

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: MMI

Number of Outstanding Listed Securities: 18,470,304

Date: February 5, 2020

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 building a proposed US\$408 million pig iron plant in Quebec**
- **North Atlantic Iron Corporation (“NAIC”) – a corporation owning mineral rights in Labrador, NL.**

MMI has a holding of 43.92% in Grand River Ironsands Incorporated (GRI) who owns 100% of PFL and 90% of NAIC. The trading symbol is ‘MMI’ and trades on the Canadian Securities Exchange (CSE).

Negotiations on term sheets for financing on both assets (pig iron plant and mineral sands) continue with a debt solution within the near future for the pig iron project. The pig iron project is focused on a closing of US\$15-25 million for pre-construction activities including detailed engineering and permitting. Negotiations for capital for the mineral sands is currently also being negotiated. In the interim GRI completed a \$500,000 debt financing to assist with closing a larger capital raise. *Negotiations are complex and parties remain focused on completing a transaction.*

Grand River Ironsands Incorporated (GRI) is further engaged in efforts to secure the US\$408 million required for the pig iron plant. Multiple Term Sheets and financing solutions remain in negotiation for the debt and/or equity for pre-construction. The interest for the project financing (the major construction phase) has been solid.

GRI 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.

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

***The Issuer* continues to monitor the progress of GRI. Currently, GRI controls 100% of PFL, the owner of the pig iron project and NAIC, the owner of 90% of the mineral sand’s asset. NAIC has recently activated discussions to proceed with the project in Labrador. Upon closing the proposed financing for the minerals sands a dedicated team will be put in place to advance the next steps including community consultations and permitting.**

There have been significant shifts in several cost centres for the pig iron plant and the net effect was a marginal shift in project economics with CapEx

declining – the movement of inputs and sales process will continue to fluctuate.

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 two (China or Europe) firms will occur after the capital raise for the sands is completed. Prices for iron ore concentrate continue to remain high, at close to US\$93/tonne for 62% Fe concentrate.

MMI currently has 18,470,304 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.

No Applicable

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.

Not applicable

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.

The Corporation 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 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 intend to vigorously defend themselves. On June 17, 2019, local counsel to the Defendants filed a Motion to Withdrawal for Reference and a Motion to Dismiss for Lack of Personal Jurisdiction. The matter is ongoing.

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

None

14. 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.

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

None

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

None

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

None

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 5, 2020.

Francis MacKenzie
Name of Director/Senior Officer

Signed "Francis MacKenzie"
Signature

President
Official Capacity

<i>Issuer Details</i> - Name of Issuer Metalo Manufacturing Inc.	For Month End January 2020	Date of Report YY/MM/D 20/02/5
Issuer Address Suite 1400-141 Adelaide Street West		
City/Province/Postal Code Toronto, ON M5H 3L5	Issuer Fax No. (902) 835-0585	Issuer Telephone No. (902) 499-7150
Contact Name Liz MacKenzie	Contact Position Investor Relations	Contact Telephone No. (902) 233-7255
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