022	702,000
Thereafter	500,000

10. SHARE CAPITAL

On August 1, 2017, the Corporation issued 41,667 common shares to FLH. This represents interest due August 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.60 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2017.

On November 1, 2017, the Corporation issued 53,914 common shares to FLH. This represents interest due November 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4637 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2017.

On February 1, 2018, the Corporation issued 58,080 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4304 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2018.

On May 1, 2018, the Corporation issued 62,574 common shares to FLH. This issuance represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3995 per share, which is the volume-weighted trading price for the 20 trading days ending March 31, 2018.

On August 1, 2018, the Corporation issued 69,351 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018.

On November 1, 2018, the Corporation issued 65,789 common shares to FLH. This represents interest due November 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.38 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2018.

On February 1, 2019, the Corporation issued 87,719 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2850 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2019.

On May 1, 2019, the Corporation issued 132,899 common shares to FLH. This issuance represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1881 per share, which is the volume-weighted trading price for the 20 trading days ending April 4, 2019.

All the securities issued are subject to a four month hold period following the date of issuance.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



10. SHARE CAPITAL (continued)

COMMON STOCK OUTSTANDING	Number of	
	Shares	Amount
Authorized: Unlimited number of common shares without par value	\$	\$
Issued and outstanding June 30, 2017	17,481,402	\$ 9,073,978
Issued in payment of interest	216,235	100,000
Issued and outstanding June 30, 2018	17,697,637	\$ 9,173,978
Issued in payment of interest	355,758	100,000
Issued and outstanding June 30, 2019	18,053,395	\$ 9,273,978

11. STOCK BASED COMPENSATION PLAN

The Board of Directors has established a stock option plan under which options to purchase common shares are granted to directors, officers, and key employees of the Corporation. Options to acquire common shares are granted at option prices which shall be not less than the fair market value of the shares at the time the option is granted. Fair market value shall be deemed to be the average between the highest and lowest prices at which the common shares are traded on the day the option is granted and if not so traded, the average between the closing bid and asked prices thereof as reported for the day on which the option is granted. Options expire between one and ten years from the date of the grant.

The Corporation has reserved 3,450,203 (2018 – 3,450,203) common shares pursuant to the stock option plan. There are 2,114,000 (2018 - 2,114,000) options to acquire common shares outstanding under the plan as at June 30, 2019. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

No stock options were issued for the year ended June 30, 2019 or for the year ended June 30, 2018.

	Weighted average exercise price	Issued
	\$	
Balance June 30, 2018 and June 30, 2019	0.77	2,114,000
Granted	-	-
Balance June 30, 2018	0.77	2,114,000
Balance June 30, 2018	0.77	2,114,000
Granted	-	-
Balance June 30, 2019	0.77	2,114,000

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



11. STOCK BASED COMPENSATION PLAN (continued)

Options issued and outstanding as at June 30, 2019 and June 30, 2018:

Number of options outstanding	Expiry Date	Exercise Price \$	Number of options exercisable
144,000	28-May-2022	0.65	144,000
450,000	30-Nov-2022	0.65	450,000
985,000	6-Dec-2023	0.85	985,000
535,000	8-Dec-2024	0.75	535,000
2,114,000		0.77	2,114,000

GRI Stock Option Plan

The Board of Directors of GRI has established a stock option plan under which options to purchase common shares are granted to directors, officers, and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

GRI has reserved 2,376,933 (2018 - 2,376,933) common shares pursuant to the stock option plan. There are 598,000 (2018 – 1,048,000) options to acquire common shares outstanding under the plan as at June 30, 2019. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vested immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the option of 5 years.

GRI options issued and outstanding as at June 30, 2019 and June 30 2018.

Continuity of Stock Options Issued and Outstanding				
	June 30, 2019		June 30, 2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning Balance	1,048,000	\$2.15	1,206,000	\$1.60
Expired	(450,000)	\$2.10	(87,000)	\$1.25
Cancelled	-	\$0.00	(71,000)	\$0.00
Ending Balance	598,000	\$2.20	1,048,000	\$2.15

		Exercise Price	Issued	Exercisable
Grant Date	Expiry Date		June 30, 2019	
Dec. 08, 2014	Dec. 08, 2019	\$2.10	448,000	448,000
May 27, 2016	May 27, 2021	\$2.50	150,000	150,000
Total		\$2.20	598,000	598,000

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



12. EXPENSES BY NATURE

	year ended	
	30-Jun-19	30-Jun-18
Operating expenses		
Utilities	2,046	11,141
Dues and fees	19,336	27,104
Foreign exchange gain	(403)	(424,045)
General and administrative	8,690	15,417
Insurance	3,500	49,519
Management and consulting fees	653,011	729,221
Professional fees	160,670	118,864
Rental	40,389	362,460
Travel	142,064	201,252
Salaries and wages	119,807	212,564
	1,149,110	1,303,497

13. RELATED PARTY TRANSACTIONS

In addition to the related party loans described in Notes 8 and 9 the Corporation has the following related party transactions. The compensation expense associated with key management, directors and employees for services is as follows:

	Year Ended	
	30-Jun-19	30-Jun-18
	\$	\$
Management fees	401,000	150,000
Consulting fees	11,216	250,697
Directors fees	14,350	13,650
Salaries and benefits	204,307	291,969
Operating expenses	630,873	706,316

The Corporation has issued shares in lieu of payment of interest on a related party loan as described in Note 9, see Note 10 for details.

In 2019, the Corporation paid or accrued \$17,967 (2018 - \$16,706) to Torvan Capital Group, a division of Ashley Park Enterprises Inc., a company controlled by a director of the Corporation, for services and facilities related to provision of the Corporation's head office.

14. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share is calculated by dividing the net income (loss) per financial statements by the weighted average number of common shares outstanding for the year. The Company had a loss in the current year and an income in prior years and the options effect is anti-dilutive.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



15. INCOME TAXES

The Corporation's income taxes have been calculated as follows:

	30-Jun-19	30-Jun-18
	\$	\$
Income (loss) before income taxes	(1,675,936)	1,851,768
Combined Federal and Provincial tax rate	31%	31%
Expected expense (recovery) at statutory rates	(519,540)	574,048
Unrecognized tax assets	142,423	226,298
Subsidiary rate differential	56,634	(12,193)
Non -taxable items related to restructuring	-	(809,142)
Other	(353,985)	121,834
Deferred tax recovery expense	(674,468)	100,845

Deferred tax liability consists of:

	30-Jun-19	30-Jun-18
	\$	\$
Non-capital losses	6,220,523	5,498,660
Iron interests	(11,281,283)	(11,279,660)
Property and equipment	1,824	1,234
Long-term Debt	75,494	121,980
Investment	(868)	(992)
	(4,984,310)	(5,658,778)

	2019	2018
Expiry of Non-Capital Losses	\$	\$
2028	22,819	22,819
2029	25,260	285,264
2030	22,113	68,825
2031	145,349	145,349
2032	110,470	110,470
2033	410,027	646,454
2034	981,628	1,260,627
2035	4,247,769	1,289,976
2036	7,090,725	8,003,481
2037	7,483,943	7,483,943
2038	1,638,931	1,638,931
2039	1,582,738	-
	23,761,772	20,956,139

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



16. COMMITMENTS AND CONTINGENCIES

The Corporation was advised that on February 8, 2019, the trustee for the estate of Forks has filed an adversary complaint in the United States Bankruptcy Court for the Eastern District of Pennsylvania against the Corporation, Grand River Ironsands Incorporated, North Atlantic Iron Corporation and Francis MacKenzie (collectively, the “Defendants”). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

17. MANAGEMENT OF CAPITAL

The Corporation defines capital that it manages as the aggregate of its long-term debt, share capital, equity component convertible debenture, stock based payment reserve, accumulated other comprehensive income, retained earnings and non-controlling interest. Its objective when managing capital is to ensure that the Corporation will continue as a going concern, so that it can provide returns to its shareholders. See note 1.

	30-Jun-19	30-Jun-18
	\$	\$
Long term debt	3,045,388	2,093,401
Share capital	9,273,978	9,173,978
Equity component convertible debenture	649,593	649,593
Stock based payment reserve	1,284,000	1,284,000
Retained earnings	6,756,960	7,152,898
Non-controlling interest	26,899,892	27,505,422
	47,909,811	47,859,292

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Corporation is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Corporation’s overall strategy with respect to management of capital remains unchanged from the year ended June 30, 2018.

18. FINANCIAL INSTRUMENTS

The carrying amounts reported on the financial statements for cash, accounts receivable, trade and other payables and short-term loans all approximate their fair values due to their immediate or short-term nature. Management believes the carrying amounts of long-term debt also approximate their fair values, as they believe the effective interest rates used by management in determining the carrying values of long-term debt continue to be appropriate.

Risk Disclosures

The main risks the Corporation’s financial instruments could be exposed to are credit risk, liquidity risk, foreign exchange risk, and interest rate risk.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



18. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Trade and other payables are due in the next 12 months. The Corporation's credit risk is primarily attributable to its cash. The Corporation places its cash with high quality financial institution and in reliable trust account in Canada, and as a result, believes its exposure to credit risk is minimal.

Liquidity Risk

The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. To the extent that the Corporation does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through debt or equity transactions. The Corporation manages its liquidity risk by continuously monitoring forecast and actual cash flows from operations. In recent years, additional loans from directors/shareholders, and new equity financing have provided the necessary liquidity required. Trade and other payables are due within 12 months. See Note 9 for contracted payments of long term debt. See note 1 for going concern disclosure.

Foreign Currency Risk

The Corporation limited US dollar exposure, however, maintains some US denominated bank accounts to settle trade payables denominated in US dollars and a five percent change in the US dollar to Canadian dollar exchange rate would not have a significant impact on their carrying values.

Interest Rate Risk

The Corporation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate.

19. SUBSEQUENT EVENTS

On August 1, 2019, the Corporation issued 85,749 common shares to FLH. This represents interest due August 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2915 per share, which is the volume-weighted trading price for the 20 trading days ending July 11, 2019. The securities are subject to a four month hold period following the date of issuance.

On September 18, 2019, a six-month loan, guaranteed by the Corporation, in the amount of CAD \$575,000 was provided to Grand River Ironsands Incorporated by a non-related party. The loan bears interest at a rate of 24% per annum if paid after January 17, 2020, and a rate of 20% per annum if paid between December 17, 2019 and January 16, 2020. The lender withheld an interest reserve amount of \$62,500 from the proceeds disbursed to GRI.

20. SEGMENTED INFORMATION

As at June 30, 2019, the Corporation had a corporate head office and three operating business segments;

1. GRI, a private corporation, incorporated under the *Companies Act* of Nova Scotia, is a development stage enterprise in the process of exploring its mineral properties, held indirectly through its majority-owned subsidiary North Atlantic Iron Corporation.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2019 and June 30, 2018
(Amounts presented in Canadian Dollars)



20. SEGMENTED INFORMATION (continued)

2. NAIC, a private corporation, incorporated under the *Corporations Act* of Newfoundland and Labrador, is a development stage enterprise in the process of exploring its mineral properties in Newfoundland and Labrador, Canada and the development of a foundry grade pig iron manufacturing plant. It is a majority owned subsidiary of GRI.
3. Pure Fonte Ltée, a federally incorporated private entity created under the *Canada Business Corporations Act* and registered extra-provincially in Quebec to be engaged in the production of pig iron.
4. FSM, a private corporation, incorporated under the laws of Pennsylvania which discontinued operation in December 2017.

	Corporate		GRI		NAIC		FSM		Pure Fonte		Eliminations		Consolidated	
	30-Jun-19 \$	30-Jun-18 \$												
Revenue - intersegment	-	-	-	33,155	-	-	-	126,948	-	-	-	(160,103)	-	-
Operating expenses	(134,047)	(181,735)	(625,905)	(524,948)	(1,275)	(465,708)	-	181,292	(387,882)	(183,119)	-	(129,280)	(1,149,110)	(1,303,497)
Depreciation and Amortization	-	-	(1,121)	(1,430)	(3,369)	(11,361)	-	-	-	-	-	-	(4,490)	(12,792)
Interest and bank charges	(80,819)	(209,005)	(445,062)	(389,484)	(666)	(12,476)	-	(14,546)	(34,635)	-	-	130,254	(561,181)	(495,257)
Interest accretion	(149,722)	(130,268)	-	-	-	-	-	-	(43,559)	-	-	-	(195,281)	(130,268)
Gain (loss) on subsidiary debt	-	-	-	-	-	-	-	4,039,002	-	-	-	(2,476,543)	-	1,562,459
Valuation discount on term loan	-	-	-	-	-	-	234,526	-	-	-	-	-	234,526	-
Gain on sale of intangible asset	-	-	-	-	-	3,712,000	-	-	-	-	-	(1,462,322)	-	2,249,678
Impairment of property & equipment	-	-	-	-	-	-	-	(20,609)	-	-	-	-	-	(20,609)
Loss on sale of property & equipment	-	-	-	-	-	6,177	-	-	-	-	-	-	-	6,177
Realized gain (loss) on investments	-	-	-	(1,563)	-	-	-	-	-	-	-	-	-	(1,563)
Unrealized gain on investments	-	-	(400)	(2,560)	-	-	-	-	-	-	-	-	(400)	(2,560)
	(364,588)	(521,008)	(1,072,488)	(919,985)	(5,310)	3,228,632	234,526	4,185,139	(468,076)	(183,119)	-	(3,937,891)	(1,675,936)	1,851,768
Segment income (loss) before taxes	(364,588)	(521,008)	(1,072,488)	(953,140)	(5,310)	3,228,632	234,526	4,058,191	(468,076)	(183,119)	-	(4,097,994)	(1,675,936)	1,851,768
Total assets	5,268,083	5,290,593	6,133,235	5,302,166	57,651,634	57,399,052	-	-	2,926,962	2,974,953	(13,270,996)	(12,216,481)	58,708,916	58,750,283
Total liabilities	7,029,367	7,461,758	5,853,802	5,148,000	864,211	605,564	-	-	3,418,674	3,048,344	(3,321,561)	(3,279,275)	13,844,493	12,984,392

The Corporation's Board of Directors evaluates the performance of these segments and allocates resources to them based on certain performance measures (mainly earnings from operations and cash flow from operations). Segment earnings correspond to each business' earnings from operations. The Corporation's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes.

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Revenue from external customers for the year ended June 30, 2019 was \$nil. (2018 \$ nil).

	30-Jun-19 \$	30-Jun-18 \$
Canada	58,708,916	58,750,283
United States of America	-	-
Total non-current assets	58,708,916	58,750,283



METALO MANUFACTURING INC.

Audited Consolidated Financial Statements

For the year ended June 30, 2018

(expressed in Canadian dollars)

Management's Responsibility for Financial Information

The consolidated financial statements, the notes thereto and other financial information contained in the management's discussion and analysis are the responsibility of management of Metalo Manufacturing Inc. (the "Corporation") and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. The Corporation maintains systems of internal accounting and administrative controls in order to provide reasonable assurance that the Corporation's assets are appropriately accounted for and adequately safeguarded, and that financial information is accurate and reliable.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management's discussion and analysis.

The Audit Committee is composed of three non-management, independent directors and meets periodically with management and the independent auditors to review internal accounting controls, auditing matters and financial reporting issues, and to satisfy itself that all parties are properly discharging their responsibilities. The Audit Committee also reviews the consolidated financial statements and the management's discussion and analysis of financial results and reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders.

"Francis H. MacKenzie"

Francis H. MacKenzie
President and Chief Executive Officer

"C. H. Bert Loveless"

C.H. (Bert) Loveless
Chief Financial Officer

October 25, 2018



October 26, 2018

Independent Auditor's Report

To the Shareholders of Metalo Manufacturing Inc.

We have audited the accompanying consolidated financial statements of Metalo Manufacturing Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2018 and June 30, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 902 491 7400, F: +1 902 422 1166

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Metalo Manufacturing Inc. and its subsidiaries as at June 30, 2018 and June 30, 2017 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 of the consolidated financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about Metalo Manufacturing Inc.'s ability to continue as a going concern.

(signed) *"PricewaterhouseCoopers LLP"*

Chartered Professional Accountants, Licensed Public Accountants

Metalo Manufacturing Inc.



Financial Information

June 30, 2018

<u>Contents</u>	<u>Page</u>
Consolidated Financial Position	1
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 29

Metalto Manufacturing Inc.
Consolidated Statements of Financial Position
(Amounts presented in Canadian Dollars)



	30-Jun 2018 \$	30-Jun 2017 \$ Restated (Note 12)
Assets		
Current assets:		
Cash	28,148	169,039
Other receivable	13,511	64,006
Prepaid and other deposits	51,457	351,019
Investments (Note 4)	3,200	20,478
	<u>96,316</u>	<u>604,542</u>
Non-current assets:		
Resource properties (Note 5)	57,170,334	57,138,760
Project development costs (Note 6)	1,462,322	2,924,994
Property and equipment (Note 7)	21,311	88,586
	<u>58,653,967</u>	<u>60,152,340</u>
	<u>58,750,283</u>	<u>60,756,882</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	403,369	2,670,498
Short term loans (Note 8)	4,828,844	2,664,504
Current portion long-term debt (Note 9)	-	1,560,467
	<u>5,232,213</u>	<u>6,895,469</u>
Non-current liabilities:		
Long-term debt (Note 9)	2,093,401	1,931,549
Deferred taxes (Note 16)	5,658,778	5,557,933
	<u>7,752,179</u>	<u>7,489,482</u>
	<u>12,984,392</u>	<u>14,384,951</u>
Shareholders' equity		
Share capital (Note 10)	9,173,978	9,073,978
Equity component convertible debenture	649,593	649,593
Stock based payment reserve	1,284,000	1,284,000
Retained earnings	7,152,898	3,332,273
Accumulated other comprehensive income	-	175,365
Equity attributable to shareholders	<u>18,260,469</u>	<u>14,515,209</u>
Non-controlling interests	27,505,422	31,856,722
	<u>45,765,891</u>	<u>46,371,931</u>
	<u>58,750,283</u>	<u>60,756,882</u>

Note 1 - Nature of operations and going concern

Note 16 - Commitments

Note 19 - Subsequent events

The accompanying notes form an integral part of these consolidated financial statements

Approved on behalf of the Board:

David J. Hennigar

Francis H. MacKenzie

October 25, 2018

Metalto Manufacturing Inc.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the year ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



	12 months ended	
	30-Jun-18	30-Jun-17
	\$	\$
Operating expenses (Note 13)	(1,303,497)	(4,090,238)
Depreciation	(12,792)	(22,728)
Interest and bank charges	(495,257)	(271,830)
Interest accretion	(130,268)	(502,257)
Gain on deconsolidation of subsidiary debt (Note 9)	1,562,459	-
Gain on sale of intangible asset (Note 6)	2,249,678	-
Gain on disposition of equipment	6,177	-
Impairment of property & equipment (Note 7)	(20,609)	(1,990,435)
Realized gain (loss) on sale of investments (Note 4)	(1,563)	974
Unrealized gain (loss) on investments (Note 4)	(2,560)	12,597
Net income (loss) before taxes	1,851,767	(6,863,917)
Income tax expense (Note 16)	(100,845)	2,175,998
Net income (loss)	1,750,922	(4,687,919)
Net income (loss) attributable to:		
Shareholders of the Corporation	391,878	(1,658,496)
Non-controlling interest	1,359,044	(3,029,423)
Net income (loss)	1,750,922	(4,687,919)
Net income (loss) per share (Note 15)	\$0.02	(\$0.10)
Weighted average number of shares outstanding (Note 10)	17,584,713	17,384,638
Net income (loss)	1,750,922	(4,687,919)
Other comprehensive income		
Cumulative translation adjustments	-	48,132
Comprehensive income (loss)	1,750,922	(4,639,787)
Comprehensive income (loss) attributable to:		
Shareholders of the Corporation	391,878	(1,637,356)
Non-controlling interest	1,359,044	(3,002,431)
Comprehensive income (loss)	1,750,922	(4,639,787)

The accompanying notes form an integral part of these consolidated financial statements

Metalto Manufacturing Inc.
Consolidated Statement of Changes in Equity
For the year ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



	Number of Shares Issued	Share Capital	Equity		Retained Earnings Restated (Note 12)	Accumulated Other Comprehensive Income	Total Shareholders Equity		Non-controlling interest Restated (Note 12)	Total Equity
			Convertible Debtenture	Stock based payment reserve			Restated (Note 12)	Restated (Note 12)		
Balance June 30, 2016	17,307,039	8,973,978	649,593	1,284,000	10,685,031	154,225	21,746,827	28,908,641	50,655,468	
Change in Non-controlling interest adjustment (Note 12)	-	-	-	-	(5,682,373)	-	(5,682,373)	5,682,373	-	
Revised balance June 30, 2016	17,307,039	8,973,978	649,593	1,284,000	5,002,658	154,225	16,064,454	34,591,014	50,655,468	
Net loss and comprehensive loss for the period	-	-	-	-	(1,658,496)	-	(1,658,496)	(3,029,423)	(4,687,919)	
Other comprehensive income for the period	-	-	-	-	-	21,140	21,140	26,992	48,132	
Comprehensive income (loss) for the period	-	-	-	-	(1,658,496)	21,140	(1,637,356)	(3,002,431)	(4,639,787)	
Shares issued in payment of interest	174,363	100,000	-	-	-	-	100,000	-	100,000	
Change in non-controlling interest on exercise of options in subsidiary (Note 3)	-	-	-	-	(11,889)	-	(11,889)	268,139	256,250	
Balance June 30, 2017	17,481,402	9,073,978	649,593	1,284,000	3,332,273	175,365	14,515,210	31,856,722	46,371,931	
Net income (loss) for the period	-	-	-	-	391,878	-	391,878	1,359,044	1,750,922	
Other comprehensive income (loss) for the period (Note 3)	-	-	-	-	-	(175,365)	(175,365)	(223,192)	(398,557)	
Shares issued in payment of interest (Note 10)	216,235	100,000	-	-	-	-	100,000	-	100,000	
Change in non-controlling interest on restructuring of subsidiary (Note 3)	-	-	-	-	3,428,747	-	3,428,747	(5,487,152)	(2,058,405)	
Balance June 30, 2018	17,697,637	9,173,978	649,593	1,284,000	7,152,898	-	18,260,470	27,505,422	45,765,891	

Note 12 Comparative figures

The accompanying notes form an integral part of these consolidated financial statements

Metalo Manufacturing Inc.
Consolidated Statements of Cash Flows
For the year ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



	30-Jun-18	30-Jun-17
	\$	\$
Cash flows generated from operating activities:		
Net income (loss)	1,750,922	(4,687,919)
Items not involving cash:		
Depreciation	12,792	22,728
Gain on sale of intangible asset	(2,249,678)	-
Gain on deconsolidation subsidiary debt	(1,562,459)	-
Impairment of property & equipment	20,609	1,990,435
Loss (gain) on sale of investments	(1,563)	(974)
Unrealized gain on investments	(2,560)	(12,597)
Interest paid by issuance of shares	100,000	100,000
Interest accretion	130,268	502,257
Deferred taxes	100,845	(2,175,998)
Changes in non-cash operating working capital		
Other receivables	50,497	50,331
Prepaid and other deposits	299,562	95,429
Trade and other payables	(2,284,730)	1,146,766
	(3,635,494)	(2,969,542)
Cash flow generated from financing activities:		
Proceeds (repayments) of short term borrowings	4,128,630	2,605,000
Repayment of long term debt	(693,181)	-
	3,435,449	2,605,000
Cash flows (provided) generated from investing activities:		
Proceed on sale of investments	13,155	16,425
Purchase of investments	-	(6,951)
Proceeds from sale of equipment	46,000	-
Proceeds on exercise of options in subsidiary	-	256,250
Capital Investment	-	(323,808)
	59,155	(58,084)
Decrease in cash during the period	(140,891)	(422,626)
Cash, beginning of period	169,039	591,665
Cash, end of period	28,148	169,039

The accompanying notes form an integral part of these consolidated financial statements

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



1. NATURE OF OPERATIONS AND GOING CONCERN

Metalo Manufacturing Inc. (“the Corporation”) was incorporated on October 4, 2000 under the laws of the Province of Alberta pursuant to the provisions of the *Business Corporations Act*. In addition to the mining and exploration sector, the Corporation is in the process of expanding into the manufacturing sector. The Corporation’s Head Office is located at 1600 – 141 Adelaide Street West, Toronto, ON M5H 3L5.

