METALO MANUFACTURING INC.
INTERIM MD&A-QUARTERLY HIGHLIGHTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

The following is a discussion of the unaudited interim consolidated financial condition and results of operations of Metalo Manufacturing Inc. ("MMI" or "the Corporation") for the first quarter ended September 30, 2018. This interim discussion and analysis should be read in conjunction with the Corporation's quarterly unaudited interim financial statements for the quarter ended September 30, 2018 and the annual audited consolidated financial statements and the annual MD&A for the year ended June 30, 2018.

The consolidated financial statements are presented in Canadian dollars and have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at September 30, 2018.

Additional information about MMI can be found on SEDAR at www.sedar.com and on the Canadian Securities Exchange at www.cse.ca

This MD&A is dated as of November 23, 2018 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Corporation are set out below under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

CORPORATE OVERVIEW

METALO MANUFACTURING INC. is a publicly listed Corporation, trading on the Canadian Securities Exchange (the "CSE"), with a ticker symbol "MMI", headquartered in Toronto, Canada.

The Corporation's principal asset is a 43.92% shareholding in Grand River Ironsands Incorporated (GRI), a private company incorporated in the Province of Nova Scotia. GRI owns 90% (60% 2017) of North Atlantic Iron Corporation (NAIC), a private corporation that is in involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI also owns 100% of Pure Fonte Ltée (previously 8593302 Canada Inc.) (PFL or Pure Fonte) (dilutable to 90%), a Federal corporation based in Quebec established to construct a pig iron plant.

In March, 2018 GRI, NAIC, Pure Font and Petmin Limited completed a major restructuring which resulted in the reduction of Petmin's interest in NAIC to 10% and an option to purchase a 10% interest in Pure Fonte. In addition, NAIC transferred its investment in Pure Fonte to GRI, retaining 100% ownership of the mineral sands at Goose Bay, Labrador and Newfoundland.

NAIC and GRI have invested substantial funds to prove the economic viability and to develop a bankable feasibility study related to the planned construction of the pig iron facility, this included site selection, preliminary environmental assessment and permitting, process design and engineering and logistics.

GRI currently owns 100% of the investment in PFL and going forward NAIC will focus solely on the development of the mineral sands resource and PFL will focus solely on the financing and construction of a pig iron manufacturing plant in Quebec (Refer to Note 3 in the consolidated financial statements).

Not included in this discussion is Forks Specialities Metal Inc. ("FSM"), which ceased operations and on December 28, 2017, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the Eastern District of Pennsylvania. The bankruptcy proceedings are progressing and GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM (Refer to Notes 3, 7 and 20 in the consolidated financial statements).

OVERVIEW OF NAIC

NAIC's exploration properties are in the Happy Valley, Goose Bay region of Newfoundland and Labrador. The claims are in central Labrador immediately to the east, west, south, southwest and southeast of the Town of Happy Valley-Goose Bay. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet and from the Churchill River to the boundary of the Mealy Mountains National Park. GRI has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Goose Bay, Newfoundland and Labrador and to reduce carrying costs and future work commitments. This review resulted in the cancellation and forfeiture of minerals claims associated with several significant blocks. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres. Management are confident that this significant reduction in claims will have no material impact on a future development solution.

NAIC Mineral Claims

Mineral claim deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five- year time frame. As at the date of the MD&A the Corporation has injected the prescribed amount of exploration expenditures into the remaining mineral claims.

On June 17, 2014, the Corporation filed on SEDAR "NI 43-101" highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The "NI 43-101" was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the "NI 43-101" document for detailed resource estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. The FSM facilities undertook the extensive smelting tests required to prove the technical viability of producing pig iron from NAIC's iron sands.

In 2015 due to the oversupply of iron ore feedstock it was decided to source iron ore from other Canadian producers for its first pig iron plant. At that time NAIC began pursuing the evaluation of accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. In 2017, NAIC made the decision to abandon further evaluation of the iron interests with the objective to pursue the accessory minerals only. NAIC expects to commission a market feasibility study in the near term to further understand the development potential associated with the accessory minerals in the properties.

