

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: MMI

Number of Outstanding Listed Securities: 19,524,026

Date: June 7, 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 focused on being an environmental leader in mining sands and the production of metals with near zero CO2 emissions. Its two advanced development projects are indirectly controlled through Grand River Ironsands Incorporated (GRI):

1. Pure Fonte Ltée (PFL) – smelting plant for Québec:

- **PFL has temporarily delayed the imminent site announcement (originally planned for February 2021), while awaiting a full response from government regarding the proposed CO2 tax of \$170/t. The new carbon scheme for Québec was launched in early May and financial modelling is underway in partnership with Québec for the various options proposed for PFL. All options are focused on the same plant layout. To make this investment decision, PFL must understand the benefit to firms, like PFL, with near zero emissions. The goal is to initiate permitting soon.**
- **Management has been unable to travel to the community since the last planned and suspended visit in October 2020, due to COVID restrictions. It is not known when these will be relaxed.**
- **MMI indirectly controls 44% of this project.**

2. Labrador Sands Inc. (LSI) (*change of name from North Atlantic Iron Corporation*):

- **LSI is actively developing its business model to maximize resource efficiency. The model will fully monetize its low-cost minerals and low-cost energy, making LSI a low-cost producer of high value products before shipping. This presents the best yield on shipping logistics as well as avoiding CO2 penalties with near zero CO2 emissions.**
 - **The best utility for the minerals is found in creating the highest yield for each tonne of sand mined, by producing products. In doing so, LSI will only mine the volumes required for production, thus maximizing the margin.**
 - **LSI will focus on lower cost separating solutions that can easily be updated as technological advancements create new solutions. The separating plant must be moveable to ensure maximum cost savings at every step.**
 - **Mine, separation plant, and production are expected to be co-located and near a hydro supply. This should minimize logistics costs for CapEx and OpEx.**
 - **Mine design is based upon Phase 1 of 100,000-150,000 tonnes annually of head feed sands. Mining can be increased**

after Phase 1 proves up successfully. All systems are modular and can be easily expanded up to 10X. Financial modelling is underway.

- Production volumes are aligned with using transport trucks currently leaving the region empty. Seaport capacity is under review for summer months as a secondary shipping source.
- LSI is advancing an all-electric solution for making glass without CO2 emissions. Market assessments for final products are under study, and include glass bottles, containers, float glass (solar grade glass and double insulated glass), fibreglass, etc. Identification of off-take partners is advancing. Product mix will be driven off the off-take mix.
- LSI is in current discussions with suppliers from Europe for all electric or hydrogen fuelled kilns for ceramic making. Discussions are underway with a large North American retailer to best understand the highest and best yield for the products, including porcelain glazed tiles, sanitaryware, tableware and advanced ceramics. LSI's goal is to have near zero CO2 from production.
- Discussions have also been initiated with the Canada government on fully understanding anti-dumping mechanisms as glass products are rarely manufactured in Canada.
- Solution from the Province of Newfoundland and Labrador has yet to be offered regarding the mineral claim impacts from the developed transmission lines. Resource definition is the basis for initiating permitting and finalizing a resource location. Four options were formally presented as potential solutions to the Province. As the provincial election has concluded, we anticipate the matter to be resolved in a timely manner.
- All efforts remain subject to travel restrictions due to COVID. For the past few months, travel to the province has been restricted. Permitting is expected when travel allows and likely early fall and depending on input from external parties.
- MMI indirectly controls 40% of this project, subject to financing.

Positive discussions for the capital required for both projects continue. Additionally, dialogue with traders remains encouraging.

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

The Issuer continues to monitor the progress of GRI.

Progress on the permitting pertaining to both projects has been slow due to the restrictions of COVID-19 in the proposed site areas. In the proposed site areas, we have recognized that travel restrictions may remain for some time.

The general overview of Management is that the essential planning and assessment work is closing, and the focus is moving to seeking the authority to operate the respective projects and close the required financings.

MMI currently has 19,524,026 shares issued and outstanding.

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

MMI currently controls 10,440,017 shares in GRI.

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.

Not 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.

See paragraph 13 below.

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. 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 filed its response on January 12, 2021. The Motion to Dismiss the Trustee's amended complaint was heard on February 24, 2021 and the Judge has not rendered a decision yet. The Defendants maintain that the suit has no merit and are vigorously defending themselves. The matter is ongoing.

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

None

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. Climate change and all the related topics continue to evolve. MMI continues to ensure these impacts, and opportunities, are assessed on an ongoing basis.

As stated earlier, the impacts of the announced CO2 penalties in Canada (a proposed tax of \$170/t on CO2 emissions) has launched a new and significant source of revenue. By reducing CO2 emissions, at the core of MMI and partners' strategy, there is the potential to achieve new revenue streams that will deliver a meaningful impact. These regulatory events are evolving, and their definition is now a priority for MMI. The belief is that these measures will encompass the impacts of other countries exporting similar products to Canada.

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 June 7, 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 May 2021	Date of Report YY/MM/D 21/06/7
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