The Corporation’s subsidiaries’, Grand River Ironsands Incorporated and North Atlantic Iron Corporation, principal place of business is Newfoundland and Labrador, the subsidiary Pure Fonte Ltee’s principal place of business is Quebec and the subsidiary Forks Specialty Metals Inc. principal place of business is Pennsylvania, USA.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation and its subsidiaries have not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary’s interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has cash on hand of \$28,148 (2017 \$169,039), and has a working capital deficiency of \$5,135,897 (2017 - \$6,290,297), and shareholders’ equity of \$45,765,891 (2017 - \$46,371,931). The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These uncertainties cast significant doubt upon the Corporation’s ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Statement of Compliance

The consolidated financial statements are prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

The consolidated financial statements are presented in Canadian dollars which is also the Corporation’s functional currency and the functional currency of its Canadian subsidiaries. The functional currency of the US subsidiary is the US dollar.

These consolidated financial statements were approved and authorized for issue by the board of directors on October 25, 2018.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in the Chartered Professional Accountants of Canada Handbook—Accounting – Part 1 (“CPA Canada Handbook”), which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation

These financial statements include the accounts of the Corporation and the following entities:

- 43.9% (2017 – 43.9%) Grand River Ironsands Incorporated (“GRI”)

A company incorporated in Nova Scotia engaged in the exploration and development of mineral deposits which owns;

- 100% (2017 – 100%) Forks Specialty Metals Inc. (“FSM”)

A company incorporated in Pennsylvania engaged in iron ore smelting that filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. (Note 3)

- 90% (2017 – 60%) North Atlantic Iron Corporation (“NAIC”)

A corporation incorporated in Newfoundland and Labrador engaged in the exploration and development of mineral deposits. (Note 3)

- 100% (2017 - 0%) Pure Fonte Ltee (8593302 Canada Inc.)

A corporation incorporated in Canada expected to be engaged in steel manufacturing (Note 3)

In March, 2018 a restructuring transaction occurred between Petmin and GRI resulting in significant changes in ownership of NAIC. Refer to Investment in Subsidiaries -Note 3 - for additional explanation.

All inter-company transactions and balances have been eliminated on consolidation.

(c) Business combinations, goodwill and non-controlling interests

The acquisition method of accounting is used to account for the acquisition of subsidiaries and businesses as follows:

- Cost is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange;
- Identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;
- The excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill;
- If the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized as gain directly in the income statement; and
- Transaction costs are expensed as incurred.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree’s identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to its fair value as at the acquisition date through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations, goodwill and non-controlling interests (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Corporation's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests are treated as transactions with equity owners of the Corporation. For purchases from non-controlling interests that do not involve loss of control, the difference between the fair value of the consideration paid and the share of the carrying value of net assets acquired is recorded in equity. Similarly, gains or losses on disposals to non-controlling interests, which do not involve loss of control, are computed and recorded in equity.

(d) Mineral properties

Mineral property expenses and mining reserves are stated at cost by capitalizing related expenditures until they are ready for commercial production. Upon commercial viability, depletion commences on a unit-of-sale basis over the estimated recoverable measured and indicated reserves.

Pre-exploration costs are generally expensed unless management considers it probable that future economic benefits can be identified. Other general exploration expenses are charged to operations as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are charged to operations in the year the disposition or abandonment occurs.

The value associated with resources and exploration potential is allocated at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category, generally as a result of the conversion of resource or exploration potential into reserves. On transfer, the asset is tested for impairment.

(e) Intangible assets

Intangible assets are comprised of the project development costs that have been incurred related to the future investment in a manufacturing facility that management expects to construct. Depreciation will commence once the project is completed.

(f) Restoration, rehabilitation and environmental obligation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises.

(g) Property and Equipment

Property and Equipment is recorded at cost less accumulated depreciation and any impairment. The cost of an item of property and equipment consists of the purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for its intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property and Equipment

Depreciation is provided using the declining balance method at the following annual rates:

Assets	Rates
Computer hardware	30%
Office furniture and equipment	20%
Industrial equipment	20%
Automotive equipment	30%

(h) Impairment of Non-Financial Assets

Resource properties that are not subject to amortization, property and equipment and other non-current assets with definite useful lives, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Project development costs, that are not yet available for use, are subject to an annual impairment assessment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

Impairment losses may be reversed, except for goodwill, in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

(i) Share Issuance Costs

Costs incurred for the issuance of common shares are deducted from share capital.

(j) Foreign Currency

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in the income statement.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial statements of subsidiaries, affiliates and joint ventures for which the functional currency is not the Canadian dollar are translated into Canadian dollar as follows: all asset and liability accounts are translated at the balance sheet exchange rate and all earnings and expense accounts and cash flow statement items are

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Foreign Currency (continued)

translated at average exchange rates for the year. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income and recorded in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the income statement and recognized as part of the gain or loss on disposal.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

(k) Income Taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in the statement of comprehensive income in the year which included the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Stock based Payments

Stock based payment awards that are direct awards of stock to employees or directors, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by issuing equity instruments, are accounted for using the Black-Scholes option pricing model. The cost is recognized on a straight-line graded method basis adjusted for expected forfeitures as an employee or director expense with a corresponding increase to equity in stock based payment reserve. Consideration paid by employees or directors on the exercise of stock options is recorded as share capital.

(l) Stock based Payments (continued)

Stock based payments with parties other than employees, assumes a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. In certain circumstances, the Corporation rebuts this presumption because it cannot estimate reliably the fair value of the goods or services received. The Corporation then measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

(m) Financial Assets and Liabilities

The Corporation recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets classified as held-for-trading are recognized at fair value through profit and loss ("FVTPL"). Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Assets and Liabilities (continued)

recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Corporation's financial assets include cash and investments. The Corporation's financial liabilities include trade and other payables, short term loans and long-term debt. Classification of these financial instruments is as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash	Loans and receivables
Investments	FVTPL
Trade and other payables	Other financial liabilities
Short term loans	Other financial liabilities
Long-term debt	Other financial liabilities

Financial assets are derecognized when the Corporation's rights to cash flows from the respective assets have expired or have been transferred and the Corporation has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss and comprehensive loss.

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

- Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- Available-for-Sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the cumulative loss in accumulated other comprehensive income (loss) that is reclassified to net income.

Impairment losses on financial assets carried at amortized cost and available-for-sale financial assets are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available for-sale equity instruments are not reversed.

(o) Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements under IFRS requires the Corporation to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are as follows:

Recoverability of Resource Properties

At the end of each reporting year, the Corporation assesses each of its resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the year for which the Corporation has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Corporation does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other non-financial assets

Management assesses impairment of non-financial assets such as intangible assets and property and equipment. In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit (“CGU”) based on expected future cash flows. When measuring expected future cash flows, management makes assumptions about future growth of profits which relate to future events and circumstances. Actual results could vary from these estimated future cash flows. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

Deferred Income Taxes

The Corporation is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the year of changes.

Each year, the Corporation evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for gold, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

Share-based Payments

The Corporation makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

(p) Provisions

A provision is recognized in the consolidated balance sheets when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive ordinary shares into common shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Recent Accounting Pronouncements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Accordingly, the Company expects to adopt these standards as set forth below.

i) IFRS 9, Financial Instruments

IFRS 9, “Financial instruments” (“IFRS 9”) introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement, to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity’s own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

ii) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, “Leases” (“IFRS 16”) effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have also adopted IFRS 15. IFRS 16 provides a comprehensive model for the measurement, presentation and disclosure of leases and supersedes IAS 17, “Leases”. The adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions. The Company is currently reviewing the impact of IFRS 16 on its financial statements.

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



3. INVESTMENT IN SUBSIDIARY COMPANIES

On September 30, 2016, Directors and Officers exercised options to purchase 205,000 shares of GRI at an exercise price of \$1.25 per share for aggregate proceeds of \$256,250. This issuance of GRI shares decreased the Corporation's ownership of GRI from 44.3% to 43.9%.

The transaction has been recorded as follows:

	Year ended	
	30-Jun-18	30-Jun-17
	\$	\$
Exercise of options in subsidiary	-	256,250
Change in non-controlling interest	-	268,139
Attributed to the equity of the Corporation	-	(11,889)

Restructuring

In March, 2018 GRI, NAIC, Pure Fonte and Petmin Limited "Petmin" agreed to complete a restructuring transaction summarized as follows, most of which has been completed. Prior to the restructuring, Petmin Limited was a 40% shareholder of NAIC and it is now a 10% shareholder of NAIC with an option to purchase a 10% interest in Pure Fonte.

Petmin purchased from NAIC the right to the use of the "Tenova Process" which was classified as an Intangible Asset. At the time of the restructuring Petmin had loans and accumulated management fees and expenses outstanding in the amount of \$2,472,324. Petmin was paid \$693,181CDN and the balance of \$1,779,143 was offset against current year expenses, with the remaining balance in the amount of \$1,653,310 reflected as a transaction with an owner and accordingly has been charged directly to equity. The agreement permits either party to construct a pig iron facility in specified locations, Ohio, US for Petmin and Quebec, Canada for GRI. These exclusive rights will expire in the event either of the parties have not commenced the construction of a pig iron facility within three years of the date of the agreement. NAIC transferred 100% its investment and ownership position in the proposed pig iron facility in Quebec (Pure Fonte Ltée.- a wholly-owned subsidiary of GRI) in consideration of reduction of a portion of its debt owing to GRI. NAIC will retain 100% ownership of the mineral resources at Goose Bay, with GRI holding 90% of its shares and Petmin holding a 10% dilutable ownership position in NAIC. This change of ownership resulted in an increase in controlling interest and a corresponding increase in consolidated retained earnings in the amount of \$3,428,747 at June 30, 2018 with offsetting reduction in non-controlling interest in the amount of (\$5,487,152) and total shareholders equity being reduced by (\$2,058,405).

Forks

On or about October 18, 2017, SK 3700 Glover Road Owner LLC, the landlord, served a notice on FSM indicating that a Confession of Judgment for Money (the "Judgment") was granted against Forks by the Court of Common Pleas Northampton County in Pennsylvania, USA. The Judgment was in the amount of US\$1,189,563 for rental arrears, accelerated rent and attorney's fees. Forks retained local legal counsel and on December 28, 2017, and subsequently FSM filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The proceedings are ongoing at the time of preparation of these consolidated financial statements. See latest update in subsequent events. During 2018 cumulative translation adjustments of \$398,557 have been reclassified to the statement of income from equity. See further details, Note 21.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



4. INVESTMENTS

The Corporation has the following holdings and disposition of investments:

	30-Jun-18	30-Jun-17
	\$	\$
Market value investment end of year	3,200	20,478
Cost of investments beginning of year	20,426	28,926
Additions	-	6,951
Disposals	(14,718)	(15,451)
Cost of investment end of year	5,708	20,426
Unrealized gain (loss) end of year	(2,508)	52
Unrealized gain (loss) beginning of year	52	12,545
Change in unrealized gain (loss) during the year	(2,560)	12,597
Dispositions		
	Year Ended	
	30-Jun-18	30-Jun-17
	\$	\$
Shares		
Proceeds on disposal	13,155	(16,425)
Cost of shares sold	(14,718)	(15,451)
Realized gain (loss) on investments	(1,563)	974

5. RESOURCE PROPERTIES

	Balance 30-Jun-16	Interest Accretions	Reductions & Reclassifications	Balance 30-Jun-17
	\$	\$	\$	\$
Labrador Mineral Sands	57,109,885	28,875	-	57,138,760

June 30, 2018				
	Balance 30-Jun-17	Interest Accretions	Reductions & Reclassifications	Balance 30-Jun-18
	\$	\$	\$	\$
Labrador Mineral Sands	57,138,760	31,574		57,170,334

The Labrador Mineral Sands relates to licenses held by NAIC, which include Churchill River, Mud Lake, Muskrat Lake, Goose Bay, and Hamilton River. Additions to resource properties includes accretion in the amount of \$31,583 (2017 - \$28,875) on the ACOA loan (Note 9).

Commencing in 2015, NAIC began pursuing the evaluation of accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include feldspar and silica quartz. In 2017, NAIC made the



5. RESOURCE PROPERTIES (continued)

decision to abandon further evaluation of the iron ore with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties. In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require material adjustment to the carrying amount of the resource properties in the future.

6. PROJECT DEVELOPMENT COSTS

The Corporation is planning the development of a low cost North American producer of foundry grade pig iron. The costs incurred to date relate primarily to a Bankable Feasibility Study. As part of the restructuring transaction described in Note 3, the Company transferred elements of the Bankable Feasibility Study to Petmin for cash consideration of US \$2,900,000, resulting in a gain of \$2,249,678 which has been recorded in the consolidated statement of income and comprehensive income.

Costs incurred and disposals to date are as follows:

	30-Jun-18	30-Jun-17
	\$	\$
Balance beginning of period	2,924,994	2,074,815
Costs incurred (disposals)	(1,462,672)	850,179
Balance end of period	1,462,322	2,924,994

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

As result of the action of the landlord in Forks and due to the uncertainty with the expected future use of these assets, the Corporation has recognized an impairment of industrial equipment in the amount of \$1,990,435 in 2017 and an impairment of office furniture and equipment in in the amount of \$20,609 in 2018. See note 3 and Note 21.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



	Computer equipment \$	Industrial equipment \$	Office furniture and equipment \$	Total \$
For the year ended June 30, 2017				
Opening net book value	4,650	2,070,895	26,268	2,101,813
Additions	-	-	-	-
Impairment of equipment	-	(1,990,435)	-	(1,990,435)
Depreciation	(1,395)	(16,091)	(5,242)	(22,728)
Foreign exchange differences	-	-	(64)	(64)
Net Book Value	3,255	64,369	20,962	88,586
As at June 30, 2017				
Cost	15,138	196,430	42,658	254,226
Accumulated depreciation	(11,883)	(132,061)	(30,413)	(174,357)
Foreign exchange differences	-	-	8,717	8,717
Net Book Value	3,255	64,369	20,962	88,586
for the year ended June 30, 2018				
Opening net book value	3,255	64,369	20,963	88,587
Impairment of equipment	-	-	(20,609)	(20,609)
Sale of Equipment	-	(33,873)	-	(33,873)
Depreciation	(976)	(11,746)	(71)	(12,793)
Foreign exchange differences	-	-	-	-
Net Book Value	2,278	18,750	282	21,311
As at June 30, 2018				
Cost	15,138	97,773	22,049	134,961
Accumulated depreciation	(12,860)	(79,023)	(21,767)	(113,649)
Net Book Value	2,278	18,750	282	21,311

8. SHORT TERM LIABILITIES

On August 25, 2016 GRI borrowed \$250,000 from an unrelated party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before August 25, 2019 at an exercise price of \$0.01 per share. The loan is repayable on demand, no later than December 31, 2018.

On September 29, 2016 GRI borrowed \$250,000 from Forest Lane Holdings Limited "FLH", a Company controlled by an Director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before September 29, 2019 at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly, to GRI of which GRI has drawn down \$2,105,000 as at September 30, 2017. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly.

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum payable monthly. Subsequent to year end, a loan extension was signed extending

8. SHORT TERM LIABILITIES (continued)

the payment of principal, without penalty, on or before August 31, 2019, and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share.

The loan balances in the table below include interest accrued to June 30, 2018

	Year ended	
	30-Jun-18	30-Jun-17
	\$	\$
Short term loan from unrelated party interest at 6% due December 31, 2018	279,095	262,882
Short term loan from related party interest at 6% due on demand	2,549,749	2,401,622
Short term loan from related party interest at 12% due on August 31, 2019	2,000,000	-
Balance end of period	4,828,844	2,664,504

9. LONG TERM DEBT

ACOA Loan

In fiscal 2012 NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000 related to resource properties. The loan is repayable in five annual equal and consecutive installments commencing six months after the end of the fiscal year in which 'Project Success' is achieved. It is anticipated that project success will be achieved in the fiscal year ending June 30, 2020 and repayments will commence in December 2020. The carrying value of the loan has been discounted using an effective interest rate of 9%.

Industrial Equipment Loan

During fiscal 2013, FSM received a loan from the State of Pennsylvania in the amount of US\$1,600,000 to partially finance the acquisition of industrial equipment in Forks Township, Pennsylvania. The loan bears interest at 1% and is repayable in monthly principal installments of US\$14,017, commencing March 1, 2013, maturing on February 1, 2023. The carrying value of the loan was discounted using an effective interest rate of 9% but due to the uncertainty of the FSM operation, at June 30, 2017 this liability was recorded at the undiscounted amount of the loan and the accretion recorded as an expense in the statement of loss. Pursuant to the bankruptcy proceedings this loan has been written off resulting in a net gain being recorded in the consolidated statement of income and comprehensive income in the amount of \$1,562,459. Please refer to Notes 3 and 21.

Convertible Debenture

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000 with FLH. The debenture matures on May 1, 2020 and bears interest at a rate of 5% per annum payable quarterly. The debenture is convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.80 per common share if exercised within 12 months of closing and will increase by \$0.05 per common share on the anniversary date each year thereafter until the maturity date.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



9. LONG TERM DEBT (continued)

At the option of the Corporation, quarterly interest may be converted into common shares of the Corporation at a conversion price equal to the volume-weighted average trading price of the shares for the 20 consecutive trading days ending on the fifth trading day preceding the determination date. The determination date is 15 business days prior to the payment date. The debenture will not be listed on the CSE, however the common shares issuable upon any conversion will be listed and will be subject to a four month hold period from the date of issuance. See Note 10.

The debenture is a compound financial instrument and as such has been recorded as a liability and as equity. The liability component was valued first and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using a discount rate of 14% which approximated the interest rate that would have been applicable to non-convertible debt of the Company at the time the debenture was issued. The liability component will be accreted to the face value of the liability using the effective interest method. The accretion of the liability is charged at an effective interest rate of 14% such that at maturity the liability component is equal to the face value of the outstanding debenture. The balance of the liability component is shown in the table below.

	Year ended	
	30-Jun-18	30-Jun-17
	\$	\$
ACOA Loan		
Loan amount beginning of year	336,684	307,809
Accretion capitalized to resource properties	31,583	28,875
Balance end of year	368,267	336,684
Convertible debenture		
Amount outstanding beginning of year	1,594,866	1,481,525
Accretion expense for period	130,268	113,340
Balance end of year	1,725,134	1,594,865
Industrial equipment loan		
Loan amount beginning of period	-	1,209,194
Repayments/write downs	-	-
Accretion capitalized to iron interests	-	-
Change in foreign exchange for period	-	(9,456)
Current portion	-	(1,199,738)
Balance end of period	-	-
Total	2,093,401	1,931,549

9. LONG TERM DEBT (continued)

The future minimum payments associated with the above debt instruments are as follows:

Loan repayments	
2018	-
2019	-
2020	2,100,000
2021	100,000
2022	100,000
Thereafter	200,000

10. SHARE CAPITAL

On August 2, 2016, the Corporation issued 25,518 common shares to FLH. This issuance represents interest due August 1, 2016 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.9797 per share, which is the volume-weighted trading price for the 20 trading days ending July 1, 2016.

On November 1, 2016, the Corporation issued 36,398 common shares to FLH. This issuance represents interest due November 1, 2016 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.6869 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2016.

On February 1, 2017, the Corporation issued 48,685 common shares to FLH. This issuance represents interest due February 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.5135 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2017.

On May 1, 2017, the Corporation issued 63,762 common shares to FLH. This issuance represents interest due May 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3921 per share, which is the volume-weighted trading price for the 20 trading days ending March 31, 2017.

On August 1, 2017, the Corporation issued 41,667 common shares to FLH. This represents interest due August 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.60 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2017.

On November 1, 2017, the Corporation issued 53,914 common shares to FLH. This represents interest due November 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4637 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2017.

On February 1, 2018, the Corporation issued 58,080 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4304 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2018. The securities are subject to a four month hold period following the date of issuance.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



10. SHARE CAPITAL (continued)

On May 1, 2018, the Corporation issued 62,574 common shares to FLH. This issuance represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3995 per share, which is the volume-weighted trading price for the 20 trading days ending March 31, 2018.

All the securities issued are subject to a four month hold period following the date of issuance.

COMMON STOCK OUTSTANDING	Number of	
	Shares	Amount
Authorized: Unlimited number of common shares without par value		
Issued and outstanding June 30, 2016	17,307,039	\$ 8,973,978
Issued in payment of interest	174,363	100,000
Issued and outstanding June 30, 2017	17,481,402	\$ 9,073,978
Issued and outstanding June 30, 2017	17,481,402	\$ 100,000
Issued in payment of interest	216,235	100,000
Issued and outstanding June 30, 2018	17,697,637	\$ 200,000
Weighted average issued and outstanding - 17,584,713 (2017 - 17,384,638)		

11. STOCK BASED COMPENSATION PLAN

The Board of Directors has established a stock option plan under which options to purchase common shares are granted to directors, officers, and key employees of the Corporation. Options to acquire common shares are granted at option prices which shall be not less than the fair market value of the shares at the time the option is granted. Fair market value shall be deemed to be the average between the highest and lowest prices at which the common shares are traded on the day the option is granted and if not so traded, the average between the closing bid and asked prices thereof as reported for the day on which the option is granted. Options expire between one and ten years from the date of the grant.

