

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: MMI

Number of Outstanding Listed Securities: 19,744,876

Date: December 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 focused on becoming an environmental leader in integrating Canadian minerals in the production of products with near zero CO2 emissions. Specifically, products that are not currently made in Canada. Its two advanced development projects are indirectly controlled through Grand River Ironsands Incorporated (GRI):

1. Pure Fonte Ltée (PFL) – smelting plant for Québec using iron ore pellets to produce a cast iron product:

- **PFL remains in discussions with a strategic partner and is working with Investissement Québec and Invest in Canada to secure a favourable result. This is in line with MMI’s recent strategy of seeking Joint Ventures where possible for both the pig iron plant and for applications of the mineral sands.**

PFL plans to announce the chosen location in Québec shortly and to initiate permitting, PFL has access to sufficient capital for the process to launch when appropriate. Investissement Québec and PFL have agreed to an extension of the project loan. During August 2021, the Premier publicly referenced his support of the PFL project through a public announcement.

The proposed PFL plant has been designed to ensure it is “hydrogen ready”. When required, PFL can replace the use of natural gas with hydrogen to reduce CO2 emissions to near zero when feasible. The hydrogen would be generated through electrolysis using clean and low-cost electricity to crack the water molecule to make hydrogen. Additionally, PFL has engaged on evaluating the creation of biochar (charcoal) as a fuel source which is deemed carbon neutral.

All necessary funding for the required infrastructure has now been completed by government. This includes high-capacity power lines, natural gas lines, and water lines to the PFL site and most recently a conveyance system from the port to the PFL site. The estimated overall cost impact to deliver this infrastructure package is estimated to be over \$150 million.

PFL has chosen a path that will ensure it is an environmental leader as the lowest emitter of CO2 globally for cast iron products. Products made from PFL’s cast iron are used extensively in the energy, aerospace, automotive space for components that are viewed as mission critical and fail-safe. For example, car brakes including electric vehicles, airplane landing gears, and windmills – as a fact, each windmill requires 25 tonnes of this product to deliver the subsequent green benefit - making windmills without a PFL product equivalent is not feasible.

- Capital market interest has recently been reactivated for the US\$400 million in project financing and a pre-construction round of US\$10 million over three milestones. PFL has modelled a CapEx contingency of a 20% cost overrun due to current market imbalances from the Covid supply distortions in the market. It is uncertain if prices will return to pre-covid pricing levels.
 - MMI indirectly controls 44% of this project.
2. **Labrador Sands Inc. (LSI) (*change of name from North Atlantic Iron Corporation*)** – a mineral sands asset with a low-cost mining/processing process. The sands form the raw materials for potential glassmaking, silicon carbide and ceramic production. Using low-cost and clean electricity production will see near zero CO2 emissions, this is a significant cost advantage and unique globally.
- LSI has locations in two separate provinces established for production plants – glass making and ceramics. LSI is in advanced discussions with all-electric technology partners separately for glass and ceramics solutions.
 - LSI has entered discussions with established firms to assess a Joint Venture approach for advancement of specific product lines in Canada. There is no certainty that these discussions will yield a joint venture. The targeted interest are firms seeking a beachhead for North America and participating in this near zero emission approach.
 - LSI has initiated discussions with national retailers and sales channels for a Made in Canada product line. Canada imports 100% of its ceramics at a market value of \$1.2b and nearly 100% of its glass and glassware - \$3b annually.
 - The production of silicon carbide requires extensive energy - 25MW of electricity to produce 25,000 tonnes of SiC. LSI is assessing approaches to reduce the CO2 emissions and abatement of CO2 postproduction. SiC is widely considered the next generation of using silicon to produce microprocessor chips and semiconductors given it is up to 10X faster.
 - LSI is engaging an advanced materials team of experts at a prominent Canadian university based in eastern Canada to investigate beyond the known production solutions (e.g., tableware, dinnerware, sanitaryware, tiles, glassware, etc.). This assessment includes 3D printing and other applications for advanced ceramics.

- **LSI is in discussions with private and government funding solutions for US\$1.7 million to complete Phase 1.**
 - **The best utility for the minerals is found in creating the highest economic yield for each tonne of sand mined, by producing finished products.**
 - **LSI will focus on lower cost separating solutions that can easily be updated as technological advancements create new solutions.**
 - **Mine, separation plant, and production are expected to be located near a provider of hydroelectricity. LSI is assessing a trade-off for production, logistics and electricity supply in at least one other location. 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 as markets are developed. All systems are modular and can be expanded up to 3-5X.**
 - **LSI has preferred technology suppliers for both glassmaking and ceramic making.**
- **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, glass tubes for vials, float glass (solar grade glass, and double insulated glass), etc.**
- **Consideration is also being directed to the potential Carbon Border Adjustment Mechanism – essentially a carbon tax to be applied to any company importing from a country that does not have a CO2 scheme in place. This is designed to keep domestic production competitive and reduce any carbon leakage.**
- **A solution for the LSI mineral claims, and the ability to advance the claims, is in late stages of resolution. Additionally, a path forward to initiate mining has also been resolved.**
- **MMI indirectly controls 40% of this project, subject to financing.**

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

The failure-to-file cease trade issued by the Ontario Securities Commission on November 3, 2021 was revoked on December 3, 2021. The order was issued as a result of not filing the annual financials, MDA and certifications by the due date.

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

The Issuer continues to monitor the progress of GRI and its two private assets PFL and LSI.

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 19,744,876 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.

On October 28, 2021, GRI received from an unrelated party a one-year term loan of \$100,000 bearing interest at 8% per annum, with interest payable monthly. In addition, warrants to purchase 50,000 common shares of GRI were granted at an exercise price of \$2.00 per share with an expiry date of October 28, 2023.

On November 2, 2021, the Issuer completed a non-brokered private placement of a convertible debenture for proceeds of up to \$400,000, \$200,000 of which was advanced immediately with an unrelated party. The

convertible debenture bears interest at a rate of 12% per annum and matures on November 1, 2022. In addition, warrants to purchase 40,000 common shares of the Issuer were granted at an exercise price of \$0.55 per share with an expiry date of November 2, 2023.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Stock	57,508	Issued to a related party pursuant to the terms of a convertible debenture previously disclosed and is in lieu of \$25,000 interest due November 1, 2021.	

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

See item 12 above for the issuance of warrants.

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.

As stated earlier, the impacts of the announced potential CO2 penalties in Canada of \$170/t on CO2 emissions by 2030 has required an ongoing internal review of impacts and options to move forward.

These regulatory events are evolving, and their definition is a priority for MMI for both of its assets under development. The impact of CO2 penalties elsewhere, including the USA, requires understanding the implication and potential benefits.

The Issuer is holding its AGM on Wednesday, December 22, 2021 at 11:00 a.m. (Halifax Time) in a virtual format. The link for holders of common shares of the Issuer to join is below:

<https://us02web.zoom.us/j/84059981694?pwd=dzVaUnVOUUJuZGVWNIq2eG1Rd2VnZz09>

The meeting materials were mailed to shareholders and can be found on SEDAR and the CSE.

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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 December 6, 2021.

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.	November 2021	21/12/6
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