



**METALO MANUFACTURING INC.
INTERIM MD&A - QUARTERLY HIGHLIGHTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

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 following is a discussion of the unaudited interim consolidated financial condition and results of operations of Metalo Manufacturing Inc. (the “Corporation”) for the first quarter ended September 30, 2020. This interim discussion and analysis should be read in conjunction with the Corporation’s quarterly unaudited consolidated interim financial statements for the quarter ended September 30, 2020 and the annual audited consolidated financial statements and the annual MD&A for the year ended June 30, 2020.

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% of North Atlantic Iron Corporation (“NAIC”), a private corporation that is involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI also owns 100% of PFL Ltée (“PFL”/PFL), a Federal corporation based in Quebec established to construct a pig iron plant.

The unaudited interim 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 March 31, 2020.

Additional information about the Corporation 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 27, 2020 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

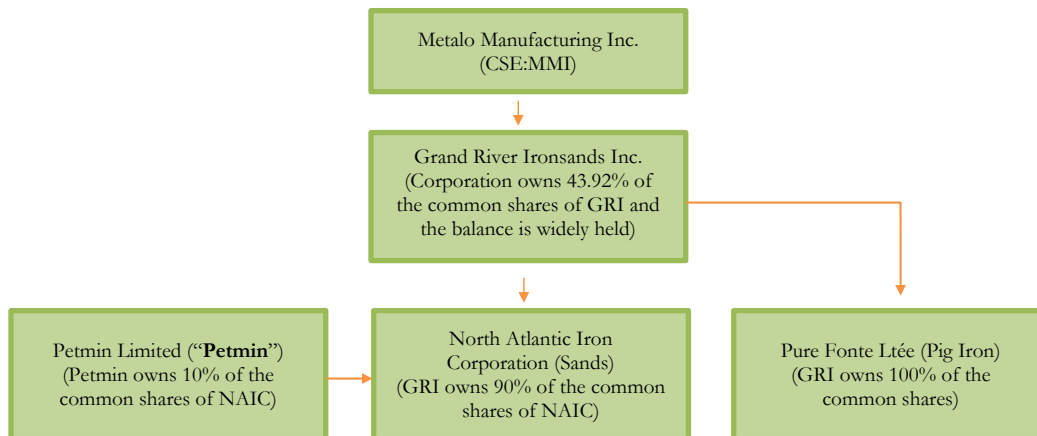
The following discussion and analysis contain forward-looking statements which reflect management’s expectations regarding the Corporation’s future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflect management’s current assumptions based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Corporation cannot be certain that actual results will be consistent with these forward-looking statements. Forward-looking statements involve significant known and unknown risks, assumptions and uncertainties that may cause the Corporation’s actual results, performance, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, market demand, commodity pricing, regulatory matters, currency risks, liability claims, integration of new operations, financing risks, and interest rate risks. Although the Corporation has attempted to identify important risks and factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors and risks that may cause results not to be as anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those anticipated in such statements. Certain factors that may impact operations are also discussed. Such comments will be affected by, and may involve, known and unknown risks and uncertainties that may cause the actual results of the Corporation to be materially different from those expressed or implied. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, except as required by law, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.



CORPORATE OVERVIEW

The following chart displays the corporate structure and ownership structure post restructuring.



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 west and to the north side of the Churchill River. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet. NAIC has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Happy Valley-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. All Claims will be renewed at the 10 year period prior to December 31, 2020 with the next renewal due in December 2025.

NAIC Mineral Claims

Claim Number	# of claims	Issued	Status	Renewal Date	Extended COVID	10 year Renew Fee	Report Date	NTS Map
017907M Muskrat	23	2010-08-23	Active	2020-08-23	2020-12-31	\$1,150	2021-10-22	13F07
017911M South Branch	44	2010-08-23	Active	2020-08-23	2020-12-31	\$2,200	2021-10-22	13F02,13F07
018325M Hoffman	114	2011-01-06	Active	2021-01-06			2021-03-08	13F02,13F03

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.