In determining the recoverable amount of the resource properties, NAIC has made estimates regarding the quantity of accessory minerals to be extracted, the accessory mineral prices expected to be in place at the time of extraction, the direct costs associated with mining these minerals and total project capital expenditures. Based on this analysis, NAIC believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes which differ from these assumptions could require material adjustment to the carrying amount of the resource properties in the future.

NAIC continues to evaluate the accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. NAIC needs to commission a market feasibility study to further understand the development potential associated with the accessory minerals, which it intends to do once satisfactory financing is arranged.

OVERVIEW OF PFL

The restructuring process delayed some critical decisions, however, with that issue for the most part resolved, GRI has accelerated its efforts to advance the Pure Fonte pig iron plant. This plant will become the first specialized producer in North America of premium pig iron and has been designed to provide a new standard for environmental emissions and stewardship as well as to be strategically located to provide competitive advantage in both access to raw materials as well as access to markets.

Design attributes required:

1. Essential to ensure the lowest generation of greenhouse gases (GHG's) per tonne of pig iron produced in the industry;
2. Must provide economic returns necessary to ensure the required capital investment is available;
3. Manufacturing process must be capable of producing premium grade pig iron, to guarantee best pricing and least market volatility;
4. Location must be supported by the government and the community, provide skilled labour and competitive infrastructure;
5. Location must serve and be competitive in the both European and North American markets.

The Bankable Feasibility Study (BFS) is complete for the $408 million pig iron manufacturing plant for the Quebec site. In addition, the Environmental Assessment has been commissioned for the Quebec site and will continue as the project is advanced.

GRI has engaged Brock Capital of New York as its investment bank on structuring the US$408 million required for the pig iron plant. Plans are to close a tranche of US$20 million prior to the end of Q3 to fulfil those financial needs identified as "pre-construction". Efforts to secure the required capital are well underway.

The economics of the plant continues to improve, due to the market for pig iron remaining above US$400/tonne for more than one year, with the price for premium pig iron reaching US$500/tonne. Also, raw materials prices for iron ore, natural gas and electricity have remained in forecasted ranges. GRI are very close to finalizing purchase commitments from vendors to ensure coverage of 100% of plant production.

The key goals for the initial pig iron manufacturing initiative for the next several months will be to; (i) complete the permitting process; (ii) release excerpts of the Bankable Feasibility Study for the chosen site; (iii) review the project economics and complete and publish the Economic Assessment; (iv) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; (v) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

FINANCIAL SUMMARY

The following discussion addresses the operating results and financial condition of the Corporation for the first quarter ended September 30, 2018. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation's unaudited financial statements for the quarter ended September 30, 2018 and the audited consolidated financial statements for the year ended June 30, 2018 and the related notes thereto, as well as reference to the forward-looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

HIGHLIGHTS

Following is a summary of the major financial highlights for the quarter ended September 30, 2018, and to the date of this MD&A.

- On August 1, 2018, the Corporation issued 69,351 common shares to Forest Lane Holdings Limited. This represents interest due August 1, 2018 in the aggregate amount of $25,000 on the convertible debenture and was made at a deemed price of $0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018. The securities are subject to a four month hold period following the date of issuance.

- On July 5, 2018 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.

Financial and operational results

NON-GAAP Financial Measures

There are measures included in this MD&A that do not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Corporation includes these measures because it believes certain investors use these measures as a means of assessing financial performance. Management believes that the measure 'Loss before the undernoted' is an important indicator of the Corporation's ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt, and fund future capital expenditures and uses this measure for that purposes. In addition, the Corporation's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA"). Management adjusts measures in an effort to provide investors and analysts with a more comparable year-over-year performance measure than the basic measure, by excluding certain items. These items could impact the analysis of trends in performance and affect the comparability of our financial results. By excluding these items, management is not implying they are non-recurring.

