

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: MMI

Number of Outstanding Listed Securities: 17,832,777

Date: February 6, 2019

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 projects:

- **A proposed US\$408 million pig iron project in Quebec**
- **A Mineral Sands Project in Labrador.**

MMI has a holding of 43.92% in Grand River Ironsands Incorporated (GRI) who controls no less than 90% of both the pig iron project and the mineral sands of Labrador. The trading symbol is 'MMI' and trades on the Canadian Securities Exchange (CSE).

Grand River Ironsands Incorporated (GRI) is engaged in efforts to secure the US\$408 million required for the pig iron plant. Plans are to close a tranche of US\$20 million shortly to fulfil the financial needs identified as “pre-construction”. Term sheets remain in negotiation for US\$13 million in debt (in hand) and C\$7 million in equity for preconstruction. This has been a challenging financing despite offering robust upside. The interest for the project financing (construction phase) has been solid, with strong interest. The challenge remains in the “pre-construction” raise of US\$20 million. Markets remain cautious and the goal remains to find a solution that satisfies all parties involved.

Additionally, GRI reports two term sheets for 100% of offtake from well-established industry leaders for the final product are well advanced. This is significant.

GRI is now 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 US\$20 million in financing.

Upon concluding adjustments to 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 next round of financing.

Efforts will be focused on activating the environmental permitting with a view to commencing construction by Q1 2020. A parallel decision on Front End Engineering Design (FEED) and detailed engineering will be announced post the completion of financing.

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

***The Issuer* continues to monitor the progress of GRI. The current mandate is to be North America’s premium quality pig iron producer.**

Mineral claims near Happy Valley-Goose Bay, NL continue to be held and these claims are now being advanced for market assessment. Efforts in assessing end market interest are being made in China and Europe. Efforts in Europe are actively underway while China is in a holding pattern due to recent governmental issues between Canada and China. Additionally, value-add uses to certain minerals in the sands are also being studied by experts in both markets. Based upon efforts to date, it is believed that the industrial

minerals contained in the mineral suite will meet the specification of end users. The key challenge is understanding market needs and pricing. Engagement with one of the two firms will occur after the capital raise for the sands is fulfilled. At least one interest party is advancing on managing the overall raise and more details will be shared when available.

A C\$ flow-through issue and/or private placement is currently being marketed to define this project in Labrador.

MMI currently has 17,832,777 shares issued and outstanding.

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

3. 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.

4. 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

5. 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.

See 1.

6. 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.

See 1.

7. 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

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

Not applicable

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

None

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

None

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

Not applicable

12. 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.

13. **Further to the disclosure of the bankruptcy of Forks Specialty Metals Inc., its officers met with the trustee in bankruptcy on February 26, 2018 and July 26, 2018. After these meetings, the trustee requested documentation as it relates to the bankruptcy which have been provided. An additional meeting was scheduled on September 26, 2018, but the trustee notified the officers that their attendance was not necessary. The trustee indicated she will continue to review the documentation provided. The matter is ongoing.**

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

None

15. 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.

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

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.

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

None

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

The Issuer remains focused on its investment in GRI, whose primary goal is adding value to iron ore, with a proven manufacturing/smelting process. Essentially taking iron ore trading at US\$86/tonne (62% Fe) and producing a premium pig iron selling at approximately US\$500/tonne to the Great Lakes area with Basic Pig Iron at US\$340/tonne Great Lakes area. Raw materials prices for iron ore are slightly above forecasted ranges, although this is believed to be unsustainable with experts forecasting a number under US\$65/tonne before year end. Natural gas and electricity remain in forecasted ranges.

In summary, the goal for GRI is to add value to mineral resources while becoming the lowest cost North American producer of a quality premium pig iron product required by foundries and steel mills and the lowest carbon emitter globally for this product.

GRI is also continuing efforts to advance the mineral sands of Labrador where a significant investment has been directed to understanding the economic values of its claims over the past number of years.

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 February 6, 2019.

Francis MacKenzie
Name of Director/Senior Officer

Signed "Francis MacKenzie"
Signature

President
Official Capacity

<i>Issuer Details</i> - Name of Issuer	For Month End	Date of Report YY/MM/D
Metalo Manufacturing Inc.	January 2019	19/02/6
Issuer Address Suite 1600-141 Adelaide Street West		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto, ON M5H 3L5	(902) 835-0585	(902) 499-7150
Contact Name	Contact Position	Contact Telephone No.
Liz MacKenzie	Investor Relations	(902) 233-7255
Contact Email Address	Web Site Address	
liz@metalo.ca	www.metalo.ca	