The Corporation has reserved 3,450,203 (2017 – 3,450,203) common shares pursuant to the stock option plan. There are 2,114,000 (2017 - 2,114,000) options to acquire common shares outstanding under the plan as at June 30, 2018. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

Options issued and outstanding as at June 30, 2017 and June 30, 2018:

Number of options outstanding	Expiry Date	Exercise Price \$	Number of options exercisable
144,000	28-May-2022	0.65	144,000
450,000	30-Nov-2022	0.65	450,000
985,000	6-Dec-2023	0.85	985,000
535,000	8-Dec-2024	0.75	535,000
2,114,000		0.77	2,114,000

METALO MANUFACTURING INC.

Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



11. STOCK BASED COMPENSATION PLAN (continued)

GRI Stock Option Plan

The Board of Directors of GRI has established a stock option plan under which options to purchase common shares are granted to directors, officers, and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

GRI has reserved 2,376,933 (2017 - 2,376,933) common shares pursuant to the stock option plan. There are 1,048,000 (2017 - 1,206,000) options to acquire common shares outstanding under the plan as at June 30, 2018. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vested immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the option of 5 years.

Options issued and outstanding as at June 30, 2018:

	Weighted average Exercise price \$	Issued
Balance June 30, 2016	1.73	2,116,000
Exercised	1.25	(205,000)
Expired	1.25	(705,000)
Balance June 30, 2017	2.15	1,206,000
Expired	1.25	87,000
Expired	2.10	71,000
Balance June 30, 2018	2.16	1,048,000

The following table summarizes information about the options outstanding and exercisable at June 30, 2018:

Options Outstanding and Exercisable			
Number of options outstanding	Expiry Date	Exercise Price \$	Number of options exercisable
450,000	6-Dec-2018	2.10	450,000
448,000	8-Dec-2019	2.10	448,000
150,000	27-May-2021	2.50	150,000
1,048,000		2.16	1,048,000

12. COMPARATIVE NUMBERS

An adjustment resulting in a decrease in retained earnings and an increase in non-controlling interest in the amount of \$5,682,373 as at July 1, 2016 was made to the June 30, 2017 consolidated statement of changes in equity in order to realign the treatment of historical injections of capital by Petmin in NAIC and their effect on the allocation of the Group's equity between the shareholders and the non-controlling interests.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



13. EXPENSES BY NATURE

	12 months ended	
	30-Jun-18	30-Jun-17
Operating expenses		
Advertising and promotion	-	10,305
Utilities	11,141	131,247
Dues and fees	27,104	14,398
Exploration costs	-	13,179
Facility costs	-	103,900
Foreign exchange gain	(424,045)	(272,460)
General and administrative	15,417	206,735
Insurance	49,519	97,502
Management and consulting fees	729,221	1,398,966
Professional fees	118,864	104,159
Rental	362,460	1,077,341
Travel	201,252	631,316
Salaries and wages	212,564	573,650
	1,303,497	4,090,238

14. RELATED PARTY TRANSACTIONS

In addition to the related party loans described in Notes 8 and 9 the Corporation has the following related party transactions. The compensation expense associated with key management, directors and employees for services is as follows:

	30-Jun-18	30-Jun-17
	\$	\$
Management fees	150,000	165,000
Consulting fees	250,697	931,513
Directors fees	13,650	15,750
Salaries and benefits	291,969	573,621
Operating expenses	706,316	1,685,884

The Corporation has issued shares in lieu of payment of interest on a related party loan as described in Note 9, see Note 10 for details.

The Corporation paid office rent in the amount of \$31,800 to Torvan Capital Group, a division of Ashley Park Enterprises Inc., a company controlled by a director of the Corporation.

15. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share is calculated by dividing the net income (loss) per financial statements by the weighted average number of common shares outstanding for the year. The Company has an income in the current year and a loss in prior years and the options effect is anti-dilutive.

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



16. INCOME TAXES

The Corporation's income taxes have been calculated as follows:

	30-Jun-18	30-Jun-17
	\$	\$
Income (loss) before income taxes	1,851,767	(6,863,917)
Combined Federal and Provincial tax rate	31%	31%
Expected expense (recovery) at statutory rates	574,048	(2,127,814)
Unrecognized tax assets	226,298	282,914
Subsidiary rate differential	(12,193)	(188,251)
Non -taxable items related to restructuring	(809,142)	-
Other	121,834	(142,847)
Deferred tax recovery	100,845	(2,175,998)

Deferred tax liability consists of:

	30-Jun-18	30-Jun-17
	\$	\$
Non-capital losses	5,498,660	6,192,485
Iron interests	(11,279,660)	(11,261,210)
Intangible asset	-	(877,499)
Property and equipment	1,234	1,044
Loans receivable	-	194,352
Long-term Debt	121,980	170,535
Investment	(992)	(1,915)
Share issue costs	-	24,275
	(5,658,778)	(5,557,933)

	2018	2017
Expiry of Non-Capital Losses	\$	\$
2028	22,819	22,819
2029	285,264	285,264
2030	68,825	68,825
2031	145,349	331,346
2032	110,470	534,563
2033	646,454	1,740,499
2034	1,260,627	2,448,464
2035	1,289,976	2,467,806
2036	8,003,481	8,003,481
2037	7,483,943	7,018,053
2037	1,638,931	-
	20,956,139	22,921,120

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



17. COMMITMENTS

In March, 2018 GRI, NAIC, Pure Fonte and Petmin agreed to complete a restructuring transaction summarized as follows, most of which has been completed, however Petmin has an option to purchase a 10% interest in Pure Fonte in exchange for a 10% interest in Petmin's Ohio facility.

18. MANAGEMENT OF CAPITAL

The Corporation defines capital that it manages as the aggregate of its long-term debt, share capital, equity component convertible debenture, stock based payment reserve, accumulated other comprehensive income, retained earnings and non-controlling interest. Its objective when managing capital is to ensure that the Corporation will continue as a going concern, so that it can provide returns to its shareholders. See note 1.

	30-Jun-18	30-Jun-17
	\$	\$
Long term debt	2,093,401	1,931,549
Share capital	9,173,978	9,073,978
Equity component convertible debenture	649,593	649,593
Stock based payment reserve	1,284,000	1,284,000
Accumulated other comprehensive income	-	175,365
Retained earnings	7,152,898	3,332,273
Non-controlling interest	27,505,422	31,856,722
	47,859,292	48,303,480

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Corporation is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Corporation's overall strategy with respect to management of capital remains unchanged from the year ended June 30, 2017.

19. FINANCIAL INSTRUMENTS

The carrying amounts reported on the financial statements for cash, accounts receivable, trade and other payables and short term loans all approximate their fair values due to their immediate or short-term nature. Management believes the carrying amounts of long-term debt also approximate their fair values, as they believe the effective interest rates used by management in determining the carrying values of long-term debt continue to be appropriate.

Risk Disclosures

The main risks the Corporation's financial instruments could be exposed to are credit risk, liquidity risk, foreign exchange risk, and interest rate risk.

Credit Risk

Trade and other payables are due in the next 12 months. The Corporation's credit risk is primarily attributable to its cash. The Corporation places its cash with high quality financial institution and in reliable trust account in Canada, and as result, believes its exposure to credit risk is minimal.

19. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. To the extent that the Corporation does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through debt or equity transactions. The Corporation manages its liquidity risk by continuously monitoring forecast and actual cash flows from operations. In recent years, additional loans from directors/shareholders, and new equity financing have provided the necessary liquidity required. Trade and other payables are due within 12 months. See Note 9 for contracted payments of long term debt. See note 1.

Foreign Currency Risk

The Corporation limited US dollar exposure, however, maintains some US denominated bank accounts to settle trade payables denominated in US dollars and a five percent change in the US dollar to Canadian dollar exchange rate would not have a significant impact on their carrying values.

Interest Rate Risk

The Corporation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate.

21. SUBSEQUENT EVENTS

On August 1, 2018, the Corporation issued 69,351 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018. The securities are subject to a four month hold period following the date of issuance.

A loan in the amount of \$621,000 was advanced to Pure Fonte Ltée on July 5, 2018 by a non-related party which shall bear interest at a rate of 5% per annum for a period of 3 years. The loan and interest will be capitalized to the end of term and are convertible into shares at the option of the holder.

FSM has had several meetings with the creditors and with the trustee in bankruptcy requesting additional documentation which has been subsequently provided. There are no meetings of creditors scheduled. As the bankruptcy proceedings are ongoing, there can be no assurance that the trustee will approve the petition for bankruptcy without challenge or whether amounts contained therein are ultimately the responsibility of the Company. Management believes there is no basis for the trustee to challenge the petition and will vigorously defend any legal actions or suits filed by the trustee.

22. SEGMENTED INFORMATION

As at June 30, 2018 the Corporation had a corporate head office and three operating business segments;

1. GRI, a private corporation, incorporated under the *Companies Act* of Nova Scotia, is a development stage enterprise in the process of exploring its mineral properties, held indirectly through its majority-owned subsidiary North Atlantic Iron Corporation.
2. NAIC, a private corporation, incorporated under the *Corporations Act* of Newfoundland and Labrador, is a development stage enterprise in the process of exploring its mineral properties in Newfoundland and

METALO MANUFACTURING INC.
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and June 30, 2017
(Amounts presented in Canadian Dollars)



22. SEGMENTED INFORMATION (continued)

3. Labrador, Canada and the development of a foundry grade pig iron manufacturing plant. It is a majority owned subsidiary of GRI.
4. PURE FONTE a private corporation incorporated under the *Corporations Act* of Quebec to be engaged in the production of iron ore.
5. FSM, a private corporation, incorporated under the laws of Pennsylvania discontinued operation in December 2018.

	Corporate		GRI		NAIC		FSM		Pure Fonte		Eliminations		Consolidated	
	30-Jun-18 \$	30-Jun-17 \$												
Revenue - intersegment	-	-	33,155	65,697	-	-	126,948	1,332,728	-	-	(160,103)	(1,398,425)	-	-
Operating expenses	181,735	218,784	558,104	2,114,989	465,708	1,865,216	(54,344)	1,916,613	183,119	-	(30,824)	(2,025,363)	1,303,497	4,090,238
EBITDA	(181,735)	(218,784)	(524,948)	(2,049,292)	(465,708)	(1,865,216)	181,292	(583,885)	(183,119)	-	(129,280)	626,938	(1,303,497)	(4,090,238)
Depreciation and Amortization	-	-	(1,430)	(1,830)	(11,361)	(15,745)	-	(5,153)	-	-	-	-	(12,792)	(22,728)
Interest and bank charges	(209,005)	(74,250)	(389,484)	(89,087)	(12,476)	(44,401)	(14,546)	(64,091)	-	-	130,254	-	(495,256)	(271,830)
Interest accretion	(130,268)	(113,340)	-	-	-	-	-	(388,917)	-	-	-	-	(130,268)	(502,257)
Gain (loss) on subsidiary debt	-	-	-	-	-	-	4,039,002	-	-	-	(2,476,543)	-	1,562,459	-
Gain on sale of intangible asset	-	-	-	-	3,712,000	-	-	-	-	-	(1,462,322)	-	2,249,678	-
Impairment of property & equipment	-	-	-	-	-	-	(20,609)	(1,990,435)	-	-	-	-	(20,609)	(1,990,435)
Loss on sale of property & equipment	-	-	-	-	6,177	-	-	-	-	-	-	-	6,177	-
Realized gain (loss) on investments	-	-	(1,563)	974	-	-	-	-	-	-	-	-	(1,563)	974
Unrealized gain on investments	-	-	(2,560)	12,597	-	-	-	-	-	-	-	-	(2,560)	12,597
	(339,273)	(187,590)	(395,037)	(77,345)	3,694,339	(60,147)	4,003,847	(2,448,596)	-	-	(3,808,611)	-	3,155,265	(2,773,679)
Segment income (loss) before taxes	(521,008)	(406,374)	(919,985)	(2,126,637)	3,228,631	(1,925,362)	4,185,139	(3,032,481)	(183,119)	-	(3,937,891)	626,938	1,851,766	(6,863,917)
Total assets	5,290,593	5,434,826	5,302,166	4,791,085	57,399,052	58,209,788	-	588,695	2,974,953	-	(12,216,480)	(8,267,512)	58,750,284	60,756,882
Total liabilities	7,461,758	7,214,406	5,148,000	2,705,014	605,564	2,975,621	-	4,152,181	3,048,344	-	(3,279,275)	(2,662,271)	12,984,392	14,384,951

The Corporation's Board of Directors evaluates the performance of these segments and allocates resources to them based on certain performance measures (mainly earnings from operations and cash flow from operations). Segment earnings correspond to each business' earnings from operations. The Corporation's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA").

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Revenue from external customers for the year ending June 30, 2018 was \$ nil (June 30, 2017 \$ nil)

	30-Jun-18 \$	30-Jun-17 \$
Canada	58,653,967	60,131,729
United States of America	-	20,611
Total non-current assets	58,653,967	60,152,340

Appendix “B”

Management Discussion and Analysis’ for the years ended June 30, 2020, June 30, 2019 and June 30, 2018



METALO MANUFACTURING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

INTRODUCTION

This management's discussion and analysis ("MD&A") should be read in conjunction with Metalo Manufacturing Inc.'s ("MMI" or the "Corporation") audited consolidated financial statements for the years ended June 30, 2020 and 2019, and their related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A contains forward-looking statements that are subject to risk factors described in this MD&A. All figures are in Canadian dollars unless otherwise noted. The discussion and analysis within this MD&A are effective as of October 27, 2020. Additional financial and corporate information relating to the Corporation can be found on the Company's website, www.metalo.ca, or on SEDAR, www.sedar.com

The Corporation is a publicly listed company trading on the Canadian Securities Exchange (the "CSE"), with a ticker symbol "MMI", headquartered in Toronto, Canada.

The Corporation's principal asset is a 43.92% shareholding in Grand River Ironsands Incorporated ("GRI"), a private company incorporated in the Province of Nova Scotia. GRI owns 90% of North Atlantic Iron Corporation ("NAIC"), a private corporation that is involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI also owns 100% of Pure Fonte Ltée ("PFL" or "Pure Fonte"), a Federal corporation based in Québec established to construct a pig iron plant.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion and analysis contain forward-looking statements which reflect management's expectations regarding the Corporation's future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflect management's current assumptions based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Corporation cannot be certain that actual results will be consistent with these forward-looking statements. Forward-looking statements involve significant known and unknown risks, assumptions and uncertainties that may cause the Corporation's actual results, performance, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, market demand, commodity pricing, regulatory matters, currency risks, liability claims, integration of new operations, financing risks, and interest rate risks. Although the Corporation has attempted to identify important risks and factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors and risks that may cause results not to be as anticipated, estimated or intended.

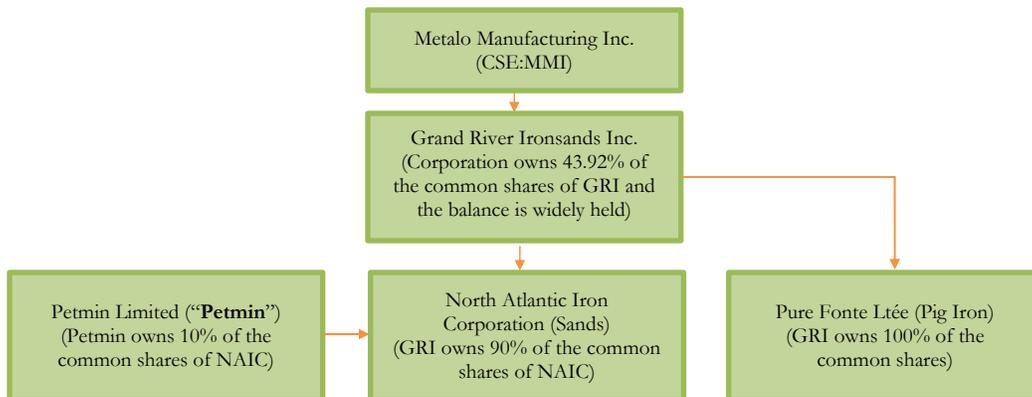
There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those anticipated in such statements. Certain factors that may impact operations are also discussed. Such comments will be affected by, and may involve, known and unknown risks and uncertainties that may cause the actual results of the Corporation to be materially different from those expressed or implied. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, except as required by law, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

COVID-19

Recently there was a global outbreak of a novel coronavirus identified as COVID-19, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries in which the Corporation may conduct business.

CORPORATE OVERVIEW

The following chart displays the current corporate structure of the Corporation.



OVERVIEW OF NAIC

NAIC's exploration properties in the Happy Valley-Goose Bay region of Newfoundland and Labrador have been under investigation and assessment since 2007. On July 24, 2020, NAIC's geology team filed for an exploration permit for drilling and assaying its three mineral claims. As of writing, approval has not yet been provided. A substantive portion of two claim blocks remain under review as to the potential sterilization of a portion of NAIC claims by the power utility on NAIC lands for broadening the power corridor (Hoffman claim) and a portion of another claim block (Muskrat Falls). These actions, if the drill permit is not approved, will lead to a reduction in total mineral land holdings and will be deemed harmful. NAIC contends the mineral claim blocks were secured in advance of any formal effort on the hydro dam and after considerable money had been expended by the project. The claims were filed and approved prior to the announcement of efforts to build the hydro dam.

The claims are in central Labrador immediately to the west and to the north side of the Churchill River. The claims extend west and east of Muskrat Falls along the lower Churchill River to Hamilton Inlet. NAIC has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Happy Valley-Goose Bay, N L and to reduce carrying costs and future work commitments. This review resulted in the cancellation and forfeiture of minerals claims associated with several significant blocks. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres. Management are confident that this significant reduction in claims will have no material impact on a future development solution.

NAIC Mineral Claims

Claim Number (Oct. 2020)	# of claims	Issued	Status	Renewal Date	Extended COVID	10 year Renew Fee	Report Date	NTS Map
017907M – Muskrat	23	2010-08-23	Active	2020-08-23	2020-12-31	\$1,150	2021-10-22	13F07
017911M - South Branch	44	2010-08-23	Active	2020-08-23	2020-12-31	\$2,200	2021-10-22	13F02,13F07
018325M – Hoffman	114	2011-01-06	Active	2021-01-06			2021-03-08	13F02,13F03

Mineral claims and deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five-year time frame. As at the date of the MD&A, the Corporation has injected the prescribed amount of exploration expenditures into the remaining mineral claims. Prior to the end of the 2020, NAIC will undertake a 10-year renewal of 2 of the 3 claims with the third claim being renewed in 2021 when required.

NAIC has had ongoing communications with engineering firms experienced in mineral sands in the United States, China, and Germany. The technical laboratories in Germany and China are of a similar view on the grades and uses for the feldspars and silica quartz. The discussions and negotiations with interested Chinese advisors, off-takers and investors have been placed on hold until the political matters between China and Canada have been resolved. In the interim, meetings have been held with the German firm able to undertake technical, market and feasibility work. Additionally, NAIC is exploring funding solutions, including potentially issuing flow through shares in Canada. Industrial minerals (silica quartz, feldspars, garnets, zircon, etc.) are not commonly understood in Canada by experts or investors. This complexity may require broadening the investment efforts. In September 2020, NAIC engaged in early discussions with the Innu First Nations to establish an operating framework to advance the project while respecting their ancestral rights to the target lands. The Innu First Nations have been a shareholder, partner, and Board member (2 seats in GRI) since 2007.

NAIC is in ongoing discussions to raise up to \$5 million to advance the asset through permitting, feasibility, and market assessment efforts. Community consultation has been activated in Q3 2020 in Newfoundland and Labrador. As pertinent information is obtained, it will be shared through a media release or the CSE Form 7A monthly filing.

Historical on Mineral Sands

In July 2020, NAIC received a technical report that is the first step of several, from a German laboratory viewed as competent and qualified in assessing mineral sands. The focus was on the Feldspars, approximately 52% of head feed, and Silica Quartz, approximately 22% of head feed. The detail of these reports will be published after an internal technical review. Essentially, the reports confirm the silica quartz is a higher purity at 99.4% SiO₂ with an Fe of 0.06% (compared to the Chinese at 99.3% SiO₂ and 0.01% Fe). On the Feldspars, both reporting similar results of K₂O+Na₂O of 10.59%. The specifications make these products of value to glass making, such as clear and colored bottles, containers, etc., also for plate glass for automotive, industrial and residential, fiberglass, silicon carbide, industrial ceramics (sanitaryware, tiles, tableware), pottery, etc.

In 2015, due to the oversupply of iron ore feedstock, it was decided to source iron ore from other Canadian producers for the pig iron plant. NAIC also began pursuing the evaluation of accessory minerals associated with the Labrador mineral sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. In 2017, NAIC made the decision to abandon further evaluation of the iron interests with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties.

On June 17, 2014, the Corporation filed on SEDAR NI 43-101 highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The NI 43-101 was prepared by SRK Consulting (Canada) Inc. Please refer to the NI 43-101 document filed on SEDAR for detailed resource estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation.

In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require material adjustment to the carrying amount of the resource properties in the future.

NAIC is revisiting the viability of the mineral sands from an economic, market, permitting and economic development opportunity for the community and Province of Newfoundland and Labrador. Other considerations include access to required electricity and labour as well as the future direction for the port in the local area to accommodate increased traffic. Equally important is the support of the Innu First Nations and other aboriginal communities and residents.

OVERVIEW OF PFL

PFL is developing an iron casting smelter in the Province of Québec. Technical and economic assessments through a bankable feasibility study ("BFS"), have concluded the economic viability of a US\$408 million cast iron making plant. The plant has been designed to be a global leader in managing the least amount of CO₂ per tonne of metal. This requires a high purity iron input, clean hydro electricity, and all measures possible emitting the lowest amount of CO₂ per function. This project has been delayed due to several factors including finalizing an interim level of capital, COVID-19, market uncertainties in various raw materials and final products. The project is focused on finalizing efforts to fulfill the permit to operate. Most of the required studies have been fulfilled and the focus is now shifting to the public consultation with the community. Subsequent to year end, PFL commenced the process to obtain necessary environmental approvals for its project.

The investors of NAIC and GRI have invested substantial funds (more than an estimated C\$50 million) in all related measures to solve and prove the economic viability and to develop a bankable feasibility study related to the planned construction of the pig iron facility, this included site selection, preliminary environmental assessment and permitting, process design and engineering and logistics. More than \$5 million has been spent in efforts assessing the location by PFL.