Selected Consolidated Operating Results		
	Three Months	
	30-Sep-18 $'s	30-Sep-17 $'s
Revenue	-	-
Expenses		
Utilities	204	23,053
Dues and fees	3,161	2,418
Facility costs	-	5,722
Foreign exchange losses	4,326	(70,570)
General and administrative	5,223	5,662
Insurance	875	22,073
Management and consutling fees	194,079	280,956
Professional fees	17,000	85,000
Rental	8,482	258,731
Travel	8,160	14,945
Salaries and wages	18,661	136,481
Operating income (loss) before under noted	**(260,172)**	**(764,471)**
Amortization	(1,123)	(4,471)
Interest including accretion	(175,565)	(134,798)
Consolidated income (loss)	**(436,860)**	**(903,740)**
Gain (loss) on investments	80	(5,126)
Income tax (expense) recovery	122,016	291,941
Cumulative translation adjustments	-	49,899
Non-controlling interest	137,843	382,381
Comprehensive income (loss) attributable to MMI	**(176,921)**	**(184,646)**
Income (Loss) per share	(0.010)	(0.011)
Avg. Weighted Shares O/S	**17,743,363**	**17,508,576**

The consolidated loss for the first quarter three-month period before extraordinary items ended September 30, 2018, was ($436,860) compared to a loss of ($903,740) for the comparable quarter of the prior year. The major variance was the directly attributed to the closure of Forks and the restructuring savings. The comprehensive income attributed to MMI shareholders was ($176,921) ($0.010) per share compared to a loss of ($184,646) ($0.011 per share) for the prior year.

Additional explanations

Revenue

The Corporation does not expect any revenues in the immediate future from its principle line of business, the production of pig iron.

Interest and accretion expense

For the first quarter ended September 30, 2018, the Corporation had interest expense of $175,565 compared to interest expenses of $134,798 for the comparable quarter of the prior year. These amounts do not include interest expense or accretion that was capitalized during the year. The increase is the result of additional borrowings required to fund operations.

Income tax recovery

Income taxes are calculated using the liability method. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax benefit of these losses has been recognized as a reduction of the deferred tax liabilities. (Refer to Note 16 of the consolidated financial statements)

Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters.

