

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Metalo Manufacturing Inc. (the "Issuer").

Trading Symbol: MMI

Number of Outstanding Listed Securities: 19,115,944

Date: January 6, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report 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 items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Metalco Manufacturing Incorporated (“MMI”) is an indirect and major shareholder in the following two companies:

- **Pure Fonte Ltée (“PFL”) – a corporation formed to build a US\$408 million pig iron plant in Quebec**
- **North Atlantic Iron Corporation (“NAIC”) – a corporation owning mineral rights in Labrador, NL.**

Current measures have focused on the two assets to advance them to the next level:

- 1. Recent and ongoing discussions pertaining to the permitting stages required for the pig iron plant continue through January 2021. Negotiations remain active with potential capital funding partners. An internal technical review, along with government authorities, is proceeding to assess potential options and solutions to the CO2 emissions. This review ensues from the proposed Federal CO2 tax of \$170/tonne of CO2. The assessment will also review carbon leakage standards into various end markets.**
- 2. On the mineral sands – two advanced mineral processing reports are being assessed.**

The most recent report utilizing a European firm using crushing, flotation, magnetics with a base grain size of +1.0mm-0.5mm achieves a superior purity of 99.4% SiO2 with an Fe of 0.07%. The Asian experts focused on spirals (gravity), floatation, magnetics achieving an SiO2 of 99.3% with an Fe of 0.01%. The lower Fe meets the specifications for clear glass making (residential and commercial) and borosilicate glass (Pyrex). A higher iron (0.07%) can be used for coloured glass – while both the feldspars and silica quartz can be used for construction, sand cast moulds, fibreglass, water filtration, ceramics, and silicon carbide. Currently, the immediate focus is on off-take - a US\$3-5 million financing and permitting program. Several drill permits have been filed with the regulatory authorities.

The 10-year license renewals fees have been paid on the three mineral licenses.

Additionally, discussions are underway with independent experts on potential products that can be produced for the market from the minerals.

A request for a meeting with Nalcor Energy (provincial energy corporation and a provincial Crown corporation under the Government of Newfoundland and Labrador) to resolve potential areas of sterilization of land access by Nalcor on at least 2 of the 3 mineral claims of the project have not materialized. The Company

has invested considerable capital on certain claims that now have significant portions sterilized by activities related to the hydro dam requirements.

MMI has a holding of 43.92% in GRI which owns 100% of PFL and 90% of NAIC. The trading symbol is 'MMI' and trades on the Canadian Securities Exchange (CSE).

2. Provide a general overview and discussion of the activities of management.

The Issuer continues to monitor the progress of GRI. NAIC has recently commenced re-assessing potential minerals of value with the project in Labrador. Work plans for 2021 are being assessed. A dedicated team will advance the next steps including community consultations and permitting.

While there have been significant shifts in several cost centres for the pig iron plant and the net effect is a marginal shift in project economics with CapEx declining – the movement of inputs and sales process will continue to fluctuate.

Progress on the permitting pertaining to both projects has been slow due to the restrictions of COVID-19 in the proposed site areas.

MMI currently has 19,115,944 shares issued and outstanding.

GRI currently has 23,769,327 shares issued and outstanding.

Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

There have been no acquisitions.

3. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable

4. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

No Applicable

5. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets

acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None

7. Describe the acquisition of new customers or loss of customers.

Not applicable

8. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

None

9. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

None

10. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable

11. Describe and provide details of legal proceedings to which the Issuer became a party, 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.

The Issuer was advised that on February 8, 2019, the trustee for the estate of Forks filed an adversary complaint in the United States Bankruptcy Court for the Eastern District of Pennsylvania (the "Court") against the Issuer, 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 are vigorously defending themselves. On May 6, 2020, the Defendants' Motion to Dismiss for Lack of Personal Jurisdiction was heard by Court. On November 12, 2020, the Court issued an order requiring the Plaintiff to submit an amended complaint within 30 days that complies with the requirements imposed by Federal Rules of Civil Procedure 8 and 10(b), including setting forth separate counts against the separate Defendants, with any count asserted against all Defendants so stating. The Court also ordered it has personal jurisdiction over Defendant Francis MacKenzie. The Plaintiff filed an amended complaint on December 10, 2020 and counsel to the Defendants is preparing its response. The matter is ongoing.

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

In December 2020, the Company received a loan in the principal amount of \$40,000 under the Canada Emergency Business Account (“CEBA”) program launched by the Government of Canada as a COVID-19 relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending December 31, 2022. Thereafter, the CEBA loan will continue to be unsecured but will bear interest of 5% per year during an extended term ending December 31, 2025.

In December 2020, GRI received a supplemental \$20,000 loan under the CEBA program.

13. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

14. Provide details of any loans to or by Related Persons.

None

15. Provide details of any changes in directors, officers or committee members.

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

Travel restrictions remain challenging.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated January 6, 2021.

Francis MacKenzie
Name of Director/Senior Officer

Signed "Francis MacKenzie"
Signature

President
Official Capacity

Issuer Details - Name of Issuer Metalo Manufacturing Inc.	For Month End December 2020	Date of Report YY/MM/D 21/01/6
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