GRI currently owns 100% of the investment in PFL and 90% of NAIC.

PFL continues to advance its efforts to develop the pig iron plant. This plant will be a specialized producer in North America of a premium grade pig iron and has been designed to provide a new standard for environmental emissions and stewardship. As well, it will be strategically located to provide competitive advantage in both access to raw materials as well as access to markets in North America and Europe. Financing has been challenging with commodity prices fluctuating and manufacturing plants having to address environment management issues.

The design attributes required are as follows:

1. lowest generation of greenhouse gases (GHGs) per tonne of pig iron produced in the industry;
2. economic returns necessary to ensure the required capital investment is available;
3. manufacturing process capable of producing premium grade pig iron to guarantee best pricing and least market volatility;
4. location supported by the government and the community, with the ability to provide skilled labour and competitive infrastructure; and
5. location must serve and be competitive in both European and North American markets.

The BFS was completed for the US\$408 million pig iron manufacturing plant for a Québec site, subject to cost adjustments since 2018. The environmental assessment work in Québec was placed on hold in 2019 until greater visibility on capital raising for the pre-construction work was obtained. Those efforts, including the environmental assessment work, are now advancing with plans to finalize. The pre-construction work is comprehensive and will include the financing of the permitting, front end engineering (FEED) (site related), detailed engineering (plant), negotiating the capital required for project financing and other corporate and legal related matters.

The financial model economics remained intact when the price of iron ore increased as they were offset by other costs that were reduced in the market. Natural gas and electricity prices have remained in forecasted ranges. Letters of undertaking have been secured to purchase 100% of the plant production. The key goals for the initial pig iron manufacturing initiative for the next several months will be to: (i) complete the permitting process; (ii) complete and release the BFS for the chosen site; (iii) review the project economics and complete and publish an economic assessment; (iv) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; and (v) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

MMI will provide pertinent information through media releases and/or “Form 7A” filed monthly with the Canadian Securities Exchange (CSE) – www.cse.com entering the stock symbol MMI.

FINANCIAL SUMMARY

The audited annual consolidated financial statements for the year ended June 30, 2020 include all the accounts of the Corporation, GRI, NAIC, FSM (defined below) and PFL.

The following discussion addresses the operating results and financial condition of the Corporation for the year ended June 30, 2020. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the year ended June 30, 2020 and the related notes thereto, as well as reference to the forward-looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

HIGHLIGHTS

The following is a summary of the major financial highlights for the year ended June 30, 2020 (including subsequent events).

- On August 1, 2019, the Corporation issued 85,749 common shares to Forest Lane Holdings Limited (“FLH”). This represents interest due August 1, 2018, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2915 per share, which is the volume-weighted trading price for the 20 trading days ending July 11, 2019.
- On November 1, 2019, the Corporation issued 90,171 common shares to FLH. This represents interest due November 1, 2019, in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$ 0.2773 per share, which is the volume-weighted trading price for the 20 trading days ended October 31, 2019.
- On February 1, 2020, the Corporation issued 240,989 common shares to FLH. This represents interest due February 1, 2020 in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.1037 per share, which is the volume-weighted trading price for the 20 trading days ending January 6, 2020. The securities are subject to a four month hold period following the date of issuance.
- On April 16, 2020, the Corporation entered into a loan agreement with an arms-length lender in the amount of \$1,000,000 with interest of 10% that will mature on April 16, 2021. 100,000 share purchase warrants were also issued to the lender, with each warrant entitling the holder to purchase one common share of the Corporation at an exercise price of \$0.15 for a period of two years.
- On May 1, 2020, the Corporation issued 160,511 common shares to FLH. This represents interest due May 1, 2020 in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.1558 per share, which is the volume-weighted trading price for the 20 trading days ending April 2, 2020. The securities are subject to a four month hold period following the date of issuance.
- On May 1, 2020, the Corporation also issued 200,000 common shares of the Corporation at a deemed value of \$0.07 per share (the closing market price the day before the issuance) to FLH as consideration for the extension of the maturity date of a convertible debenture to November 1, 2020.
- On May 1, 2020, a six-month loan obtained by GRI and guaranteed by the Corporation in the amount of \$575,000 was repaid in full.
- On May 5, 2020, GRI received an interest-free loan of \$ 40,000 from Canada Emergency Business Account. This loan was created by the federal government to assist businesses during the COVID-19 pandemic. 25% of the loan is forgivable (up to \$10,000) if GRI repays the loan on or before December 31, 2022. If the loan is not repaid by that date, the loan can be converted to a three-year term loan bearing interest of 5% per annum.
- On August 4, 2020, the Corporation issued 127,660 common shares to FLH. This represents interest due August 1, 2020 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1958 per share, which is the volume-weighted trading price for the 20 trading days ending July 13, 2020. The securities are subject to a four month hold period following the date of issuance.

FINANCIAL AND OPERATIONAL RESULTS

NON-GAAP FINANCIAL MEASURES

There are measures included in this MD&A that do not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Corporation includes these measures because it believes certain investors use these measures as a means of assessing financial performance. Management believes that the measure ‘Loss before the undernoted’ is an important indicator of the Corporation’s ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt, and fund future capital expenditures and uses this measure for that purposes. In addition, the

Corporation's management reporting system evaluates performance based on several factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA"). Management adjusts measures to provide investors and analysts with a more comparable year-over-year performance measure than the basic measure, by excluding certain items. These items could impact the analysis of trends in performance and affect the comparability of our financial results. By excluding these items, management is not implying they are non-recurring.

Selected Consolidated Operating Results				
	Three Months		Year Ended	
	June 30-20	30-Jun-19	June 30-20	30-Jun-19
	\$'s	\$'s	\$'s	\$'s
Revenue	-	-	-	-
Expenses				
Utilities	2,947	-	7,005	2,046
Dues and fees	8,236	3,121	21,526	19,336
Foreign exchange losses	(6,742)	(2,457)	7,950	(403)
General and administrative	(4,169)	(8,720)	21,159	8,690
Insurance	-	1,167	1,458	3,500
Management and consulting fees	(116,043)	151,635	145,408	653,011
Professional fees	28,575	112,343	141,159	160,670
Rental	982	16,744	3,878	40,389
Travel	(2,358)	23,266	82,761	142,064
Salaries and wages	16,033	23,046	48,798	119,807
Consolidated operating loss before under noted	72,539	(320,145)	(481,102)	(1,149,110)
Amortization	(955)	(1,965)	(3,606)	(4,490)
Interest including accretion	(319,576)	(228,058)	(1,020,860)	(756,463)
Valuation discount term loan	-	234,526	-	234,526
Gain (loss) on investments	320	1,120	-	(400)
Government assistance benefit	12,122	-	12,122	-
Net Income (before taxes)	(235,550)	(314,522)	(1,493,446)	(1,675,936)
Income tax (expense) recovery	87,269	290,171	465,978	674,468
Net Income	(148,281)	(24,351)	(1,027,468)	(1,001,468)
Non-controlling interest	(90,328)	(185,430)	(453,952)	(605,530)
Comprehensive income (loss) attributable to MMI	(57,953)	(209,781)	(573,516)	(395,938)
Income (Loss) per share	(0.003)	(0.012)	(0.031)	(0.022)
Avg. Weighted Shares O/S	18,349,944	17,807,026	18,349,944	17,807,026

For the year ended June 30, 2020, the consolidated operating loss before interest, amortization income tax and other unusual items was (\$481,102) compared to a loss of (\$1,149,110) for the prior year. The comprehensive loss attributed to MMI shareholders was (\$573,516) (\$0.031) per share compared to a loss of (\$395,938) (\$0.022 per share) for the prior year.

ADDITIONAL EXPLANATIONS

Revenue

The Corporation does not expect any revenues in the immediate future from its principle line of business, its indirect interests in the production of pig iron or sales of mineral sands.

Interest and accretion expense

For the year ended June 30, 2020, the Corporation had an interest and accretion expense of \$1,020,860 compared to an interest and accretion expenses of \$756,462 for the prior year. These amounts do not include interest expense or accretion that was capitalized during the year.

Income tax recovery

Income taxes are calculated using the liability method. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax benefit of these losses has been recognized as a reduction of the deferred tax liabilities. (Refer to Note 14 of the consolidated financial statements).

Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters.

Selected Quarterly Financial Data								
	30-Jun 2020	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Dec 2018	30-Sep 2018
Expenses								
Advertising and promotion	-	-	-	0	-	-	-	-
Utilities	2,947	2,048	1,873	137	-	268	1,574	204
Dues and fees	8,236	370	10,034	2,886	3,121	4,129	8,925	3,161
Foreign exchange losses	(6,742)	13,716	(1,964)	2,940	(2,457)	(2,163)	(110)	4,326
General and administrative	(4,169)	10,316	13,340	1,671	(8,720)	596	11,591	5,223
Insurance	-	-	583	875	1,167	583	875	875
Management fees	(116,043)	41,274	112,927	107,250	151,635	108,550	198,746	194,079
Professional fees	28,575	28,271	43,697	40,616	112,343	11,577	19,750	17,000
Rental	982	1,186	855	855	16,744	822	14,341	8,482
Travel	(2,358)	25,738	28,660	30,722	23,266	3,734	106,904	8,160
Salaries and wages	16,033	3,159	13,842	15,764	23,046	10,276	67,824	18,661
Operating (loss) income before under noted	72,539	(126,078)	(223,847)	(203,716)	(320,145)	(138,372)	(430,421)	(260,172)
Amortization	(955)	(889)	(881)	(881)	(1,965)	(280)	(1,122)	(1,123)
Interest expense including accretion	(319,576)	(251,437)	(242,377)	(207,470)	(228,058)	(177,238)	(175,601)	(175,565)
Valuation discount term loan	-	-	-	-	234,526	-	-	-
Gain (loss) on investments	320	-	(720)	400	1,120	(1,120)	(480)	80
Government Assistance Benefit	12,122	-	-	-	-	-	-	-
Income tax recovery	87,269	114,942	140,213	123,554	290,171	93,081	169,200	122,016
Consolidated Income (Loss)	(148,281)	(263,462)	(327,612)	(288,112)	(24,351)	(223,929)	(438,424)	(314,764)
Non-controlling interest	(90,328)	108,196	127,168	128,260	185,430	87,532	194,725	137,843
Comprehensive Income Attributable to shareholders (Loss)	(57,953)	(155,266)	(200,444)	(159,852)	161,079	(136,396)	(243,699)	(176,921)
Income (Loss) per share	(\$0.003)	(\$0.008)	(\$0.011)	(\$0.009)	\$0.009	(\$0.008)	(\$0.014)	(\$0.010)
Avg. Weighted Shares O/S	18,349,944	18,470,304	18,229,315	18,139,144	18,208,212	17,862,991	17,809,894	17,743,363

Segmented Information

The Corporation's Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments. The segments are managed on a worldwide basis, but operate in one principal geographical area, namely, Canada. Segment assets are based on the geographical location of the assets.

	NAIC		Pure Fonte		Corporate		Total	
	30-Jun-20 \$	30-Jun-19 \$	30-Jun-20 \$	30-Jun-19 \$	30-Jun-20 \$	30-Jun-19 \$	30-Jun-20 \$	30-Jun-19 \$
Operating expenses	(24,941)	(1,275)	(62,078)	(387,882)	(394,083)	(760,352)	(481,102)	(1,149,509)
Depreciation and Amortization	(2,680)	(3,369)	-	-	(926)	(1,121)	(3,606)	(4,490)
Interest and bank charges	(824)	(666)	(133,511)	(34,635)	(692,721)	(525,880)	(827,056)	(561,181)
Interest accretion	-	-	(68,313)	(45,559)	(125,491)	(149,722)	(193,804)	(195,281)
Valuation discount on term loan	-	-	-	-	-	234,526	-	234,526
Government Assistance Benefit	-	-	-	-	12,122	-	12,122	-
	(28,445)	(5,310)	(263,902)	(468,076)	(1,201,099)	(1,202,549)	(1,493,446)	(1,675,935)
Segment income (loss) before taxes	(28,445)	(5,310)	(263,902)	(468,076)	(1,201,099)	(1,202,549)	(1,493,446)	(1,675,935)
Total assets	53,915,899	54,230,038	1,466,939	1,464,640	3,641,881	3,014,239	59,024,719	58,078,917
Total liabilities	570,757	864,211	621,193	562,724	13,881,814	12,417,559	15,073,764	13,844,494

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet the prior three fiscal years.

Selected Consolidated Balance Sheet Items			
	Year to Date June 30, 2020	Year End June 30, 2019	Year End June 30, 2018 Restated
	\$'s	\$'s	\$'s
Cash	325,513	7,138	28,148
Other receivables	9,297	15,241	13,511
Prepaid and other deposits	-	29,031	51,458
Investment and loan receivable	2,800	2,800	3,200
Resource Properties	57,210,600	57,175,564	57,170,334
Project development costs	1,462,322	1,462,322	1,462,322
Property and equipment	14,187	16,821	21,311
Accounts Payable	(860,835)	(922,540)	(403,370)
Short Term Loans	(8,692,604)	(4,892,256)	(4,828,844)
Long term debt	(1,001,993)	(3,045,386)	(2,093,401)
Deferred Taxes	(4,518,332)	(4,984,312)	(5,658,778)
Shareholders' Equity	17,505,015	17,964,531	18,260,469
Shareholders' Equity associated with Non controlling interests	26,445,940	26,899,892	27,505,422

Account and Other Receivables

This principally consists of HST receivable.

Prepaid and Other Deposits

The decrease in prepaid and other deposits in the amount of \$29,031 at June 30, 2020 as compared to \$29,031 at June 30, 2019 relates to prepaid financing and interest costs associated with the capitalization of Pure Fonte and other minor items.

Resource Properties

NAIC's exploration properties are in Happy Valley-Goose Bay region of Newfoundland and Labrador. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres.

Resource Properties		
	30-Jun-20	30-Jun-19
	\$	\$
Labrador Mineral Sands		
Balance beginning of year	57,175,564	57,170,334
Accretion adjustment related to loan extension (Note 9)	-	(26,802)
Adjusted beginning balance	57,175,564	57,143,532
Accretion capitalized to resource properties	35,036	32,032
Balance end of year	57,210,600	57,175,564

Project development costs

This represents engineering and consulting costs associated with the preparation of the BFS, site selection and permitting for the proposed pig iron facility.

Project development costs		
	30-Jun-20	30-Jun-19
	\$	\$
Balance beginning of period	1,462,322	1,462,322
Balance end of period	1,462,322	1,462,322

Property and Equipment

Description	Cost				Accumulated Depreciation			Net Book Value	Net Book Value
	Balance 30-June-19	Additions	Impaired	Balance 30-June-20	Balance 30-June-19	Depreciation	Balance 30-June-20	30-June-19	30-June-20
Computer hardware	2,278	972	-	3,250	683	560	1,243	1,595	2,007
Industrial Equipment	18,751	-	-	18,751	3,751	3,000	6,751	15,000	12,000
Office furniture and equipment	282	-	-	282	56	46	102	226	180
	21,311	972		22,283	4,490	3,606	8,096	16,821	14,187

Accounts Payable

The accounts payable balance at June 30, 2020 was \$860,835 comparable to \$922,540 at June 30, 2019.

Short Term Loans (refer to Note 8 of the consolidated financial statements)

On August 25, 2016, GRI borrowed \$250,000 from an unrelated party with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants at an exercise price of \$0.01 per share. The repayment date in the original loan agreement has been extended to December 31, 2020 and the warrant expiry date has been extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$314,611.

On September 29, 2016, GRI borrowed \$250,000 from FLH, a company controlled by a director and officer of the Corporation, with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly, to GRI in the amount of \$2,105,000. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly. The original loan amount was increased by an additional \$14,000 on March 14, 2019, bringing the total loan amount to \$2,369,000. The warrant expiry time was also extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$2,889,158.

On April 16, 2020, MMI received from an unrelated party, a loan of \$1,000,000 bearing interest at 10% per annum payable monthly interest payments of \$8,333. The loan agreement includes the issuance of 100,000 warrants, with each warrant entitling the lender to acquire one common share of MMI at an exercise price of \$0.15 per share for a period of two years. A total of \$13,055.55 in interest only payments were made as at June 30, 2020 and an additional \$33,333.31 interest only payments were made subsequent to year end as of the date hereof. The principal amount of \$1,000,000 remains outstanding.

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000 with FLH. The maturity date of the debenture has been extended until November 1, 2020 (previously May 1, 2020) and bears interest at a rate of 5% per annum payable quarterly and in previous years was reflected in long-term debt. As consideration for the extension to the maturity date, 200,000 common shares in the capital stock of the Corporation were issued to FLH. The debenture is convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$1.00 per common share.

On May 5, 2020, GRI received an interest-free loan of \$40,000 from Canada Emergency Business Account. This loan was created by the federal government to assist businesses during the COVID-19 pandemic. 25% of the loan is forgivable (up to \$10,000) if GRI repays the loan on or before December 31, 2022. If the loan is not repaid by that date, the loan can be converted to a three-year term loan bearing interest of 5% per annum.

On September 18, 2019, a six-month loan, guaranteed by the Corporation, in the amount of CAD \$575,000 was provided to Grand River Ironsands Incorporated by a non-related party. The loan was repaid on May 1, 2020.

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum payable monthly. This loan was previously reflected in short-term debt, however, subsequent to year end, a loan extension was signed extending the payment of principal, without penalty, on or before August 31, 2022, and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share. Including accrued interest, the balance outstanding at June 30, 2020 totaled \$2,488,835. This loan was reclassified to current liabilities as at September 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation's ongoing operations have been predominantly financed through the sale of its equity securities by way of private placements and/or shareholder loans and advances. There can be no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation when required.

At October 27, 2020, the Corporation has cash on hand of approximately \$80,000 and has a working capital deficiency of approximately \$9,315,000. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing business efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing to continue operations.

Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Corporation. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Long-Term Debt

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which project success is achieved. Success has not been achieved with the process undertaking with the terms of this loan and therefore repayment remains unlikely.

On July 5, 2018, an unsecured loan in the amount of \$621,000 was provided to Pure Fonte by a non-related party. The loan bears interest at a rate of 5% per annum and matures three years from the date of receipt. The interest shall accrue and will be capitalized to the end of term. The principal and accumulated interest can be converted into shares at the option of the holder discounted by 25%. The loan can be paid in advance, however, is subject to a 15% penalty.

Please refer to Note 9 of the consolidated financial statement for further details.

Share Capital

A summary of the Corporation's common shares outstanding as of June 30, 2020.

COMMON STOCK OUTSTANDING		
	Number of Shares	Amount \$
Authorized: Unlimited number of common shares without par value		
Issued and outstanding June 30, 2018	17,697,637	9,173,978
Issued in payment of interest	355,758	100,000
Issued and outstanding June 30, 2019	18,053,395	9,273,978
Issued in payment of interest	777,420	114,000
Issued and outstanding June 30, 2020	18,830,815	9,387,978
Weighted average issued and outstanding - 18,349,944 (2019 - 17,807,026)		

Stock Options

Under the Corporation's employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees, or consultants of the Corporation. Shareholders approved the number of shares reserved for issuance under the Plan be a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 5 years from the date of the grant. The Corporation has reserved 3,504,203 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the granting date based upon a fair value of the award and is recognized over the related service period. Note: There were no MMI stock options issued during the year.

Options Outstanding and Exercisable			
Number of options outstanding	Expiry Date	Exercise Price	Number of options exercisable
144,000	28-May-2022	0.65	144,000
450,000	30-Nov-2022	0.65	450,000
985,000	6-Dec-2023	0.85	985,000
455,000	8-Dec-2024	0.75	455,000
2,034,000		0.77	2,034,000

Grand River Ironsands Incorporated Stock Options

The Board of Directors of GRI has established a 10% rolling stock option plan under which options to purchase common shares are granted to directors, officers, consultants, and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

At June 30, 2020, there were 2,376,933 common shares eligible for issuance pursuant to the stock option plan, of which 150,000 options to acquire common shares have been issued and are outstanding under the plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees, and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vested immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the option of 5 years.

A summary of the GRI's outstanding stock option and changes is presented below:

Note: There were no GRI stock options issued during the year. On December 8, 2019, 448,000 options expired.

Options Outstanding and Exercisable - June 30, 2020				
Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
May 27, 2016	May 27, 2021	\$2.50	150,000	150,000
Total		\$2.50	150,000	150,000

CRITICAL ACCOUNTING POLICIES

General

The accounting policies have been reviewed with the Corporation's Audit Committee and are as described in Note 2 to the consolidated financial statements.

Basis of Presentation and Going Concern

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation and its subsidiaries have not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary's interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the

development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These matters and conditions indicate a material uncertainty upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Critical Accounting Estimates

The preparation of consolidated financial statements under IFRS requires the Corporation to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. Refer to note 2(q) of the consolidated financial statements for details on accounting estimates and assumptions that may impact its reported financial position, results of operations and cash flows.

RISK FACTORS

Limited Business History

The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Corporation has limited financial resources and there is no assurance that additional funding shall be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation can generate revenues, operate profitably, or provide a return on investment, or that it shall successfully implement its plans.

Property Commitments

The property of NAIC in which the Corporation has an indirect interest is subject to work commitments and may be subject to other land payments, royalties and/or work commitments to the land claim holder, the Innu Second Nation. Failure by GRI and NAIC to meet their payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests and dilution.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Corporation may enter into joint ventures in respect of certain mineral exploration properties that may be acquired by the Corporation. Any failure of such joint venture partners to meet their obligations to the Corporation or to third parties could have a material adverse effect on the joint ventures and the Corporation as a result. In addition, the Corporation may be unable to exert influence over strategic decisions made in respect.

Resources and Reserves

On June 17, 2014, the corporation filed on SEDAR "NI 43-101" highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The "NI 43-101" was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the "NI 43-101" document for detailed resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. Ultimately, even if the Corporation has success in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond the capacity of it to anticipate and control, such as the marketability of the mineral products under profitable conditions, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production. One or more of these risk elements could have an adverse impact on costs of an operation which, if significant enough, could reduce or eliminate the profitability of a particular project.

Properties Remote

The property of NAIC is in a remote area with limited infrastructure. Exploration activities on such projects are particularly vulnerable to delays and additional costs due to weather conditions, labour shortages, and other unforeseeable issues.

Operational Risks

The Corporation shall be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins and encountering unusual or unexpected geological conditions and technological failure of exploration methods. This lack of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial capabilities and greater financial and technical resources, the Corporation may be unable to acquire rights to exploit additional attractive mining properties on terms that the Corporation considers acceptable.