Selected Quarterly Financial Data								
	30-Sep 2018	30-Jun 2018	31-Mar 2018	31-Dec 2017	30-Sep 2017	30-Jun 2017	31-Mar 2017	31-Dec 2016
Expenses								
Advertising and promotion	-	-	(1,396)	1,396	-	164,104	9,222	(3,714)
Utilities	204	-	499	(12,411)	23,053	55,094	44,660	21,673
Dues and fees	3,161	12,497	4,232	7,957	2,418	2,932	3,113	5,923
Exploration Costs	-	-	-	-	-	-	-	13,179
Facility costs	-	13,043	(14,032)	(4,733)	5,722	86,271	7,505	5,186
Foreign exchange losses	4,326	62,642	28,205	(444,322)	(70,570)	(359,703)	22,469	33,779
General and administrative	5,223	3,201	1,534	5,020	5,662	11,144	1,886	14,762
Insurance	875	875	875	25,696	22,073	23,653	23,770	24,820
Management fees	194,079	249,271	2,970	196,024	280,956	472,498	322,120	337,099
Professional fees	17,000	(5,795)	49,745	(10,086)	85,000	15,874	48,446	19,034
Rental	8,482	8,208	10,350	85,171	258,731	276,899	267,101	272,058
Travel	8,160	(54,425)	228,405	12,327	14,945	161,682	265,087	113,739
Salaries and wages	18,661	41,168	56,635	(21,720)	136,481	142,064	143,780	138,175
Operating (income) loss before under noted	**(260,172)**	**(330,685)**	**(368,022)**	**159,681**	**(764,471)**	**(1,052,512)**	**(1,159,159)**	**(995,713)**
Expense recovery Porcupine Strand	-	-	-	-	-	-	-	-
Cumulative Translations adjustments	-	175,364	245,688	(470,952)	49,899	(15,688)	18,060	34,417
Amortization	(1,123)	(2,352)	(3,480)	(2,489)	(4,471)	302,361	(107,166)	(111,879)
Interest expense including accretion	(175,565)	(162,281)	(159,678)	(168,769)	(134,798)	(555,449)	(93,261)	(69,961)
Gain on deconsolidation of subsidiary	-	-	-	1,562,459	-	-	-	-
Gain on sale of intangible asset	-	-	2,249,678					
Impairment of property and equipment	-	-	-	(20,609)	-	(1,990,435)	-	-
Gain on sale of equipment	-	6,177						
Gain (loss) on investments	80	(1,040)	1,440	603	(5,126)	(1,640)	(12,871)	2,340
Income tax recovery	122,016	430,034	(330,229)	(492,590)	291,941	1,134,166	425,748	344,911
Consolidated Income (Loss)	**(314,764)**	**115,216**	**1,635,397**	**567,334**	**(567,026)**	**(2,179,198)**	**(928,649)**	**(795,885)**
Non-controlling interest	137,843	(773,403)	(598,730)	**(369,292)**	382,381	1,507,888	476,501	555,553
Comprehensive Income (Loss)	**(176,921)**	**(658,186)**	**1,036,667**	**198,042**	**(184,645)**	**(671,310)**	**(452,148)**	**(240,332)**
Income (Loss) per share	($0.010)	($0.037)	$0.024	$0.011	($0.011)	($0.039)	($0.026)	($0.014)
Avg. Weighted Shares O/S	**17,743,363**	**17,676,321**	**17,584,713**	**17,558,230**	**17,508,576**	**17,384,638**	**17,440,330**	**17,332,557**

Segmented Information

The Corporation's Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments.

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States. Segment assets are based on the geographical location of the assets.

	30-Sep-18 $	30-Sep-17 $
Canada	58,910,373	60,108,272
United States of America	-	648,610
Total non-current assets	**58,910,373**	**60,756,882**

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at September 30, 2018 with comparable numbers for the prior two fiscal years.

	Quarter Ended	Year End	Year End
	September 30,2018	June 30, 2018	June 30, 2017
		Restated	Restated
	$'s	$'s	$'s
Cash	155,933	28,148	169,039
Other receivables	22,306	13,511	64,006
Prepaid and other deposits	67,662	51,458	351,019
Investment and loan receivable	3,280	3,200	20,478
Resource Properties	57,178,682	57,170,334	57,138,760
Project development costs	1,462,322	1,462,322	2,924,994
Property and equipment	20,188	21,311	88,586
Accounts Payable	(240,391)	(403,370)	(2,670,498)
Short Term Loans	(4,891,357)	(4,828,844)	(2,664,504)
Current portion long term debt	-	-	(1,560,467)
Long term debt	(2,765,736)	(2,093,401)	(1,931,549)
Deferred Taxes	(5,536,762)	(5,658,778)	(5,557,933)
Shareholders' Equity	10,955,650	18,260,469	14,515,210
Shareholders' Equity associated with Non controlling interests	27,367,579	27,505,422	31,856,722

An adjustment resulting in a decrease in retained earnings and an increase in non-controlling interest in the amount of $5,682,373 as at July 1, 2016 was made to the June 30, 2017 consolidated statement of changes in equity in order to realign the treatment of historical injections of capital by Petmin in NAIC and their effect on the allocation of the Group's equity between the shareholders and the non-controlling interests.

In addition, the reduction in Petmin ownership in NAIC resulted in an increase in controlling interest and a corresponding increase in consolidated retained earnings in the amount of $3,428,747 at June 30, 2018 with offsetting reduction in non-controlling interest in the amount of ($5,487,152) and total shareholders equity being reduced by ($2,058,405). Please refer to the "Statement of Changes in Equity" of the consolidated financial statements for additional clarification.

Details of significant balance sheet items are detailed below.

Account and Other Receivables

Principally consists of HST receivable.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of $67,662 at September 30, 2018 as compared to $351,019 at June 30, 2018 and principally consists of the site deposit related to Pure Fonte and expense advances.

Resource Properties

NAIC's exploration properties are in Happy Valley- Goose Bay region of Newfoundland and Labrador. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres.

Resource Properties			
	Balance	Interest	Balance
	30-Jun-18	Accretion	30-Sep-18
	$	$	$
Labrador Mineral Sands	57,170,334	8,348	57,178,682

Project development costs

Represents engineering and consulting costs associated with the preparation of the Bankable Feasibility Study, site selection and permitting for the proposed pig iron facility.

Property and Equipment

	Cost			Accumulated Depreciation			Net Book	Net Book
	Balance		Balance	Balance		Balance	Value	Value
Description	30-Jun-18	Additions	30-Sep-18	30-Jun-17	Depreciation	30-Sep-18	30-Jun-18	30-Sep-18
Computer hardware	19,476	-	19,476	17,197	171	17,369	2,278	2,108
Industrial Equipment	97,773	-	97,773	79,023	938	79,961	18,750	17,811
Office furniture and equipment	2,923	-	2,923	2,640	14	2,654	282	268
	120,172	**-**	**120,172**	**98,861**	**1,123**	**99,984**	**21,311**	**20,188**

Accounts Payable

The accounts payable balance at September 30, 2018 was $240,391 compared to $403,370 at June 30, 2018. The decrease is principally the settlement of accrued and billed costs related to the pig iron manufacturing plant. The remainder represents quarter end accruals and normal trade accounts payable.

Short Term Loans (refer to Note 8 of the consolidated financial statements)

On August 25, 2016, GRI borrowed $250,000 from an unrelated party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before August 25, 2019 at an exercise price of $0.01 per share. The loan is repayable on demand, no later than December 31, 2018.

On September 29, 2016, GRI borrowed $250,000 from Forest Lane Holdings Limited "FLH", a Company controlled by a Director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before September 29, 2019 at an exercise price of $0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, with a balance of $2,588,340 at September 30, 2018.

On August 31, 2017, GRI received from David J. Hennigar, Chairman of the Corporation, a loan of $2,000,000 bearing interest at 12% per annum payable monthly. The principal is repayable, without penalty, on or before August 31, 2019, and the holder has the option to convert the debt to common shares at a conversion price of $2.10 per share.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and or shareholder loans and advances. There can no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation when required.

Currently the Corporation has approximate cash on hand of approximately $55,000 CDN equivalent and has a working capital deficiency of approximately $4.8 million. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. The interim condensed consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

Long-Term Debt

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of $500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which 'Project Success' is achieved. It is anticipated that 'Project Success' will be achieved in the fiscal year ending June 30, 2020 and repayments will commence in December 2020.

Convertible debenture

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of $2,000,000. A company controlled by an officer and director of the Corporation fully subscribed to the offering. The debenture will mature on May 1, 2020 and will bear interest at a rate of 5% per annum payable quarterly. The debenture shall be convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be $0.80 per common share if exercised within

12 months of closing and will increase by $0.05 per common share on the anniversary date each year thereafter until the maturity date.

Please refer to Note 9 for further details and explanations related to long term debt.

Share Capital

A summary of the Corporation's common shares outstanding as of September 30, 2018 is presented below:

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares	**Number of Shares**	**$**
Opening Balance June 30, 2018	**17,697,757**	**9,173,978**
Shares issued for convertible debt interest	69,351	25,000
Closing Balance September 30, 2017	**17,767,108**	**9,198,978**

Stock Options

Under the Corporation's employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees or consultants of the Corporation. Shareholders approved the number of shares reserved for issuance under the Plan be a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 5 years from the date of the grant. The Corporation has reserved 3,504,614 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the granting date based upon a fair value of the award and is recognized over the related service period.