Exploration and Development Activities May Not be Successful

Exploration for and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The Corporation cannot ensure that its future exploration and development programs shall result in profitable commercial mining operations.

Properties May be Subject to Defects in Title

Although the Corporation is not aware of any existing title uncertainties with respect to the property, there is no assurance that such uncertainties shall not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Environmental, Health and Safety Risks

Mining and exploration companies such as the Corporation must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Governmental Regulation and Policy Risks

Mining operations and exploration activities, refining, conversion, and transport in Canada are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Since legal requirements change, are subject to interpretation and may be enforced in varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Commodity Price Fluctuations

The price of commodities varies daily, but long-term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the Corporation's results of operations and the ability of the Corporation to execute its business plan.

Currency Fluctuations

The Corporation presently maintains its accounts in Canadian dollars. The Corporation's future operations may make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Key Personnel

The senior officers of the Corporation are critical to its success. In the event of the departure of a senior officer, the Corporation believes that it shall be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Corporation grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation's business activity grows, it shall require additional key financial, administrative, and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price shall not occur. It may be anticipated that any quoted market for the shares of the Corporation shall be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation's shares shall be affected by such volatility. An active public market for the Corporation's shares might not develop or be sustained after completion of the Proposed Transactions.

Legal Proceedings

On December 28, 2017, Forks Specialty Metals Inc., a wholly owned subsidiary of Grand River Ironsands Incorporated, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February 8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, GRI, NAIC and Francis MacKenzie (collectively, the "Defendants"). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

Market for Securities

The common shares of the Corporation are listed and posted for trading on the Canadian Securities Exchange (CSE) under the trading symbol "MMI". The stock is thinly traded, and investors should be aware that there may be no market for their shares.

12 Months Trading Data					
Month	High	Low	Close	Volume	
Apr-19	0.250	0.150	0.250	66,081	
May-19	0.350	0.215	0.350	23,665	
Jun-19	0.350	0.210	0.270	85,000	
Sep-19	0.350	0.130	0.350	10,664	
Oct-19	0.330	0.220	0.220	34,000	
Nov-19	0.220	0.185	0.190	24,000	
Dec-19	0.280	0.100	0.100	173,490	
Jan-20	0.200	0.100	0.200	118,000	
Feb-20	0.300	0.125	0.200	4,000	
Mar-20	0.200	0.150	0.150	2,500	
Apr-20	0.150	0.070	0.070	15,830	
May-20	0.080	0.070	0.070	105,540	
Jun-20	0.200	0.070	0.200	22,600	
	0.350	0.070	0.200	859,241	

Cash Flow Requirements

Refer to Notes 8 and 9 of the audited consolidated financial statements at June 30, 2020 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACOA) and Convertible Debenture and other short-term loans. The long-term and short-term contractual obligations for the next five years are as follows:

Contractual Obligations in CDN\$ June 30, 2020					
Description	Total \$	Less than one year \$	2-3 years \$	4-5 years \$	After 5 years \$
Loan- ACOA	500,000	-	-	250,000	125,000
Short term notes and loans	5,692,604	3,692,604	2,000,000	-	-
Term Loan (interest capitalized)	565,233	-	565,233	-	-
Short term notes and loans	1,040,000	1,000,000	40,000	-	-
Convertible Debenture (inclusive of interest)	2,000,000	2,000,000	-	-	-
	9,797,837	6,692,604	2,605,233	250,000	125,000

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the year ended June 30, 2020.

Related party - Management fees	Year Ended	
	30-Jun-20	30-Jun-19
	\$	\$
Management fees	224,511	401,000
Consulting fees	12,600	11,216
Directors fees	14,000	14,350
Salaries and benefits	48,798	204,307
Operating expenses	299,909	630,873

The compensation expense associated with key management and directors for services is as follows:

Key management personnel include the President and Chief Executive Officer of MMI and the President, Chief Executive Officer, and Corporate Affairs Director for GRI. These transactions with related parties have been valued in the consolidated financial statements at the estimated fair value, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A, there are no transactions that the Board of Directors or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 issued by the Canadian Securities Administrators (“NI52-109”), MMP’s Chief Executive Officer and MMI’s interim-Chief Financial Officer will be filing the “Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its annual filings. The certifying officers have concluded that disclosure controls and procedures are effective at June 30, 2020. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and CFO are reasonably certain that all information is made known to them and those procedures have been implemented to provide reasonable assurance of the reliability of the financial reporting and preparation of the financial statements for external reporting.

The Board of Directors together with an independent and highly qualified audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes Internal Control over Financial Reporting

The certifying officers have indicated that there were no significant changes in the Corporation’s internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Corporation’s information circular for its most recent annual meeting of shareholders, and in the Corporation’s comparative financial statements for its most recently completed financial year.

This document may contain forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as “anticipated”, “expected”, “could”, “should”, “may”, “plans”, “will”, or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation’s other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements. The Corporation includes in publicly available documents filed from time to time with securities commissions, and the Canadian Securities Exchange, a thorough discussion of the risk factors that can cause the Corporation’s anticipated outcomes to differ from actual outcomes. The Corporation disclaims any intention or obligation to update or revise forward-looking statements.

Public Securities Filings

Other information about the Corporation, including the annual information form and other disclosure documents, reports, statements or other information that is filed with Canadian securities regulatory authorities can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com additional information is also available on the Canadian Securities Exchange at www.cse.com.

CORPORATE PROFILE

Board of Directors J. Paul Allingham David J. Hennigar Francis H. MacKenzie Jean-Marc MacKenzie Paul R. Snelgrove K. Barry Sparks E. Christopher Stait-Gardner	Corporate Officers David J. Hennigar, Chairman Francis H. MacKenzie, President & CEO Kevin Kemper, Vice President Business Development Jean-Marc MacKenzie, Interim CFO K. Barry Sparks, Vice-Chairman Lina Tannous, Corporate Secretary
Corporate Head Office Metalto Manufacturing Inc. Suite 2002, Hilton Hotel, 145 Richmond St. W., Toronto, ON, M5H 2L2 Fax: (902) 484-7599 Tel: (902) 233-7255	Mailing Address Metalto Manufacturing Inc. Attn: Francis MacKenzie PO Box 14, 535 Larry Uteck Blvd Halifax, Nova Scotia B3M 0E3

Bankers:

Auditors:

Transfer Agent & Registrar:

Stock Exchange:

Shareholder Information: Contact Person:

Contact Telephone Number and email:

Website:

Bank of Montreal, Main Branch, Halifax, Nova Scotia

PricewaterhouseCoopers LLP

TSX Trust Company, Toronto, Ontario

Canadian Securities Exchange, Trading Symbol: MMI

Liz MacKenzie

(902) 233-7255- liz@metalo.ca

www.metalo.ca



**METALO MANUFACTURING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

METALO MANUFACTURING INC. is a publicly listed Corporation, trading on the Canadian Securities Exchange (the “CSE”), with a ticker symbol “MMI”, headquartered in Toronto, Canada.

The following is a discussion of the audited consolidated financial condition and results of operations of Metalo Manufacturing Inc. (“MMI” or the “Corporation”) for the year ended June 30, 2019. This discussion and analysis should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the year ended June 30, 2019 and the related notes.

The Corporation’s principal asset is a 43.92% shareholding in Grand River Ironsands Incorporated (GRI), a private company incorporated in the Province of Nova Scotia. GRI owns 90% of North Atlantic Iron Corporation (“NAIC”), a private corporation that is involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI also owns 100% of Pure Fonte Ltée (“PFL” or “Pure Fonte”), a Federal corporation based in Quebec established to construct a pig iron plant.

In March 2018, a restructuring transaction occurred between Petmin Limited and GRI resulting in significant changes in ownership of NAIC which is outlined in the Corporate Overview section. Also refer to Investment in Subsidiaries - Note 3 of the consolidated financial statements for additional explanation.

The consolidated financial statements are presented in Canadian dollars and have been prepared in compliance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at June 30, 2019.

Additional information about MMI can be found on SEDAR at www.sedar.com and on the Canadian Securities Exchange at www.cse.ca

This MD&A is dated as of October 28, 2019 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion and analysis contain forward-looking statements which reflects management’s expectations regarding the Corporation’s future growth, results of operations,



performance, and business prospects and opportunities. Although the forward-looking statements reflect management's current assumptions based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Corporation cannot be certain that actual results will be consistent with these forward-looking statements. Forward-looking statements involve significant known and unknown risks, assumptions and uncertainties that may cause the Corporation's actual results, performance, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, market demand, commodity pricing, regulatory matters, currency risks, liability claims, integration of new operations, financing risks, and interest rate risks. Although the Corporation has attempted to identify important risks and factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors and risks that may cause results not to be as anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those anticipated in such statements. Certain factors that may impact operations are also discussed. Such comments will be affected by, and may involve, known and unknown risks and uncertainties that may cause the actual results of the Corporation to be materially different from those expressed or implied. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, except as required by law, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

CORPORATE OVERVIEW

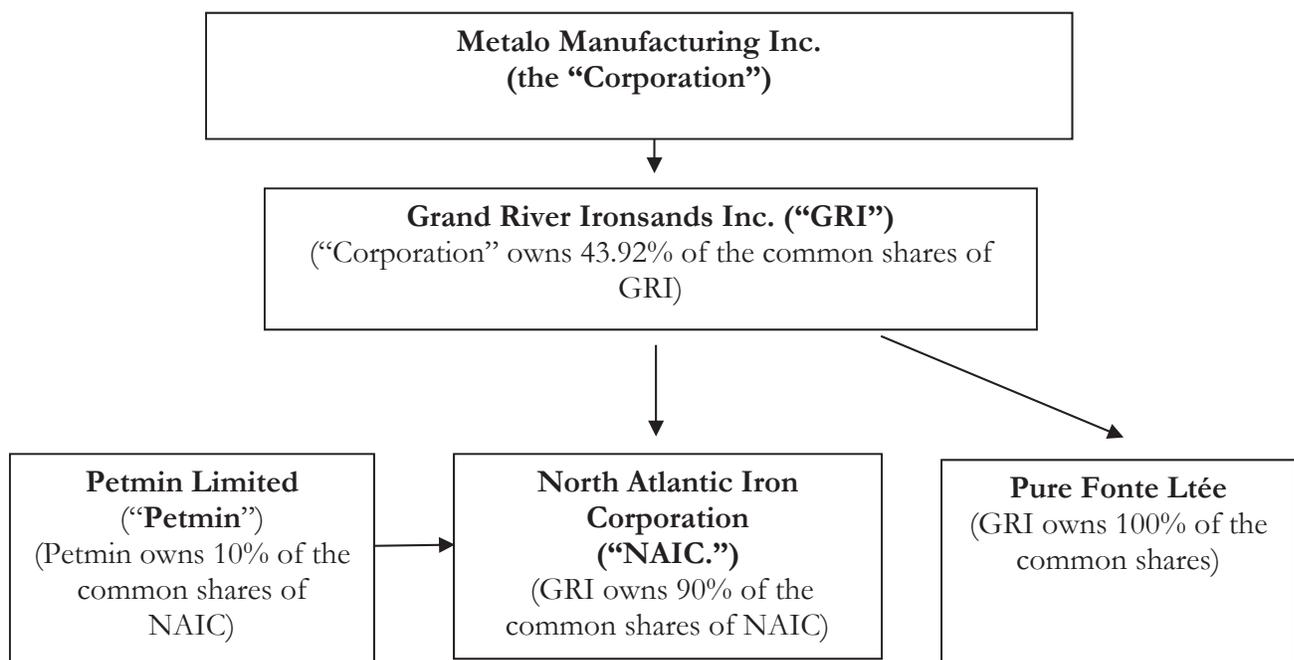
In March 2018, GRI, NAIC, Pure Fonte and Petmin Limited agreed to complete a major restructuring summarized as follows which has been completed. Prior to the restructuring, Petmin Limited was a 40% shareholder of NAIC and it is now a 10% shareholder of NAIC.

1. NAIC assigned the right to the use of the specifications to build a pig iron producing processing facility developed in conjunction with Tenova Inc. (the "Tenova Process") that permits either party to construct a pig iron facility in specified locations, Ohio, US for Petmin and Quebec, Canada for GRI. These exclusive rights will expire in the event either parties have not commenced the construction of a pig iron facility within three years of the date of the agreement.
2. NAIC transferred 100% of its investment and ownership position in the proposed pig iron facility in Quebec to Pure Fonte in consideration of reduction of a portion of its debt to GRI and GRI purchased additional shares in Pure Fonte.
3. NAIC will retain 100% ownership of the mineral resources at Happy Valley-Goose Bay, with GRI holding 90% of its shares and Petmin holding a 10% dilutable ownership position in NAIC.
4. GRI provided Petmin all documents and related rights and correspondence pertaining to the Corporation's Tenova Process; and all bankable feasibility study documents, notes and models pertaining to the development, processing and construction of a pig iron facility.

5. Both parties agreed not to license, transfer or assign any rights to use the Tenova Process to any third party, without the consent of the other party.
6. Both parties had agreed to exchange shares in their respective pig iron facilities to provide a 10% dilutable ownership position based on the capital position, however, in February, 2019, the restructuring transaction which was subsequently amended, the end result being Petmin retained a 10% interest in NAIC, and Petmin retaining the right to build a pig iron plant in Ohio and Pure Fonte retaining the right to build a pig iron plant in Quebec.

NAIC and GRI have invested substantial funds to prove the economic viability and to develop a bankable feasibility study related to the planned construction of the pig iron facility, this included site selection, preliminary environmental assessment and permitting, process design and engineering and logistics. Approximately \$2.9 million was capitalized through PFL as project development costs. GRI currently owns 100% of the investment in PFL and NAIC will focus solely on the development of the mineral sands resource in Newfoundland and Labrador. PFL will focus solely on the financing and construction of a pig iron manufacturing plant in Quebec.

The following chart displays the corporate structure and ownership structure post restructuring.



Not reflected above is GRI's 100% ownership of Forks Specialty Metal Inc. ("FSM"), which owned and operated two submerged arc smelting furnaces in Pennsylvania, USA. FSM tried unsuccessfully to independently operationalize as a stand-alone business and operated with minimal cash in excess of a year. After considering all other possible avenues, on December 28, 2017, FSM filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM in the consolidated financial statements. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February

8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, GRI, NAIC and Francis MacKenzie (collectively, the “Defendants”). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

OVERVIEW OF NAIC

NAIC’s exploration properties are in the Happy Valley, Goose Bay region of Newfoundland and Labrador. The claims are in central Labrador immediately to the east, west, south, southwest and southeast of Happy Valley-Goose Bay. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet and from the Churchill River to the boundary of the Mealy Mountains National Park. GRI has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Goose Bay, Newfoundland and Labrador and to reduce carrying costs and future work commitments. This review resulted in the cancellation and forfeiture of minerals claims associated with several significant blocks. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres. Management are confident that this significant reduction in claims will have no material impact on a future development solution.

NAIC Mineral Claims

Claim No	No Claims	Issued	Status	Renewal Date	NTS Map
South Branch					
017911M	44	8/23/2010	Active	8/23/2020	13F/02, 13F/07
Muskrat					
017907M	23	8/23/2010	Active	8/23/2020	13F/07
Hoffman					
018325M	114	1/6/2011	Active	1/6/2021	13F/03, 13F/02
Total	181				

Mineral claim deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five-year time frame. As at the date of the MD&A, the Corporation has injected the prescribed amount of exploration expenditures into the remaining mineral claims.

NAIC has had ongoing communications with engineering firms experienced in mineral sands in China and Germany. The discussions and negotiations with interested Chinese advisors, off-takers and investors have been placed on hold until the political matters between China and Canada have been resolved. In the interim, meetings have been held with a firm able to undertake technical, market and feasibility work in Germany. Additionally, NAIC has actively been exploring funding solutions, including issuing flow through shares in Canada. Industrial minerals (silica quartz, feldspars, garnets, zircon, etc.) are not commonly understood in Canada by experts or investors. This complexity may require broadening the investment efforts. NAIC has been in ongoing discussions to raise up to \$5 million to advance the asset through permitting, feasibility and market assessment efforts. Community

consultation will be activated in Q1 2020 in Newfoundland and Labrador. As pertinent information is obtained, it will be shared with through a media release or CSE Form 7A monthly filing.

Historical

On June 17, 2014, the Corporation filed on SEDAR “NI 43-101” highlighting resource estimates from three major mineral blocks contained within the Corporation’s Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The “NI 43-101” was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the “NI 43-101” document for detailed resource estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation.

In 2015, due to the oversupply of iron ore feedstock, it was decided to source iron ore from other Canadian producers for the pig iron plant. NAIC also began pursuing the evaluation of accessory minerals associated with the Labrador mineral sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. In 2017, NAIC made the decision to abandon further evaluation of the iron interests with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties.

In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require material adjustment to the carrying amount of the resource properties in the future.

OVERVIEW OF PFL

The restructuring process delayed some critical decisions, however, with that issue resolved, Pure Fonte has accelerated its efforts to advance the pig iron plant. This plant will be a specialized producer in North America of premium grade pig iron and has been designed to provide a new standard for environmental emissions and stewardship. As well, it will be strategically located to provide competitive advantage in both access to raw materials as well as access to markets in North America and Europe.

The design attributes required are as follows:

1. lowest generation of greenhouse gases (GHGs) per tonne of pig iron produced in the industry;
2. economic returns necessary to ensure the required capital investment is available;
3. manufacturing process capable of producing premium grade pig iron to guarantee best pricing and least market volatility;
4. location supported by the government and the community, with the ability to provide skilled labour and competitive infrastructure; and
5. location must serve and be competitive in both European and North American markets.

The bankable feasibility study (the “BFS”) is complete for the US\$408 million pig iron manufacturing plant for the Quebec site. The environmental assessment work in Quebec was placed on hold in 2019 until greater visibility on capital raising for the pre-construction work was obtained. The pre-construction work is comprehensive and will include the financing of the permitting, front end engineering and design (site related), detailed engineering (plant), negotiating the capital required for project financing and other corporate and legal related matters.

An investment banker has been retained to secure the US\$408 million required for PFL’s pig iron plant. Plans are to close a tranche of US\$20 million prior to the end of Q1, 2020 to fulfil those financial needs identified as pre-construction. This has remained a challenge and management remains optimistic of securing a solution.

The economics of the plant continues to improve, due to the market for pig iron remaining above US\$350/tonne for more than one year, with the price for premium pig iron reaching US\$550/tonne. Also, raw materials prices for iron ore have exceeded the process modelled and are within an acceptable range. The model economics remained intact when the price of iron ore increased as they were offset by other costs that were reduced in the market. Natural gas and electricity prices have remained in forecasted ranges. Letters of undertaking have been secured to purchase 100% of the plant production.

The key goals for the initial pig iron manufacturing initiative for the next several months will be to; (i) complete the permitting process; (ii) complete and release the BFS for the chosen site; (iii) review the project economics and complete and publish an economic assessment; (iv) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; and (v) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

As with NAIC, MMI will provide pertinent information through media releases and/or Form 7A filed monthly with the Canadian Securities Exchange (CSE) – www.cse.com entering the stock symbol MMI.

FINANCIAL SUMMARY

The Corporation is in the mining, exploration and manufacturing sectors through its indirect interest in NAIC.

The audited consolidated financial statements for the year ended June 30, 2019 include all the accounts of the Corporation, GRI, NAIC, FSM and PFL.

The following discussion addresses the operating results and financial condition of the Corporation for the year ended June 30, 2019. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended June 30, 2019 and the related notes thereto, as well as reference to the forward-looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

HIGHLIGHTS

The following is a summary of the major financial highlights for the year ended June 30, 2019, and to the date of this MD&A

- On July 5, 2018 a loan in the amount of \$621,000 was advanced to PFL by a non-related party which shall bear interest at a rate of 5% per annum for a period of 3 years. The loan and interest will be capitalized to the end of term and, on maturity, are convertible into shares at the option of holder.
- On August 1, 2018, the Corporation issued 69,351 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018.
- On November 1, 2018, the Corporation issued 65,789 common shares to FLH. This represents interest due November 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.38 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2018.
- On February 1, 2019, the Corporation issued 87,719 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2850 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2019.
- On May 1, 2019, the Corporation issued 132,899 common shares to FLH. This issuance represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.1881 per share, which is the volume-weighted trading price for the 20 trading days ending April 4, 2019.
- On August 1, 2019, the Corporation issued 85,749 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.2915 per share, which is the volume-weighted trading price for the 20 trading days ending July 11, 2019. The securities are subject to a four month hold period following the date of issuance.
- On September 18, 2019, a six-month loan, guaranteed by the Corporation, in the amount of \$575,000 was closed by GRI from a non-related party. The loan bears interest at a rate of 24% per annum if paid after January 17, 2020, and a rate of 20% per annum if paid between December 17, 2019 and January 16, 2020. The lender withheld an interest reserve amount of \$62,500 from the proceeds disbursed to GRI

Financial and operational results

NON-GAAP Financial Measures

There are measures included in this MD&A that do not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Corporation includes these measures because it believes certain investors use these measures as a means of assessing financial performance. Management believes that the measure 'Loss before the undernoted' is an important indicator of the Corporation's ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt, and fund future capital expenditures and uses this measure for that purposes. In addition, the Corporation's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA"). Management adjusts measures in an effort to provide investors and analysts with a more comparable year-over-year performance measure than the basic measure, by excluding certain items. These items could impact the analysis of trends in performance and affect the comparability of our financial results. By excluding these items, management is not implying they are non-recurring.