A summary of the Corporation's outstanding stock option is presented below:

Options outstanding at September 30, 2018 are as follows:

		Exercise	Issued	Exercisable
Grant Date	**Expiry Date**	**Price**	**September 30, 2018**	
May 28, 2012	May 28, 2022	$0.65	144,000	144,000
Nov. 30, 2012	Nov. 30, 2022	$0.65	450,000	450,000
Dec. 06, 2013	Dec. 06, 2023	$0.85	985,000	985,000
Dec. 08, 2014	Dec. 08, 2024	$0.75	535,000	535,000
Total			**2,114,000**	**2,114,000**

Note: There were no MMI stock options issued during the quarter.

Grand River Ironsands Incorporated Stock Options

The Board of Directors of GRI has established a 10% rolling stock option plan under which options to purchase common shares are granted to directors, officers, consultants and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

At September 30, 2018, there were 2,376,933 common shares eligible for issuance pursuant to the stock option plan, of which 1,048,000 options to acquire common shares have been issued and are outstanding under the plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

A summary of the GRI's outstanding stock option and changes is presented below:

Note: There were no GRI stock options issued during the quarter.

Options outstanding at September 30, 2018

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	September 30, 2018	
Dec. 06, 2013	Dec. 06, 2018	$2.10	450,000	450,000
Dec. 08, 2014	Dec. 08, 2019	$2.10	448,000	448,000
May 27,2016	May 27, 2021	$2.50	150,000	150,000
Total		**$2.15**	**1,048,000**	**1,048,000**

CRITICAL ACCOUNTING POLICIES

General

The accounting policies have been reviewed with the Corporation's Audit Committee and are as described in Note 2 to the consolidated financial statements.

Basis of Presentation and Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation and its subsidiaries have not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary's interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations, however, there can be no assurance that adequate funding will be available, or available under terms favorable to the Corporation. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

RISK FACTORS

For a complete list of risk factors please refer to the annual MD&A for June 30, 2018. Following are the most significant risk factors.

Resources and Reserves

Ultimately, even if the Corporation has success in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond the capacity of it to anticipate and control, such as the marketability of the mineral products under profitable conditions, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production. One or more of these risk elements could have an adverse impact on costs of an operation which, if significant enough, could reduce or eliminate the profitability of a project.

Operational Risks

The Corporation shall be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins and encountering unusual or unexpected geological conditions and technological failure of exploration methods. This lack of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Environmental, Health and Safety Risks

Mining and exploration companies such as the Corporation must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions.

Governmental Regulation and Policy Risks

Mining operations and exploration activities, refining, conversion and transport in Canada are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Since legal requirements change, are subject to interpretation and may be enforced in varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Commodity Price Fluctuations

The price of commodities varies daily but long term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the Corporation's results of operations and the ability of the Corporation to execute its business plan.

Currency Fluctuations

The Corporation presently maintains its accounts in Canadian dollars. The Corporation's future operations may make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Legal Proceedings

On December 28, 2017, Forks Specialty Metals Inc., a wholly owned subsidiary of Grand River Ironsands Incorporated, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. Forks had been operating with minimal cash in excess of a year and despite its attempts to operationalize the facility and raise funding, it was unable to do so. In addition, its landlord, SK 3700 Glover Road Owner LLC, obtained a confession of judgment against it in the Court of Common Pleas, Northampton County, in the amount of USD$1,189,562.70, which included rental arrears, accelerated rent, and attorney's fees. The bankruptcy proceeding has stayed all existing and potential lawsuits. Forks has met with the trustee in bankruptcy and the matter is ongoing.

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the Canadian Securities Exchange (CSE) under the trading symbol "MMI". The stock is thinly traded and investors should be aware that there may be no market for their shares.

Cash Flow Requirements

Refer to Notes 8 and 9 of the audited consolidated financial statements at September 30, 2018 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACOA) and Convertible Debenture and other short term loans. The approximate long-term contractual obligations for the next five years are as follows:

Contractual Obligations in CDN$ September 30, 2018					
Description	Total	Less than one year	2-3 years	4-5 years	After 5 years
Loan- ACOA	$ 500,000	$ -	$ -	$ 250,000	$ 250,000
Short term notes and loans	4,891,400	2,891,400	2,000,000	-	-
Term Loan	628,500	-	-	628,500	
Convertible Debenture(inclusive of interest)	2,200,000	100,000	2,100,000	-	-
	$ 8,219,900	$ 2,991,400	$ 4,100,000	$ 878,500	$ 250,000

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the first quarter ended September 30, 2018.

Relationship	Purpose of Transaction	Three months ended 30-Sep-18 $	30-Sep-17 $
Directors of the Company	Directors Fees	68,750	41,250
Key Management Personnel	Management Fees	65,000	142,388
Key operating personnel	Consulting fees	-	2,100
Key operating personnel	Salaries and benefits	18,661	173,566
		152,411	**359,304**

The compensation expense associated with key management and directors for services is as follows:

Key management personnel include the President, Vice President and the Chief Financial Officer of MMI, the President, Chief Executive Officer, and Corporate Affairs Director for GRI.

These transactions with related parties have been valued in the consolidated financial statements at the estimated fair value, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A there are no transactions that the board of directors or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 issued by the Canadian Securities Administrators ("NI52-109"), MMI's Chief Executive Officer (CEO) and MMI's Chief Financial Officer (CFO) will be filing annual certificates "Certification of Disclosure of Issuers' Annual and Interim Filings" concurrent with the completion of filing its annual filings. The certifying officers have concluded that disclosure controls and procedures are effective at March 31, 2015. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and CFO are reasonably certain that all information is made known to them and those procedures have been implemented to provide reasonable assurance of the reliability of the financial reporting and preparation of the financial statements for external reporting.

The Board of Directors together with an independent and highly qualified audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes Internal Control over Financial Reporting

The Certifying Officers have indicated that there were no significant changes in the Corporation's internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders, and in the Corporation's comparative financial statements for its most recently completed financial year.

Public Securities Filings

Other information about the Corporation, including the annual information form and other disclosure documents, reports, statements or other information that is filed with Canadian securities regulatory authorities can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com additional information is also available on the Canadian Securities Exchange at www.cse.ca

CORPORATE PROFILE

Board of Directors

J. Paul Allingham
David J. Hennigar
C.H. (Bert) Loveless
Francis H. MacKenzie
Jean-Marc MacKenzie
Paul R. Snelgrove
K. Barry Sparks
E. Christopher Stait-Gardner

Corporate Officers

David J. Hennigar, Chairman
Francis H. MacKenzie, President & Chief Executive Officer
Kevin Kemper, Vice President Business Development
C.H. (Bert) Loveless, Vice President and Interim CFO
Lina Tannous, Corporate Secretary

Corporate Head Office

Metalo Manufacturing Inc.
Attn: K. Barry Sparks
1600 - 141 Adelaide Street West
Toronto, ON M5H 3L5
Fax Number: (902) 484-7599
Phone Number: (902) 499-7150

Mailing Address

Metalo Manufacturing Inc.
Attn: Francis MacKenzie
1600 - 141 Adelaide Street West
Toronto, ON M5H 3L5

Corporate Information

Bankers	Bank of Montreal, Main Branch, Halifax, Nova Scotia
Auditors	PricewaterhouseCoopers LLP
Transfer Agent & Registrar	TSX Trust Company, Toronto, Ontario

Stock Exchange

Canadian Securities Exchange ("CSE")
Trading Symbol: MMI

Shareholder Information

Contact Person:	C H Bert Loveless
Contact Telephone Number:	(902) 471-8028
Contact E-Mail Address:	bert@metalo.ca
Website:	www.metalo.ca