Selected Consolidated Operating Results				
	Three Months		Year Ended	
	30-Jun-19 \$'s	30-Jun-18 \$'s	30-Jun-19 \$'s	30-Jun-18 \$'s
Revenue	-	-	-	-
Expenses				
Utilities	-	-	2,046	11,141
Dues and fees	3,121	12,497	19,336	27,104
Facility costs	-	13,043	-	-
Foreign exchange losses	(2,457)	62,642	(403)	(424,045)
General and administrative	(8,720)	3,201	8,690	15,417
Insurance	1,167	875	3,500	49,519
Management and consulting fees	151,635	249,270	653,011	729,221
Professional fees	112,343	(5,795)	160,670	118,864
Rental	16,744	8,208	40,389	362,460
Travel	23,266	(54,425)	142,064	201,252
Salaries and wages	23,046	41,168	119,807	212,564
Consolidated operating loss before under noted	(320,145)	(330,685)	(1,149,110)	(1,303,497)
Amortization	(1,965)	(2,353)	(4,490)	(12,793)
Interest including accretion	(228,058)	(162,281)	(756,463)	(625,526)
Gain (loss) on investments	1,120	(1,040)	(400)	(4,123)
Impairment of property and equipment (Note 9)	-	-	-	(20,609)
Gain on deconsolidation of debt (Note 9)	-	-	-	1,562,459
Gain on sale of intangible asset (Note 6)	-	-	-	2,249,678
Gain on disposition of equipment	-	6,177	-	6,177
Valuation discount term loan	234,526	-	234,526	-
Cumulative translation adjustments	-	175,365	-	-
Net Income (before taxes)	(314,522)	(314,817)	(1,675,936)	1,851,766
Income tax (expense) recovery	290,171	430,034	674,468	(100,845)
Net Income	(24,351)	115,217	(1,001,468)	1,750,922
Non-controlling interest	(185,430)	(773,403)	605,530	1,359,044
Comprehensive income (loss) attributable to MMI	(209,781)	(658,186)	(395,938)	391,879
Income (Loss) per share	(0.012)	(0.037)	(0.022)	0.105
Avg. Weighted Shares O/S	18,208,212	17,676,321	17,807,026	17,584,713

For the year ended June 30, 2019, the consolidated operating loss before interest, amortization income tax and other unusual items was (\$1,149,110) compared to a loss of (\$1,303,497) for the prior year. The consolidated operating loss before interest, amortization income tax and other unusual items for the three months ended June 30, 2019, was (\$320,145) compared to income s of (\$330,685) for the prior year.

For the year ended June 30, 2019 the comprehensive loss attributed to MMI shareholders was (\$395,938) (\$0.022) per share compared to a profit of \$391,878 (\$0.105 per share) for the prior year. The major variance was the result of the deconsolidation of the debt of FSM in the amount of \$1,562,459 and the restructuring of NAIC, GRI and Petmin that resulted is the recognition of a gain of \$2,249,678 related to the sale of an intangible asset, owned by NAIC and transferred to both Petmin and GRI. (Refer to Note 6 of the consolidated financial statements for additional information)

Additional explanations

Revenue

The Corporation does not expect any revenues in the immediate future from its principle line of business, the production of pig iron.

Interest and accretion expense

For the year ended June 30, 2019, the Corporation had an interest and accretion expense of \$756,462 compared to an interest expenses of \$625,525 for the prior year. These amounts do not include interest expense or accretion that was capitalized during the year.

Income tax recovery

Income taxes are calculated using the liability method. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax benefit of these losses has been recognized as a reduction of the deferred tax liabilities. (Refer to Note 15 of the consolidated financial statements)

Gain on deconsolidation of subsidiary debt

On December 28, 2017, FSM filed for bankruptcy after management was unsuccessful in selling or operationalizing it as a stand-alone business. The bankruptcy proceedings on hold pending the results from the adversary claim. GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM resulting in a gain of \$1,562,459 in the prior year. (Refer to Note 3in the consolidated financial statements).

Gain on sale of intangible asset

In March, 2018, GRI, NAIC, PFL and Petmin agreed to complete a restructuring transaction that resulted in Petmin's ownership of NAIC being reduced to 10% from 40% with an option to purchase a 10% interest in Pure Fonte. The 10% option was subsequently terminated. Petmin acquired from NAIC the right to the use of the Tenova Process which was classified as an Intangible Asset for their proposed pig iron plant in Ohio which resulted in a disposal and a deemed gain of \$2,249,678 in the prior year (Refer to Note 3 of the consolidated financials for additional information)

Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters.

Selected Quarterly Financial Data								
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
	2019	2019	2018	2018	2018	2018	2017	2017
Expenses								
Advertising and promotion	-	-	-	-	-	(1,396)	1,396	-
Utilities	-	268	1,574	204	-	499	(12,411)	23,053
Dues and fees	3,121	4,129	8,925	3,161	12,497	4,232	7,957	2,418
Exploration Costs	-	-	-	-	-	-	-	-
Facility costs	-	-	-	-	13,043	(14,032)	(4,733)	5,722
Foreign exchange losses	(2,457)	(2,163)	(110)	4,326	62,642	28,205	(444,322)	(70,570)
General and administrative	(8,720)	596	11,591	5,223	3,201	1,534	5,020	5,662
Insurance	1,167	583	875	875	875	875	25,696	22,073
Management fees	151,635	108,550	198,746	194,079	249,271	2,970	196,024	280,956
Professional fees	112,343	11,577	19,750	17,000	(5,795)	49,745	(10,086)	85,000
Rental	16,744	822	14,341	8,482	8,208	10,350	85,171	258,731
Travel	23,266	3,734	106,904	8,160	(54,425)	228,405	12,327	14,945
Salaries and wages	23,046	10,276	67,824	18,661	41,168	56,635	(21,720)	136,481
Operating (income) loss before under noted	(320,145)	(138,372)	(430,421)	(260,172)	(330,685)	(368,022)	159,681	(764,471)
Expense recovery Porcupine Strand	-	-	-	-	-	-	-	-
Cumulative Translations adjustments	-	-	-	-	175,364	245,688	(470,952)	49,899
Amortization	(1,965)	(280)	(1,122)	(1,123)	(2,352)	(3,480)	(2,489)	(4,471)
Interest expense including accretion	(228,058)	(177,238)	(175,601)	(175,565)	(162,281)	(159,678)	(168,769)	(134,798)
Gain on deconsolidation of subsidiary	-	-	-	-	-	-	1,562,459	-
Gain on sale of intangible asset	-	-	-	-	-	2,249,678	-	-
Impairment of property and equipment	-	-	-	-	-	-	(20,609)	-
Gain on sale of equipment	-	-	-	-	6,177	-	-	-
Valuation discount term loan	234,526	-	-	-	-	-	-	-
Gain (loss) on investments	1,120	(1,120)	(480)	80	(1,040)	1,440	603	(5,126)
Income tax recovery	290,171	93,081	169,200	122,016	430,034	(330,229)	(492,590)	291,941
Consolidated Income (Loss)	(24,351)	(223,929)	(438,424)	(314,764)	115,216	1,635,397	567,334	(567,026)
Non-controlling interest	185,430	87,532	194,725	137,843	(773,403)	(598,730)	(369,292)	382,381
Comprehensive Income (Loss)	161,079	(136,396)	(243,699)	(176,921)	(658,186)	1,036,667	198,042	(184,645)
Income (Loss) per share	\$0.009	(\$0.008)	(\$0.014)	(\$0.010)	(\$0.037)	\$0.024	\$0.011	(\$0.011)
Avg. Weighted Shares O/S	18,208,212	17,862,991	17,809,894	17,743,363	17,676,321	17,584,713	17,558,230	17,508,576

Segmented Information

The Corporation's Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments. The segments

are managed on a worldwide basis, but operate in one principal geographical area, namely, Canada. Segment assets are based on the geographical location of the assets.

	Corporate		GRI		NAIC		FSM		Pure Fonte		Eliminations		Consolidated	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue - intersegment	-	-	-	33,155	-	-	-	126,948	-	-	-	(160,103)	-	-
Operating expenses	(134,047)	(181,735)	(625,905)	(524,948)	(1,275)	(465,708)	-	181,292	(387,882)	(183,119)	-	(129,280)	(1,149,110)	(1,303,497)
Depreciation and Amortization	-	-	(1,121)	(1,430)	(3,369)	(11,361)	-	-	-	-	-	-	(4,490)	(12,792)
Interest and bank charges	(80,819)	(209,005)	(445,062)	(389,484)	(666)	(12,476)	-	(14,546)	(34,635)	-	-	130,254	(561,181)	(495,257)
Interest accretion	(149,722)	(130,268)	-	-	-	-	-	-	(45,559)	-	-	-	(195,281)	(130,268)
Gain (loss) on subsidiary debt	-	-	-	-	-	-	-	4,039,002	-	-	-	(2,476,543)	-	1,562,459
Valuation discount on term loan	-	-	-	-	-	-	234,526	-	-	-	-	-	234,526	-
Gain on sale of intangible asset	-	-	-	-	-	3,712,000	-	-	-	-	-	(1,462,322)	-	2,249,678
Impairment of property & equipment	-	-	-	-	-	-	-	(20,609)	-	-	-	-	-	(20,609)
Loss on sale of property & equipment	-	-	-	-	-	6,177	-	-	-	-	-	-	-	6,177
Realized gain (loss) on investments	-	-	-	(1,563)	-	-	-	-	-	-	-	-	-	(1,563)
Unrealized gain on investments	-	-	(400)	(2,560)	-	-	-	-	-	-	-	-	(400)	(2,560)
	(364,588)	(521,008)	(1,072,488)	(919,985)	(5,310)	3,228,632	234,526	4,185,139	(468,076)	(183,119)	-	(3,937,891)	(1,675,936)	1,851,768
Segment income (loss) before taxes	(364,588)	(521,008)	(1,072,488)	(953,140)	(5,310)	3,228,632	234,526	4,058,191	(468,076)	(183,119)	-	(4,097,994)	(1,675,936)	1,851,768
Total assets	5,268,083	5,290,593	6,133,235	5,302,166	57,651,634	57,399,052	-	-	2,926,962	2,974,953	(13,270,996)	(12,216,481)	58,708,916	58,750,283
Total liabilities	7,029,367	7,461,758	5,853,802	5,148,000	864,211	605,564	-	-	3,418,674	3,048,344	(3,321,561)	(3,279,275)	13,844,493	12,984,302

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet the prior three fiscal years.

Selected Consolidated Balance Sheet Items			
	Year End	Year End	Year End
	June 30, 2019	June 30, 2018	June 30, 2017
			Restated
	\$'s	\$'s	\$'s
Cash	7,138	28,148	169,039
Restricted cash	-	-	-
Other receivables	15,241	13,511	64,006
Prepaid and other deposits	29,031	51,458	351,019
Investment and loan receivable	2,800	3,200	20,478
Resource Properties	57,175,564	57,170,334	57,138,760
Project development costs	1,462,322	1,462,322	2,924,994
Property and equipment	16,821	21,311	88,586
Accounts Payable	(922,539)	(403,370)	(2,670,498)
Short Term Loans	(4,892,256)	(4,828,844)	(2,664,504)
Current portion long term debt	-	-	(1,560,467)
Long term debt	(3,045,386)	(2,093,401)	(1,931,549)
Deferred Taxes	(4,984,310)	(5,658,778)	(5,557,933)
Shareholders' Equity	17,964,531	18,260,469	14,515,210
Shareholders' Equity associated with Non controlling interests	26,899,892	27,505,422	31,856,722

Account and Other Receivables



This principally consists of HST receivable.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of \$29,031 at June 30, 2019 as compared to \$51,458 of the previous year and consists of the site deposit related to Pure Fonte and other minor items.

Resource Properties

NAIC's exploration properties are in Happy Valley- Goose Bay region of Newfoundland and Labrador. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres.

Resource Properties				
	Balance	Interest	Accretion	Balance
	30-Jun-18	Accretion	Adjustment	30-Jun-19
	\$	\$	\$	\$
Labrador Mineral Sands	57,170,334	32,032	(26,802)	57,175,564

Project development costs

This represents engineering and consulting costs associated with the preparation of the BFS, site selection and permitting for the proposed pig iron facility.

Project Development Costs				
	Balance			Balance
	30-Jun-18	Disposals	Deletions	30-Jun-19
	\$	\$	\$	\$
Site selection, engineering & design	1,462,322	-	-	1,462,322

Property and Equipment

Description	Cost			Accumulated Depreciation			Net Book	Net Book
	Balance		Balance	Balance		Balance	Value	Value
	30-Jun-18	Additions	30-Jun-19	30-Jun-18	Depreciation	30-Jun-19	30-Jun-18	30-Jun-19
Computer hardware	15,138	-	15,138	12,860	683	13,543	2,279	1,596
Industrial Equipment	97,773	-	97,773	79,023	3,750	82,773	18,750	14,999
Office furniture and equipment	22,049	-	22,049	21,767	56	21,823	282	226
	134,960	-	134,960	113,650	4,490	118,140	21,311	16,821

Accounts Payable

The accounts payable balance at June 30, 2019 was \$922,538 compared to \$403,369 at June 30, 2018.

The increase is principally the accrued management fees and other year-end accruals and trade accounts payable.

Short Term Loans (refer to Note 8 of the consolidated financial statements)

On August 25, 2016, GRI borrowed \$250,000 from an unrelated party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before August 25, 2016 at an exercise price of \$0.01 per share. The repayment date in the original loan agreement has been extended to December 31, 2019 and the warrant expiry date has been extended to December 31, 2020. Including accrued interest the balance outstanding at June 30, 2019 totaled \$296,309.

On September 29, 2016, GRI borrowed \$250,000 from Forest Lane Holdings Limited “FLH”, a company controlled by a Director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before September 29, 2019 at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly, to GRI in the amount of \$2,105,000. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly. The original loan amount was increased by an additional \$14,000 on March 14, 2019, bringing the total loan amount to \$2,369,000. The warrant expiry time was also extended to December 31, 2020. Including accrued interest, the balance outstanding at June 30, 2019 totaled \$2,721,090.

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000. A company controlled by an officer and director of the Corporation fully subscribed to the offering. The debenture will mature on May 1, 2020 and will bear interest at a rate of 5% per annum payable quarterly. The debenture shall be convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.80 per common share if exercised within 12 months of closing and will increase by \$0.05 per common share on the anniversary date each year thereafter until the maturity date.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation’s ongoing operations have been predominantly financed through the sale of its equity securities by way of private placements and/or shareholder loans and advances. There can be no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation when required.

At October 28, 2019 the Corporation has cash on hand of approximately \$325,000 and has a working capital deficiency of approximately \$6,000,000. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing business efforts. These uncertainties cast significant doubt upon the Corporation’s ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Corporation. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Long-Term Debt

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which project success is achieved. It is anticipated that project success will be achieved in the fiscal year ending June 30, 2020 and repayments will commence in December 2020.

Term Loan

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum payable monthly. Subsequent to year end, a loan extension was signed extending the payment of principal, without penalty, on or before August 31, 2020, and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share. Including accrued interest the balance outstanding at June 30, 2019 totaled \$2,208,354.

Term Note

On July 5, 2018 an unsecured loan in the amount of \$621,000 was provided to Pure Fonte by a non-related party. The loan bears interest at a rate of 5% per annum and matures three years from the date of receipt. The interest shall accrue and will be capitalized to the end of term. The principal and accumulated interest can be converted into shares at the option of the holder discounted by 25%. The loan can be paid in advance, however, is subject to a 15% penalty.

Please refer to Note 9 of the consolidated financial statement for further details and explanations related to long term debt.

Share Capital

A summary of the Corporation's common shares outstanding as of June 30, 2019 is presented below:

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares	Number of Shares	\$
Opening Balance June 30, 2018	17,697,637	9,173,978
Shares issued for convertible debt interest	355,758	100,000
Closing Balance June 30, 2019	18,053,395	9,273,978

Stock Options

Under the Corporation's employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees or consultants of the Corporation. Shareholders approved the number of shares reserved for issuance under the Plan

be a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 5 years from the date of the grant. The Corporation has reserved 3,504,614 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the granting date based upon a fair value of the award and is recognized over the related service period.

Note: There were no MMI stock options issued during fiscal 2019 or fiscal 2018.

Continuity of Stock Options Issued and Outstanding				
	June 30, 2019		June 30, 2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning balance	2,114,000	\$0.77	2,114,000	\$0.77
Cancelled during the year	-	-	-	-
Issued during the year	-	-	-	-
Ending Balance	2,114,000	\$0.77	2,114,000	\$0.77

Options outstanding at June 30, 2019 are as follows:

Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
			June 30, 2018	
May 28, 2012	May 28, 2022	\$0.65	144,000	144,000
Nov. 30, 2012	Nov. 30, 2022	\$0.65	450,000	450,000
Dec. 06, 2013	Dec. 06, 2023	\$0.85	985,000	985,000
Dec. 08, 2014	Dec. 08, 2024	\$0.75	535,000	535,000
Total		\$0.77	2,114,000	2,114,000

Grand River Ironsands Incorporated Stock Options

The Board of Directors of GRI has established a 10% rolling stock option plan under which options to purchase common shares are granted to directors, officers, consultants and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

At June 30, 2019, there were 2,376,933 common shares eligible for issuance pursuant to the stock option plan, of which 598,000 options to acquire common shares have been issued and are

outstanding under the plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vested immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the option of 5 years.

A summary of the GRI's outstanding stock option and changes is presented below:

Note: There were no GRI stock options issued during fiscal 2019 or fiscal 2018.

Continuity of Stock Options Issued and Outstanding				
	June 30, 2019		June 30, 2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning Balance	1,048,000	\$2.15	1,206,000	\$1.60
Expired	(450,000)	\$2.10	(87,000)	\$1.25
Cancelled	-	-	(71,000)	\$0.00
Ending Balance	598,000	\$2.20	1,048,000	\$2.15

Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
			June 30, 2019	
Dec. 08, 2014	Dec. 08, 2019	\$2.10	448,000	448,000
May 27, 2016	May 27, 2021	\$2.50	150,000	150,000
Total		\$2.20	598,000	598,000

CRITICAL ACCOUNTING POLICIES

General

The accounting policies have been reviewed with the Corporation's Audit Committee and are as described in Note 2 to the consolidated financial statements.

Basis of Presentation and Going Concern

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation and its subsidiaries have not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary's interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These matters and conditions indicate a material uncertainty upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Critical Accounting Estimates

The preparation of consolidated financial statements under IFRS requires the Corporation to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. Refer to note 2(q) of the consolidated financial statements for details on accounting estimates and assumptions that may impact its reported financial position, results of operations and cash flows.

RISK FACTORS

Limited Business History

The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Corporation has limited financial resources and there is no assurance that additional funding shall be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation can generate revenues, operate profitably, or provide a return on investment, or that it shall successfully implement its plans.

Property Commitments



The property of NAIC in which the Corporation has an indirect interest is subject to work commitments and may be subject to other land payments, royalties and/or work commitments to the land claim holder, the Innu Second Nation. Failure by GRI and NAIC to meet their payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests and dilution.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Corporation may enter into joint ventures in respect of certain mineral exploration properties that may be acquired by the Corporation. Any failure of such joint venture partners to meet their obligations to the Corporation or to third parties could have a material adverse effect on the joint ventures and the Corporation as a result. In addition, the Corporation may be unable to exert influence over strategic decisions made in respect.

Resources and Reserves

On June 17, 2014, the corporation filed on SEDAR “NI 43-101” highlighting resource estimates from three major mineral blocks contained within the Corporation’s Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The “NI 43-101” was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the “NI 43-101” document for detailed resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. Ultimately, even if the Corporation has success in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond the capacity of it to anticipate and control, such as the marketability of the mineral products under profitable conditions, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production. One or more of these risk elements could have an adverse impact on costs of an operation which, if significant enough, could reduce or eliminate the profitability of a particular project.

Properties Remote

The property of NAIC is located in a remote area with limited infrastructure. Exploration activities on such projects are particularly vulnerable to delays and additional costs due to weather conditions, labour shortages and other unforeseeable issues.

Operational Risks

The Corporation shall be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins and encountering unusual or unexpected geological conditions and technological failure of exploration methods. This lack of insurance coverage could have an adverse impact on the Corporation’s future cash flows, earnings, results of operations and financial condition.

Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial capabilities and greater financial and technical resources, the Corporation may be unable to acquire rights to exploit additional attractive mining properties on terms that the Corporation considers acceptable. If the Corporation is not able to acquire such interests, this could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Exploration and Development Activities May Not be Successful

Exploration for and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The Corporation cannot ensure that its future exploration and development programs shall result in profitable commercial mining operations.

Properties May be Subject to Defects in Title

Although the Corporation is not aware of any existing title uncertainties with respect to the property, there is no assurance that such uncertainties shall not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Environmental, Health and Safety Risks

Mining and exploration companies such as the Corporation must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Governmental Regulation and Policy Risks

Mining operations and exploration activities, refining, conversion and transport in Canada are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Since legal requirements change, are subject to interpretation and may be enforced in varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Commodity Price Fluctuations

The price of commodities varies on a daily basis but long-term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the Corporation's results of operations and the ability of the Corporation to execute its business plan.

Currency Fluctuations

The Corporation presently maintains its accounts in Canadian dollars. The Corporation's future operations may make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Key Personnel

The senior officers of the Corporation are critical to its success. In the event of the departure of a senior officer, the Corporation believes that it shall be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Corporation grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation's business activity grows, it shall require additional key financial, administrative and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price shall not occur. It may be anticipated that any quoted market for the shares of the Corporation shall be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation's shares shall be affected by such volatility. An active public market for the Corporation's shares might not develop or be sustained after completion of the Proposed Transactions.

Legal Proceedings

On December 28, 2017, Forks Specialty Metals Inc., a wholly owned subsidiary of Grand River Ironsands Incorporated, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February 8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, GRI, NAIC and Francis MacKenzie (collectively, the "Defendants"). The trustee is alleging that the Defendants are responsible for the debts of Forks. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the Canadian Securities Exchange (CSE) under the trading symbol “MMI”. The stock is thinly traded and investors should be aware that there may be no market for their shares.

Trading Data for 2019				
Month	High	Low	Close	Volume
Jul-18	0.390	0.340	0.390	2,600
Aug-18	0.350	0.330	0.350	35,840
Sep-18	0.380	0.380	0.380	6,000
Oct-18	0.380	0.300	0.300	2,125
Nov-18	0.400	0.190	0.200	29,800
Dec-18	0.320	0.185	0.300	12,300
Jan-19	0.400	0.245	0.245	4,000
Feb-19	0.270	0.200	0.200	21,090
Mar-18	0.250	0.200	0.250	48,388
Apr-19	0.250	0.150	0.250	66,081
May-19	0.350	0.215	0.350	23,665
Jun-19	0.350	0.210	0.270	85,000
	0.400	0.150	0.270	336,889

Cash Flow Requirements

Refer to Notes 8 and 9 of the audited consolidated financial statements at June 30, 2019 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACOA) and Convertible Debenture and other short term loans. The long-term contractual obligations for the next five years are as follows:

Contractual Obligations in CDN\$ March 31, 2019					
Description	Total	Less than one year	2-3 years	4-5 years	After 5 years
Loan- ACOA	\$ 500,000	\$ -	\$ 125,000	\$ 250,000	\$ 125,000
Short term notes and loans	5,225,753	3,225,753	2,000,000	-	-
Term Loan (interest capitalized)	652,504	-	702,000	-	-
Convertible Debenture(inclusive of interest)	2,100,000	2,100,000	-	-	-
	\$ 8,478,258	\$ 5,325,753	\$ 2,827,000	\$ 250,000	\$ 125,000

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the fourth quarter and year ended June 30, 2019.

Relationship	Purpose of Transaction	Three months ended		Year to Date	
		30-Jun-19 \$	30-Jun-18 \$	30-Jun-19 \$	30-Jun-18 \$
Directors of the Company	Directors Fees	2,800	3,150	14,350	13,650
Key Management Personnel	Management Fees	167,550	(34,650)	401,000	150,000
Consulting Services	Consulting fees	(152,784)	83,625	11,216	250,697
Key operating personnel	Salaries and benefits	107,546	138,815	204,307	291,969
		125,112	190,940	630,873	706,316

The compensation expense associated with key management and directors for services is as follows:

Key management personnel include the President, Vice President and the Chief Financial Officer of MMI, the President, Chief Executive Officer, and Corporate Affairs Director for GRI.

These transactions with related parties have been valued in the consolidated financial statements at the estimated fair value, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A, there are no transactions that the Board of Directors or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 issued by the Canadian Securities Administrators (“NI52-109”), MMI’s Chief Executive Officer (CEO) and MMI’s Chief Financial Officer (CFO) will be filing annual certificates “Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its annual filings. The certifying officers have concluded that disclosure controls and procedures are effective at March 31, 2015. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and CFO are reasonably certain that all information is made known to them and those procedures have been implemented to provide reasonable assurance of the reliability of the financial reporting and preparation of the financial statements for external reporting.

The Board of Directors together with an independent and highly qualified audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes Internal Control over Financial Reporting

The certifying officers have indicated that there were no significant changes in the Corporation’s internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Corporation’s information circular for its most recent annual meeting of shareholders, and in the Corporation’s comparative financial statements for its most recently completed financial year.

This document may contain forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as “anticipated”, “expected”, “could”, “should”, “may”, “plans”, “will”, or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation’s other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements. The Corporation includes in publicly available documents filed from time to time with securities commissions, and the Canadian Securities Exchange, a thorough discussion of the risk

factors that can cause the Corporation's anticipated outcomes to differ from actual outcomes. The Corporation disclaims any intention or obligation to update or revise forward-looking statements.

Public Securities Filings

Other information about the Corporation, including the annual information form and other disclosure documents, reports, statements or other information that is filed with Canadian securities regulatory authorities can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com additional information is also available on the Canadian Securities Exchange at www.cse.ca

CORPORATE PROFILE

<p>Board of Directors J. Paul Allingham David J. Hennigar C.H. (Bert) Loveless Francis H. MacKenzie Jean-Marc MacKenzie Paul R. Snelgrove K. Barry Sparks E. Christopher Stait-Gardner</p>	<p>Corporate Officers David J. Hennigar, Chairman Francis H. MacKenzie, President & Chief Executive Officer Kevin Kemper, Vice President Business Development C.H. (Bert) Loveless, Vice President and Interim CFO Lina Tannous, Corporate Secretary</p>
<p>Corporate Head Office Metalo Manufacturing Inc. Attn: K. Barry Sparks 1600 - 141 Adelaide Street West Toronto, ON M5H 3L5 Fax Number: (902) 484-7599 Phone Number: (902) 499-7150</p>	<p>Mailing Address Metalo Manufacturing Inc. Attn: Francis MacKenzie PO Box 14 535 Larry Uteck Blvd Bedford, NS B3M 0G3</p>

Bankers	Bank of Montreal, Main Branch, Halifax, Nova Scotia	
Auditors	PricewaterhouseCoopers LLP	
Transfer Agent & Registrar	TSX Trust Company, Toronto, Ontario	
Stock Exchange	Canadian Securities Exchange (“CSE”) Trading Symbol: MMI	
Shareholder Information	Contact Person:	C H Bert Loveless
	Contact Telephone Number:	(902) 471-8028
	Contact E-Mail Address:	bert@metalo.ca
Website:	www.metalo.ca	





**METALO MANUFACTURING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

METALO MANUFACTURING INC. is a publicly listed Corporation, trading on the Canadian Securities Exchange (the “CSE”), with a ticker symbol “MMI”, headquartered in Toronto, Canada.

The following is a discussion of the audited consolidated financial condition and results of operations of Metalo Manufacturing Inc. (“MMI” or “the Corporation”) for the year ended June 30, 2018. This discussion and analysis should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the year ended June 30, 2018 and the related notes.

The Corporation’s principal asset is a 43.92% shareholding in Grand River Ironsands Incorporated (GRI), a private company incorporated in the Province of Nova Scotia. GRI owns 90% (60% 2017) of North Atlantic Iron Corporation (NAIC), a private corporation that is involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI also owns 100% of Pure Fonte Ltée (previously 8593302 Canada Inc.) (PFL or Pure Fonte) (dilutable to 90%), a Federal corporation based in Quebec established to construct a pig iron plant.

In March, 2018 a restructuring transaction occurred between Petmin and GRI resulting in significant changes in ownership of NAIC which is outlined in the Corporate Overview section. Also refer to Investment in Subsidiaries -Note 3 of the consolidated financial statements for additional explanation.

The consolidated financial statements are presented in Canadian dollars and have been prepared in compliance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at June 30, 2018.

Additional information about MMI can be found on SEDAR at www.sedar.com and on the Canadian Securities Exchange at www.cse.ca

This MD&A is dated as of October 25, 2018 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion and analysis contains forward-looking statements which reflects management’s expectations regarding the Corporation’s future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflect management’s current assumptions based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Corporation cannot be certain that actual results will be consistent with these forward-looking statements. Forward-looking statements involve significant known and unknown risks, assumptions and uncertainties that may cause the Corporation’s actual results, performance, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, market demand, commodity pricing, regulatory matters, currency risks, liability claims, integration



of new operations, financing risks, and interest rate risks. Although the Corporation has attempted to identify important risks and factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors and risks that may cause results not to be as anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those anticipated in such statements. Certain factors that may impact operations are also discussed. Such comments will be affected by, and may involve, known and unknown risks and uncertainties that may cause the actual results of the Corporation to be materially different from those expressed or implied. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, except as required by law, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

CORPORATE OVERVIEW

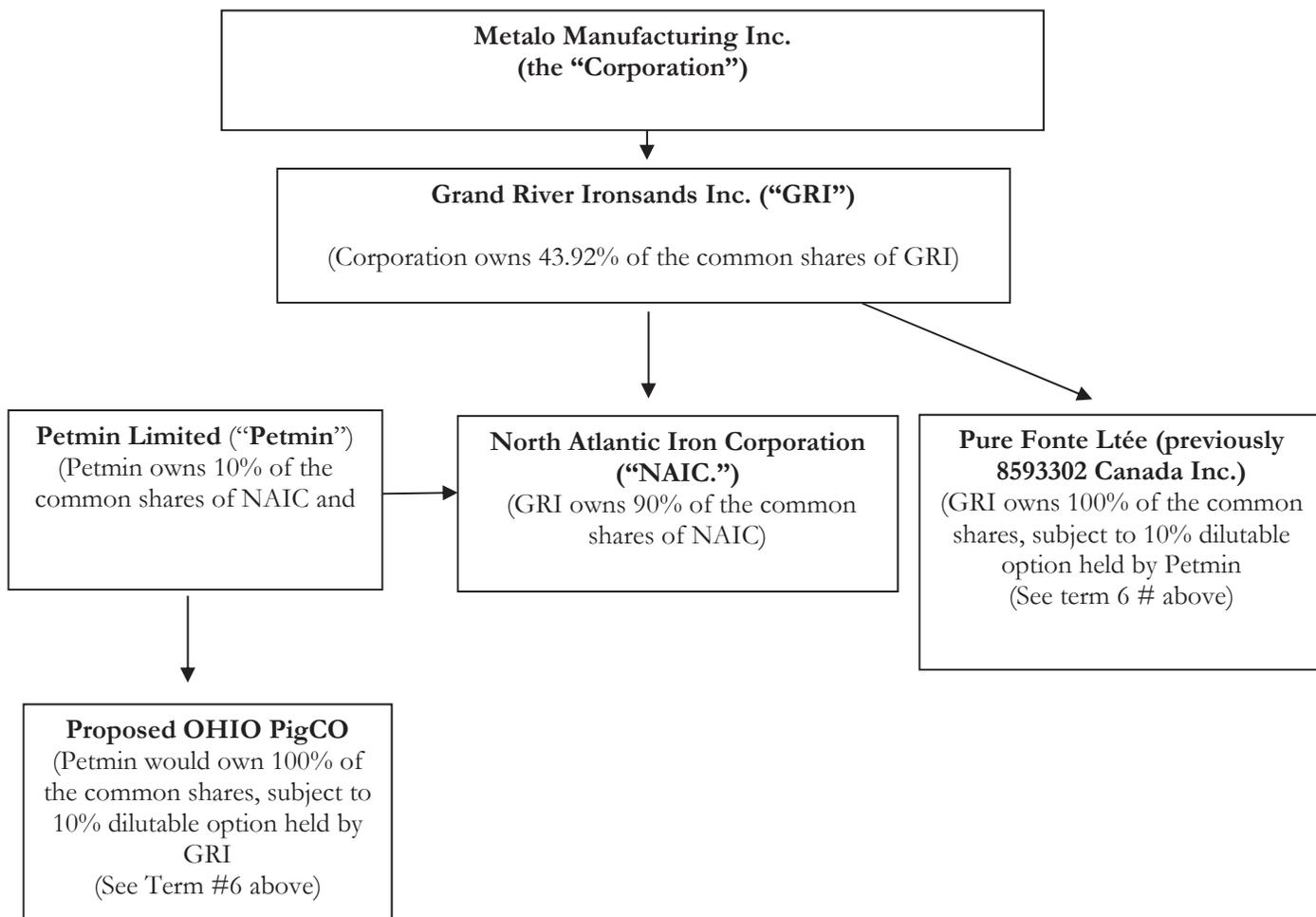
In March, 2018 GRI, NAIC, Pure Font and Petmin Limited agreed to complete a major restructuring summarized as follows which has been completed, with the exception of item 6 –share exchange. Prior to the restructuring, Petmin Limited was a 40% shareholder of NAIC and it is now a 10% shareholder of NAIC with an option to purchase a 10% interest in Pure Fonte:

1. NAIC assigned the right to the use of the “Tenova Process” that permits either party to construct a pig iron facility in specified locations, Ohio, US for Petmin and Quebec, Canada for GRI. These exclusive rights will expire in the event either parties have not commenced the construction of a pig iron facility within three years of the date of the agreement.
2. NAIC transferred 100% of its investment and ownership position in the proposed pig iron facility in Quebec (Pure Fonte) in consideration of reduction of a portion of its debt to GRI and GRI purchased additional shares in Pure Fonte.
3. NAIC will retain 100% ownership of the mineral resources at Goose Bay, with GRI holding 90% of its shares and Petmin holding a 10% dilutable ownership position in NAIC.
4. GRI shall provide Petmin all documents and related rights and correspondence pertaining to the Corporation’s Tenova Process; and all bankable feasibility study documents, notes and models pertaining to the development, processing and construction of a pig iron facility.
5. Both parties agreed not to license, transfer or assign any rights to use the Tenova Process to any third party, without the consent of the other party.
6. Both parties have agreed to exchange shares in their respective pig iron facilities to provide a 10% dilutable ownership position based on the capital position which remains outstanding.

NAIC and GRI have invested substantial funds to prove the economic viability and to develop a bankable feasibility study related to the planned construction of the pig iron facility, this included site selection, preliminary environmental assessment and permitting, process design and engineering and logistics. Approximately \$2.9 million was capitalized through PFL as project development costs.

GRI currently owns 100% of the investment in PFL and going forward NAIC will focus solely on the development of the mineral sands resource in Newfoundland and Labrador. PFL will focus solely on the financing and construction of a pig iron manufacturing plant in Quebec.

The following chart displays the corporate structure and ownership structure post restructuring.



Not reflected above is GRI's 100% ownership of Forks Specialities Metal Inc. ("FSM"), which owned and operated two submerged arc smelting furnaces in Pennsylvania, USA. FSM tried unsuccessfully to independently operationalize as a stand-alone business and operated with minimal cash for in excess of a year. In addition, SK 3700 Glover Road Owner LLC, the former landlord of FSM, obtained a judgment against FSM for rental arrears, accelerated rent, and attorney's fees in the amount of USD\$1,189,562.70. After considering all other possible avenues, on December 28, 2017, FSM filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy proceedings are progressing and GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM (Refer to Notes 3, 7 and 20 in the consolidated financial statements).

OVERVIEW OF NAIC

NAIC's exploration properties are in the Happy Valley, Goose Bay region of Newfoundland and Labrador. The claims are in central Labrador immediately to the east, west, south, southwest and southeast of the Town of Happy Valley-Goose Bay. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet and from the Churchill River to the boundary of the Mealy Mountains National Park. GRI has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Goose Bay, Newfoundland and Labrador and to reduce carrying costs and future work commitments. This review resulted in the cancellation and

forfeiture of minerals claims associated with several significant blocks. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres. Management are confident that this significant reduction in claims will have no material impact on a future development solution.

NAIC Mineral Claims

Claim No	No Claims	Issued	Status	Renewal Date	NTS Map
South Branch					
017911M	44	8/23/2010	Active	8/23/2020	13F/02, 13F/07
Muskkrat					
017907M	23	8/23/2010	Active	8/23/2020	13F/07
Hoffman					
018325M	114	1/6/2011	Active	1/6/2021	13F/03, 13F/02
Total					
	181				

Mineral claim deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five- year time frame. As at the date of the MD&A the Corporation has injected the prescribed amount of exploration expenditures into the remaining mineral claims.

On June 17, 2014, the Corporation filed on SEDAR “NI 43-101” highlighting resource estimates from three major mineral blocks contained within the Corporation’s Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The “NI 43-101” was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the “NI 43-101” document for detailed resource estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. The FSM facilities undertook the extensive smelting tests required to prove the technical viability of producing pig iron from NAIC’s iron sands.

In 2015 due to the oversupply of iron ore feedstock it was decided to source iron ore from other Canadian producers for its first pig iron plant. At that time NAIC began pursuing the evaluation of accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. In 2017, NAIC made the decision to abandon further evaluation of the iron interests with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties.

In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require material adjustment to the carrying amount of the resource properties in the future.

NAIC continues to evaluate the accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. NAIC needs to commission a market feasibility study to further understand the development potential associated with the accessory minerals, which it intends to do once satisfactory financing is arranged.

OVERVIEW OF PFL

The restructuring process delayed some critical decisions, however, with that issue for the most part resolved, GRI has accelerated its efforts to advance the Pure Fonte pig iron plant. This plant will become the first specialized producer in North America of premium pig iron and has been designed to provide a new standard for environmental emissions and stewardship as well as to be strategically located to provide competitive advantage in both access to raw materials as well as access to markets.

Design attributes required:

1. Essential to ensure the lowest generation of greenhouse gases (GHG's) per tonne of pig iron produced in the industry;
2. Must provide economic returns necessary to ensure the required capital investment is available;
3. Manufacturing process must be capable of producing premium grade pig iron, to guarantee best pricing and least market volatility;
4. Location must be supported by the government and the community, provide skilled labour and competitive infrastructure;
5. Location must serve and be competitive in the both European and North American markets.

The Bankable Feasibility Study (BFS) is complete for the \$408 million pig iron manufacturing plant for the Quebec site. In addition, the Environmental Assessment has been commissioned for the Quebec site and will continue as the project is advanced.

GRI has engaged Brock Capital of New York as its investment bank on structuring the US\$408 million required for the pig iron plant. Plans are to close a tranche of US\$20 million prior to the end of Q3 to fulfil those financial needs identified as “pre-construction”. Efforts to secure the required capital are well underway.

The economics of the plant continues to improve, due to the market for pig iron remaining above US\$400/tonne for more than one year, with the price for premium pig iron reaching US\$500/tonne. Also, raw materials prices for iron ore, natural gas and electricity have remained in forecasted ranges. GRI are very close to finalizing purchase commitments from vendors to ensure coverage of 100% of plant production.

The key goals for the initial pig iron manufacturing initiative for the next several months will be to; (i) complete the permitting process; (ii) complete and release the Bankable Feasibility Study for the chosen site; (iii) review the project economics and complete and publish the Economic Assessment; (iv) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; (v) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

FINANCIAL SUMMARY

The Corporation is in the mining, exploration and manufacturing sectors through its interest in GRI.

The audited consolidated financial statements for the year ended June 30, 2018 include all the accounts of the Corporation, including GRI, NAIC, FSM and PFL.

The following discussion addresses the operating results and financial condition of the Corporation for the year ended June 30, 2018. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2018 and the related notes thereto, as well as reference to the forward-looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

HIGHLIGHTS

Following is a summary of the major financial highlights for the year ended June 30, 2018, and to the date of this MD&A

- On August 1, 2017, the Corporation issued 41,667 common shares to Forest Lane Holdings Limited (FLH). This represents interest due August 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.60 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2017. The securities are subject to a four month hold period following the date of issuance.
- On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum repayable, without penalty, on or before August 31, 2018. The loan was subsequently extended for repayment on August 31, 2019.
- On August 25, 2017, NAIC received a shareholder loan, with no fixed terms of repayment, in the amount of US\$1,259,654 from Petmin. This loan represents Petmin's proportionate share of the NAIC's projected cash requirements. GRI has also advanced to NAIC their proportionate share of those projected requirements. As part of the restructuring, a portion of the loan was repaid and the balance written off.
- On November 1, 2017, the Corporation issued 53,914 common shares to FLH. This represents interest due November 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4637 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2017. The securities are subject to a four month hold period following the date of issuance.
- On February 1, 2018, the Corporation issued 58,080 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4304 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2018. The securities are subject to a four month hold period following the date of issuance.
- On May 1, 2018, the Corporation issued 62,574 common shares to FLH. This represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3995 per share, which is the volume-weighted trading price for the 20 trading days ending April 10, 2018.
- On August 1, 2018, the Corporation issued 69,351 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018. The securities are subject to a four month hold period following the date of issuance.
- On July 5, 2018 a loan in the amount of \$621,000 was advanced to Pure Fonte Ltée by a non-related party which shall bear interest at a rate of 5% per annum for a period of 3 years. The loan and interest will be capitalized to the end of term and are convertible into shares at the option of the holder.

The Forks bankruptcy proceedings are continuing and FSM has had several meetings with the creditors and with the trustee in bankruptcy requesting additional documentation which has been subsequently provided. There are no meetings of creditors scheduled. As the bankruptcy proceedings are ongoing, there can be no assurance that the trustee will approve FSM's petition for bankruptcy without challenge or whether the amounts contained therein are ultimately the responsibility of the Company. Management believes there is no basis for the trustee to challenge the petition.

Financial and operational results

NON-GAAP Financial Measures

There are measures included in this MD&A that do not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Corporation includes these measures because it believes certain investors use these measures as a means of assessing financial performance. Management believes that the measure 'Loss before the undernoted' is an important indicator of the Corporation's ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt, and fund future capital expenditures and uses this measure for that purposes. In addition, the Corporation's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA"). Management adjusts measures in an effort to provide investors and analysts with a more comparable year-over-year performance measure than the basic measure, by excluding certain items. These items could impact the analysis of trends in performance and affect the comparability of our financial results. By excluding these items, management is not implying they are non-recurring.

The following tables summarize selected yearly and quarterly financial results from operation for the last two fiscal years.

Selected Consolidated Operating Results				
	Three Months		Year Ended	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	\$'s	\$'s	\$'s	\$'s
Revenue	-	-	-	-
Expenses				
Advertising and promotion	-	-	-	10,305
Utilities	-	55,094	11,141	131,247
Dues and fees	12,497	2,932	27,104	14,398
Exploration Costs	-	-	-	13,179
Facility costs	13,043	86,271	-	103,900
Foreign exchange losses	62,642	(359,703)	(424,045)	(272,460)
General and administrative	3,201	175,248	15,417	206,735
Insurance	875	23,653	49,519	97,502
Management and consulting fees	249,271	472,498	729,221	1,398,966
Professional fees	(5,795)	15,874	118,864	104,159
Rental	8,208	276,899	362,460	1,077,341
Travel	(54,425)	161,682	201,252	631,316
Salaries and wages	41,168	142,064	212,564	573,650
Operating income (loss) before under noted	(330,685)	(1,052,512)	(1,303,497)	(4,090,238)
Amortization	(2,352)	302,361	(12,792)	(22,728)
Interest including accretion	(162,281)	(555,449)	(625,526)	(774,087)
Consolidated income (loss)	(495,318)	(1,305,600)	(1,941,815)	(4,887,053)
Gain on deconsolidation of subsidiary debt	-	-	1,562,459	-
Gain on sale of intangible asset	-	-	2,249,678	-
Impairment of property and equipment	-	(1,990,435)	(20,609)	(1,990,435)
Gain on sale of equipment	6,177	-	6,177	-
Gain (loss) on investments	(1,040)	(1,640)	(4,123)	13,571
Income tax (expense) recovery	430,034	1,134,166	(100,845)	2,175,998
Cumulative translation adjustments	175,364	-	-	48,132
Non-controlling interest	(773,403)	1,507,888	(1,359,044)	3,002,431
Comprehensive income (loss) attributable to MMI	(658,186)	(655,620)	391,878	(1,637,356)
Income (Loss) per share	(0.037)	(0.038)	0.022	(0.094)
Avg. Weighted Shares O/S	17,676,321	17,384,638	17,584,713	17,384,638

The consolidated loss for the three-month period before extraordinary items ended June 30, 2018, was (\$495,318) compared to a loss of (\$1,305,600) for the prior year. For the year ended June 30, 2018 the consolidated loss before extraordinary items was (\$1,941,815) compared to a loss of (\$4,887,053) for the prior year. The major variance was the directly attributed to the closure of Forks and the restructuring savings.

For the year ended June 30, 2018 the comprehensive income attributed to MMI shareholders was \$391,878 (\$0.022) per share compared to a loss of (\$1,637,356) (\$0.094 per share) for the prior year. The major variance was the result of the deconsolidation of the debt of FSM in the amount of \$1,562,459 and the restructuring of NAIC, GRI and Petmin that resulted is the recognition of a gain of \$2,249,678 related to the sale of an intangible asset, owned by NAIC and transferred to both Petmin and GRI. (Refer to Note 9 of the consolidated financial statements for additional information)

Additional explanations

Revenue

The Corporation does not expect any revenues in the immediate future from its principle line of business, the production of pig iron.

Interest and accretion expense

For the year ended June 30, 2018, the Corporation had interest expense of \$625,526 compared to interest expenses of \$774,087 for the prior year. These amounts do not include interest expense or accretion that was capitalized during the year. The reduction is principally associated with the deconsolidation of the debt of Forks. (Refer to Note 9 of the consolidated financial statements)

Income tax recovery

Income taxes are calculated using the liability method. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax benefit of these losses has been recognized as a reduction of the deferred tax liabilities. (Refer to Note 16 of the consolidated financial statements)

Gain on deconsolidation of subsidiary debt

On December 28, 2017, FSM filed for bankruptcy after management was unsuccessful in selling or operationalizing as a stand-alone business. The bankruptcy proceedings are progressing and GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM resulting in a gain of \$1,562,459. (Refer to Notes 3, 7 and 20 in the consolidated financial statements).

Gain on sale of intangible asset

In March, 2018 GRI, NAIC, Pure Fonte and Petmin Limited “Petmin” agreed to complete a restructuring transaction that resulted in Petmin’s ownership of NAIC being reduced to 10% from 40% with an option to purchase a 10% interest in Pure Fonte. Petmin acquired from NAIC the right to the use of the “Tenova Process” which was classified as an Intangible Asset for their proposed pig iron plant in Ohio which resulted in at a disposal and a deemed gain of \$2,249,678. (Refer to Note 3 of the consolidated financials for additional information)

Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters. The quarterly data has been restated to give effect to the reclassification of Forks industrial equipment in fiscal 2016.

Selected Quarterly Financial Data								
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
	2018	2018	2017	2017	2017	2017	2016	2016
Expenses								
Advertising and promotion	-	(1,396)	1,396	-	164,104	9,222	(3,714)	4,797
Utilities	-	499	(12,411)	23,053	55,094	44,660	21,673	9,820
Dues and fees	12,497	4,232	7,957	2,418	2,932	3,113	5,923	2,430
Exploration Costs	-	-	-	-	-	-	13,179	-
Facility costs	13,043	(14,032)	(4,733)	5,722	86,271	7,505	5,186	4,938
Foreign exchange losses	62,642	28,205	(444,322)	(70,570)	(359,703)	22,469	33,779	30,995
General and administrative	3,201	1,534	5,020	5,662	11,144	1,886	14,762	14,839
Insurance	875	875	25,696	22,073	23,653	23,770	24,820	25,259
Management fees	249,271	2,970	196,024	280,956	472,498	322,120	337,099	267,249
Professional fees	(5,795)	49,745	(10,086)	85,000	15,874	48,446	19,034	20,805
Rental	8,208	10,350	85,171	258,731	276,899	267,101	272,058	261,283
Travel	(54,425)	228,405	12,327	14,945	161,682	265,087	113,739	90,808
Stock based compensation	-	-	-	-	-	-	-	-
Salaries and wages	41,168	56,635	(21,720)	136,481	142,064	143,780	138,175	149,631
Operating (income) loss before under noted	(330,685)	(368,022)	159,681	(764,471)	(1,052,512)	(1,159,159)	(995,713)	(882,854)
Expense recovery Porcupine Strand	-	-	-	-	-	-	-	-
Cumulative Translations adjustments	175,364	245,688	(470,952)	49,899	(15,688)	18,060	34,417	11,343
Amortization	(2,352)	(3,480)	(2,489)	(4,471)	302,361	(107,166)	(111,879)	(106,044)
Interest expense including accretion	(162,281)	(159,678)	(168,769)	(134,798)	(555,449)	(93,261)	(69,961)	(55,416)
Gain on deconsolidation of subsidiary	-	-	1,562,459	-	-	-	-	-
Gain on sale of intangible asset	-	2,249,678	-	-	-	-	-	-
Impairment of property and equipment	-	-	(20,609)	-	(1,990,435)	-	-	-
Gain on sale of equipment	6,177	-	-	-	-	-	-	-
Gain (loss) on investments	(1,040)	1,440	603	(5,126)	(1,640)	(12,871)	2,340	25,742
Income tax recovery	430,034	(330,229)	(492,590)	291,941	1,134,166	425,748	344,911	271,173
Consolidated Income (Loss)	115,216	1,635,397	567,334	(567,026)	(2,179,198)	(928,649)	(795,885)	(736,056)
Non-controlling interest	(773,403)	(598,730)	(369,292)	382,381	1,507,888	476,501	555,553	462,489
Comprehensive Income (Loss)	(658,186)	1,036,667	198,042	(184,645)	(671,310)	(452,148)	(240,332)	(273,567)
Income (Loss) per share	(\$0.037)	\$0.024	\$0.011	(\$0.011)	(\$0.039)	(\$0.026)	(\$0.014)	(\$0.016)
Avg. Weighted Shares O/S	17,584,713	17,584,713	17,558,230	17,508,576	17,384,638	17,440,330	17,332,557	17,323,404

Segmented Information

The Corporation's Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments.

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States. Segment assets are based on the geographical location of the assets.



Non-current assets	30-Jun-18	30-Jun-17
	\$	\$
Canada	58,653,967	60,131,729
United State of America	-	20,611
Total non-current assets	58,653,967	60,152,340

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at June 30, 2018 with comparable numbers for the prior two fiscal years.

Selected Consolidated Balance Sheet Items			
	Year End June 30, 2018	Year End June 30, 2017	Year End June 30, 2016
		Restated	Restated
	\$'s	\$'s	\$'s
Cash	28,148	169,039	591,665
Other receivables	13,511	64,006	114,337
Prepaid and other deposits	51,458	351,019	446,448
Investment and loan receivable	3,200	20,478	16,381
Resource Properties	57,170,334	57,138,760	57,109,885
Project development costs	1,462,322	2,924,994	2,074,815
Property and equipment	21,311	88,586	2,101,813
Accounts Payable	(403,370)	(2,670,498)	(1,105,061)
Short Term Loans	(4,828,844)	(2,664,504)	-
Current portion long term debt	-	(1,560,467)	(1,171,550)
Long term debt	(2,093,401)	(1,931,549)	(1,789,334)
Deferred Taxes	(5,658,778)	(5,557,933)	(7,733,931)
Shareholders' Equity	18,260,469	14,515,209	16,064,453
Shareholders' Equity associated with Non controlling interests	27,505,422	31,856,722	34,591,014

An adjustment resulting in a decrease in retained earnings and an increase in non-controlling interest in the amount of \$5,682,373 as at July 1, 2016 was made to the June 30, 2017 consolidated statement of changes in equity in order to realign the treatment of historical injections of capital by Petmin in NAIC and their effect on the allocation of the Group's equity between the shareholders and the non-controlling interests.

In addition the reduction in Petmin ownership in NAIC resulted in an increase in controlling interest and a corresponding increase in consolidated retained earnings in the amount of \$3,428,747 at June 30, 2018 with offsetting reduction in non-controlling interest in the amount of (\$5,487,152) and total shareholders equity being reduced by (\$2,058,405). Please refer to the "Statement of Changes in Equity" of the consolidated financial statements for additional clarification.



Details of significant balance sheet items are detailed below.

Account and Other Receivables

Principally consists of HST receivable.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of \$51,458 at June 30, 2018 as compared to \$351,019 of the previous year. The major reduction is the related to the closure of the smelting facility in Forks, PA. and principally consists of the site deposit related to Pure Fonte.

Resource Properties

NAIC's exploration properties are in Happy Valley- Goose Bay region of Newfoundland and Labrador. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres.

Resource Properties	Balance	Interest	Balance
	30-Jun-17	Accretion	30-Jun-18
	\$	\$	\$
Labrador Mineral Sands	57,138,760	31,574	57,170,334

Project development costs

Represents engineering and consulting costs associated with the preparation of the Bankable Feasibility Study, site selection and permitting for the proposed pig iron facility. The disposal represent the 50% of the intangible asset that was transferred to Petmin as one of the terms of the restructuring agreement.

Project Development Costs			
	Balance		Balance
	30-Jun-17	Disposals	30-Jun-18
	\$	\$	\$
Site selection, engineering & design	2,924,994	(1,462,672)	1,462,322

Property and Equipment

Description	Cost				Accumulated Depreciation				Net Book	Net Book
	Balance			Balance	Balance		Sold or	Balance	Value	Value
	30-Jun-17	Sales	Impaired	30-Jun-18	30-Jun-17	Depreciation	Impaired	30-Jun-18	30-Jun-17	30-Jun-18
Computer hardware	15,138	-	-	15,138	11,884	976	-	12,861	3,254	2,278
Industrial Equipment	196,430	(149,089)	-	47,341	132,060	11,746	(115,215)	28,591	64,370	18,750
Office furniture and equipment	42,658	-	(41,580)	1,078	30,413	71	(29,688)	796	12,245	282
Foreign exchange differences	8,717	-	(8,717)	-	-	-	-	-	8,717	-
	262,943	(149,089)		63,557	174,357	12,793	(144,903)	42,248	88,586	21,311

Accounts Payable

The accounts payable balance at June 30, 2018 was \$403,370 compared to \$2,670,498 at June 30, 2017. The decrease is principally the settlement of accrued and billed costs related to site selection, permitting, and feasibility charges for the pig iron manufacturing plant. The remainder represents year end accruals and trade accounts payable.

Short Term Loans (refer to Note 8 of the consolidated financial statements)

On August 25, 2016 GRI borrowed \$250,000 from an unrelated party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before August 25, 2019 at an exercise price of \$0.01 per share. The loan is repayable on demand, no later than December 31, 2018.

On September 29, 2016 GRI borrowed \$250,000 from Forest Lane Holdings Limited "FLH", a Company controlled by a Director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before September 29, 2019 at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, with a balance of \$2,550,000 at June 30, 2018.

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of \$2,000,000 bearing interest at 12% per annum payable monthly. The principal is repayable, without penalty, on or before August 31, 2019, and the holder has the option to convert the debt to common shares at a conversion price of \$2.10 per share.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and or shareholder loans and advances. There can no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation when required.

Currently the Corporation has approximate cash on hand of approximately \$81,400 CDN equivalent and has a working capital deficiency of approximately \$5,156,000. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. The interim condensed consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if



the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Long-Term Debt

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which 'Project Success' is achieved. It is anticipated that 'Project Success' will be achieved in the fiscal year ending June 30, 2020 and repayments will commence in December 2020.

Convertible debenture

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000. A company controlled by an officer and director of the Corporation fully subscribed to the offering. The debenture will mature on May 1, 2020 and will bear interest at a rate of 5% per annum payable quarterly. The debenture shall be convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.80 per common share if exercised within 12 months of closing and will increase by \$0.05 per common share on the anniversary date each year thereafter until the maturity date.

Please refer to Note 9 for further details and explanations related to long term debt.

Share Capital

A summary of the Corporation's common shares outstanding as of June 30, 2018 is presented below:

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares	Number of Shares	\$
Opening Balance June 30, 2017	17,481,402	9,073,978
Shares issued for convertible debt interest	216,235	100,000
Closing Balance June 30, 2017	17,697,637	9,173,978

Stock Options

Under the Corporation's employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees or consultants of the Corporation. Shareholders approved the number of shares reserved for issuance under the Plan be a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 5 years from the date of the grant. The Corporation has reserved 3,504,614 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the granting date based upon a fair value of the award and is recognized over the related service period.



A summary of the Corporation's outstanding stock option is presented below:

Continuity of Stock Options Issued and Outstanding				
	June 30, 2018		June 30, 2017	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning balance	2,114,000	\$0.77	2,114,000	\$0.77
Cancelled during the year	-	-	-	-
Issued during the year	-	-	-	-
Ending Balance	2,114,000	\$0.77	2,114,000	\$0.77

Options outstanding at June 30, 2018 are as follows:

Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
			June 30, 2018	
May 28, 2012	May 28, 2022	\$0.65	144,000	144,000
Nov. 30, 2012	Nov. 30, 2022	\$0.65	450,000	450,000
Dec. 06, 2013	Dec. 06, 2023	\$0.85	985,000	985,000
Dec. 08, 2014	Dec. 08, 2024	\$0.75	535,000	535,000
Total		\$0.77	2,114,000	2,114,000

Note: There were no MMI stock options issued during fiscal 2018.

Grand River Ironsands Incorporated Stock Options

The Board of Directors of GRI has established a 10% rolling stock option plan under which options to purchase common shares are granted to directors, officers, consultants and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

At June 30, 2018, there were 2,376,933 common shares eligible for issuance pursuant to the stock option plan, of which 1,048,000 options to acquire common shares have been issued and are outstanding under the plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vested immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the option of 5 years.



A summary of the GRI's outstanding stock option and changes is presented below:

Continuity of Stock Options Issued and Outstanding				
	June 30, 2018		June 30, 2017	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning Balance	1,206,000	\$2.15	2,116,000	\$1.60
Expired during the year	87,000	\$1.25	(705,000)	\$1.25
Cancelled during the year	71,000	\$2.10	(205,000)	\$2.10
Ending Balance	1,048,000	\$2.16	1,206,000	\$2.15

Note: There were no GRI stock options issued during fiscal 2018.

Options outstanding at June 30, 2018

		Exercise Price	Issued	Exercisable
Grant Date	Expiry Date	Price	June 30, 2018	
Dec. 06, 2013	Dec. 06, 2018	\$2.10	450,000	475,000
Dec. 08, 2014	Dec. 08, 2019	\$2.10	448,000	494,000
May 27, 2016	May 27, 2021	\$2.50	150,000	150,000
Total		\$2.16	1,048,000	1,119,000

CRITICAL ACCOUNTING POLICIES

General

The accounting policies have been reviewed with the Corporation's Audit Committee and are as described in Note 2 to the consolidated financial statements.

Basis of Presentation and Going Concern

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.



The Corporation and its subsidiaries have not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary's interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Corporation. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Critical Accounting Estimates

The preparation of consolidated financial statements under IFRS requires the Corporation to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. Refer to note 2(o) of the consolidated financial statements for details on accounting estimates and assumptions that may impact its reported financial position, results of operations and cash flows.

RISK FACTORS

Limited Business History

The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Corporation has limited financial resources and there is no assurance that additional funding shall be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation can generate revenues, operate profitably, or provide a return on investment, or that it shall successfully implement its plans.

Property Commitments

The property of NAIC in which the Corporation has an indirect interest is subject to work commitments and may be subject to other land payments, royalties and/or work commitments to the land claim holder, the Innu Second Nation. Failure by GRI and NAIC to meet their payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests and dilution.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Corporation may enter into joint ventures in respect of certain mineral exploration properties that may be acquired by the Corporation. Any failure of such joint venture partners to meet their obligations to the Corporation or to third parties could have a material adverse effect on the joint ventures and the Corporation as a result. In addition, the Corporation may be unable to exert influence over strategic decisions made in respect.



Resources and Reserves

On June 17, 2014, the corporation filed on SEDAR “NI 43-101” highlighting resource estimates from three major mineral blocks contained within the Corporation’s Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The “NI 43-101” was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the “NI 43-101” document for detailed resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. Ultimately, even if the Corporation has success in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond the capacity of it to anticipate and control, such as the marketability of the mineral products under profitable conditions, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production. One or more of these risk elements could have an adverse impact on costs of an operation which, if significant enough, could reduce or eliminate the profitability of a particular project.

Properties Remote

The property of NAIC is located in a remote area with limited infrastructure. Exploration activities on such projects are particularly vulnerable to delays and additional costs due to weather conditions, labour shortages and other unforeseeable issues.

Operational Risks

The Corporation shall be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins and encountering unusual or unexpected geological conditions and technological failure of exploration methods. This lack of insurance coverage could have an adverse impact on the Corporation’s future cash flows, earnings, results of operations and financial condition.

Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial capabilities and greater financial and technical resources, the Corporation may be unable to acquire rights to exploit additional attractive mining properties on terms that the Corporation considers acceptable. If the Corporation is not able to acquire such interests, this could have an adverse impact on the Corporation’s future cash flows, earnings, results of operations and financial condition.

Exploration and Development Activities May Not be Successful

Exploration for and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The Corporation cannot ensure that its future exploration and development programs shall result in profitable commercial mining operations.

Properties May be Subject to Defects in Title

Although the Corporation is not aware of any existing title uncertainties with respect to the property, there is no assurance that such uncertainties shall not result in future losses or additional expenditures, which could have an adverse impact on the Corporation’s future cash flows, earnings, results of operations and financial condition.

Environmental, Health and Safety Risks

Mining and exploration companies such as the Corporation must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, “laws”) drawn from a number of jurisdictions.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Governmental Regulation and Policy Risks

Mining operations and exploration activities, refining, conversion and transport in Canada are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Since legal requirements change, are subject to interpretation and may be enforced in varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Commodity Price Fluctuations

The price of commodities varies on a daily basis but long-term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the Corporation’s results of operations and the ability of the Corporation to execute its business plan.

Currency Fluctuations

The Corporation presently maintains its accounts in Canadian dollars. The Corporation’s future operations may make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Key Personnel

The senior officers of the Corporation are critical to its success. In the event of the departure of a senior officer, the Corporation believes that it shall be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Corporation grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation’s business activity grows, it shall require additional key financial, administrative and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Corporation’s future cash flows, earnings, results of operations and financial condition.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price shall not occur. It may be anticipated that any quoted market for the shares of the Corporation shall be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation’s shares shall be affected by such volatility. An



active public market for the Corporation's shares might not develop or be sustained after completion of the Proposed Transactions.

Legal Proceedings

On December 28, 2017, Forks Specialty Metals Inc., a wholly owned subsidiary of Grand River Ironsands Incorporated, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. Forks had been operating with minimal cash in excess of a year and despite its attempts to operationalize the facility and raise funding, it was unable to do so. In addition, its landlord, SK 3700 Glover Road Owner LLC, obtained a confession of judgment against it in the Court of Common Pleas, Northampton County, in the amount of USD\$1,189,562.70, which included rental arrears, accelerated rent, and attorney's fees. The bankruptcy proceeding has stayed all existing and potential lawsuits. Forks has met with the trustee in bankruptcy and the matter is ongoing.

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the Canadian Securities Exchange (CSE) under the trading symbol "MMI". The stock is thinly traded and investors should be aware that there may be no market for their shares.

Trading Data for 2018				
Month	High	Low	Close	Volume
Jul-17	0.750	0.305	0.600	29,500
Aug-17	0.600	0.280	0.370	238,808
Sep-17	0.800	0.600	0.600	15,208
Oct-17	0.420	0.265	0.400	18,500
Nov-17	0.450	0.280	0.385	47,032
Dec-17	0.430	0.350	0.350	36,975
Jan-18	0.400	0.245	0.245	5,200
Feb-18	0.570	0.230	0.240	11,979
Mar-18	0.445	0.305	0.400	15,312
Apr-18	0.370	0.225	0.360	31,535
May-18	0.490	0.270	0.380	43,809
Jun-18	0.400	0.330	0.330	1,000
	0.800	0.225	0.330	494,858

Cash Flow Requirements

Refer to Notes 8 and 9 of the audited consolidated financial statements at June 30, 2018 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACOA) and Convertible Debenture and other short term loans. The long-term contractual obligations for the next five years are as follows:



Contractual Obligations in CDN\$ June 30, 2018					
Description	Total	Less than one year	2-3 years	4-5 years	After 5 years
Loan- ACOA	\$ 500,000	\$ -	\$ -	\$ 250,000	\$ 250,000
Short term notes and loans	4,830,000	2,830,000	2,000,000	-	-
Convertible Debenture(inclusive of interest)	2,280,000	100,000	2,180,000	-	-
	\$ 7,610,000	\$ 2,930,000	\$ 4,180,000	\$ 250,000	\$ 250,000

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the fourth quarter and year ended June 30, 2018.

Purpose of Transaction	Year to Date	
	30-Jun-18	30-Jun-17
	\$	\$
Directors Fees	13,650	165,000
Management Fees	150,000	931,513
Consulting fees	250,697	-
Salaries and benefits	291,969	573,621
	706,316	1,685,884

The compensation expense associated with key management and directors for services is as follows:

Key management personnel include the President, Vice President and the Chief Financial Officer of MMI, the President, Chief Executive Officer, and Corporate Affairs Director for GRI.

These transactions with related parties have been valued in the consolidated financial statements at the estimated fair value, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A there are no transactions that the board of directors or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 issued by the Canadian Securities Administrators (“NI52-109”), MMI’s Chief Executive Officer (CEO) and MMI’s Chief Financial Officer (CFO) will be filing annual certificates “Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its annual filings. The



certifying officers have concluded that disclosure controls and procedures are effective at March 31, 2015. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and CFO are reasonably certain that all information is made known to them and those procedures have been implemented to provide reasonable assurance of the reliability of the financial reporting and preparation of the financial statements for external reporting.

The Board of Directors together with an independent and highly qualified audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes Internal Control over Financial Reporting

The Certifying Officers have indicated that there were no significant changes in the Corporation's internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders, and in the Corporation's comparative financial statements for its most recently completed financial year.

This document may contain forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as "anticipated", "expected", "could", "should", "may", "plans", "will", or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation's other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements. The Corporation includes in publicly available documents filed from time to time with securities commissions, and the Canadian Securities Exchange, a thorough discussion of the risk factors that can cause the Corporation's anticipated outcomes to differ from actual outcomes. The Corporation disclaims any intention or obligation to update or revise forward-looking statements.

Public Securities Filings

Other information about the Corporation, including the annual information form and other disclosure documents, reports, statements or other information that is filed with Canadian securities regulatory authorities can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com additional information is also available on the Canadian Securities Exchange at www.cse.ca



CORPORATE PROFILE

Board of Directors

J. Paul Allingham
David J. Hennigar
C.H. (Bert) Loveless
Francis H. MacKenzie
Jean-Marc MacKenzie
Paul R. Snelgrove
K. Barry Sparks
E. Christopher Stait-Gardner

Corporate Officers

David J. Hennigar, Chairman
Francis H. MacKenzie, President & Chief Executive Officer
Kevin Kemper, Vice President Business Development
C.H. (Bert) Loveless, Vice President and Interim CFO
Lina Tannous, Corporate Secretary

Corporate Head Office

Metalo Manufacturing Inc.
Attn: K. Barry Sparks
1600 - 141 Adelaide Street West
Toronto, ON M5H 3L5
Fax Number: (902) 484-7599
Phone Number: (902) 499-7150

Mailing Address

Metalo Manufacturing Inc.
Attn: Francis MacKenzie
1600 - 141 Adelaide Street West
Toronto, ON M5H 3L5

Corporate Information

Bankers	Bank of Montreal, Main Branch, Halifax, Nova Scotia
Auditors	PricewaterhouseCoopers LLP
Transfer Agent & Registrar	TSX Trust Company, Toronto, Ontario

Stock Exchange

Canadian Securities Exchange ("CSE")
Trading Symbol: MMI

Shareholder Information

Contact Person:	C H Bert Loveless
Contact Telephone Number:	(902) 471-8028
Contact E-Mail Address:	bert@metalo.ca
Website:	www.metalo.ca