NAIC has had ongoing communications with engineering firms experienced in mineral sands in China and Germany. The discussions and negotiations with interested Chinese advisors, off-takers and investors have been placed on hold until the political matters between China and Canada have been resolved. In the interim, meetings have been held with a German firm able to undertake technical, market and feasibility work. Additionally, NAIC has actively been exploring funding solutions, including potentially issuing flow through shares in Canada. Industrial minerals (silica quartz, feldspars, garnets, zircon, etc.) are not commonly understood in Canada by experts or investors. This complexity may require broadening the investment efforts. NAIC has been in ongoing discussions to raise up to \$5 million to advance the asset through permitting, feasibility, and market assessment efforts. Community consultation were activated in Q3 2020 in Newfoundland and Labrador, subject to any additional post COVID-19 travel restrictions. As pertinent information is obtained, it will be shared with through a media release or the CSE Form 7A monthly filing.

Historical

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.

In 2015, due to the oversupply of iron ore feedstock, it was decided to source iron ore from other Canadian producers for the pig iron plant. NAIC also 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. The primary minerals of interest are feldspars 52% of head feed and silica quartz at 22% of head feed. The minerals have value for many requirements including ceramics, glass making, fiberglass, silicon carbide, foundry product, etc. 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 plans to revisit the viability of the mineral sands from an economic, market, permitting and economic development opportunity for the community and Province of Newfoundland and Labrador. Other considerations will include access to required electricity and labour as well as the future direction for the port in the local area to accommodate increased traffic. Equally important will be the support of the Innu First Nations and other aboriginal communities and residents.

OVERVIEW OF PFL

NAIC and GRI have invested substantial funds (more than an estimated C\$45 million) in all related measures to solve and 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. Approximately \$2.9 million was capitalized through PFL as project development costs.

GRI currently owns 100% of the investment in PFL and 90% of NAIC. NAIC will focus solely on the development of the mineral sands resource as currently staked in Newfoundland and Labrador. Separately, PFL will focus solely on the financing and construction of a pig iron manufacturing plant in Quebec.

PFL continues to advance its efforts to develop the pig iron plant. This plant will be a specialized producer in North America of a premium grade pig iron and has been designed to provide a new standard for environmental emissions and stewardship. As well, it will be strategically located to provide competitive advantage in both access to raw materials as well as access to markets in North America and Europe. Financing has been challenging with commodity prices fluctuating and manufacturing plants having to address environment management issues. These topics have created uncertainty on the views of investors. The environmental topic requires more precise clarification relative to economic development opportunities.

The design attributes required are as follows:

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

The bankable feasibility study (the “BFS”) was completed for the US\$408 million pig iron manufacturing plant for a Quebec site, subject to cost adjustments since 2018. The environmental assessment work in Quebec was placed on hold in 2019 until greater visibility on capital raising for the pre-construction work was obtained. Those efforts are now advancing with plans to finalize. The pre-construction work is comprehensive and will include the financing of the permitting, front end engineering (FEED) (site related), detailed engineering (plant), negotiating the capital required for project financing and other corporate and legal related matters.

The economics of the plant continue to improve, due to the market for pig iron remaining in the US\$295-360/tonne for more than one year, with the price for premium pig iron reaching US\$450/tonne. Also, raw material prices for iron ore have exceeded the process modelled and remain within an acceptable range. The model economics remained intact when the price of iron ore increased as they were offset by other

costs that were reduced in the market. Natural gas and electricity prices have remained in forecasted ranges. Letters of undertaking have been secured to purchase 100% of the 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) complete and release the BFS for the chosen site; (iii) review the project economics and complete and publish an economic assessment; (iv) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; and (v) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

As with NAIC and PFL, the Corporation will provide pertinent information through media releases and/or “Form 7A” filed monthly with the Canadian Securities Exchange (CSE) – www.cse.com entering the stock symbol the Corporation.

FINANCIAL SUMMARY

The Corporation holds indirect interest in NAIC, a mining and exploration company, and PFL, a manufacturing company.

The unaudited interim consolidated financial statements for the quarter ended September 30, 2020 include all the accounts of the Corporation, GRI, NAIC, FSM and PFL.

The following discussion addresses the operating results and financial condition of the Corporation for the first quarter ended September 30, 2020. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended June 30, 2020 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

The following is a summary of the major financial highlights for the first quarter ended September 30, 2020 (including subsequent events).

- On August 4, 2020, the Corporation issued 127,660 common shares to FLH. This represents interest due August 1, 2020 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$ 0.1958 per share, which is the volume-weighted trading price for the 20 trading days ended July 13, 2020. The securities are subject to a four-month hold period following the date of issuance.
- On October 8, 2020, the Corporation reached an agreement with David J. Hennigar to extend the maturity date of its \$ 2,000,000 loan to August 31, 2022, without penalty.
- On November 1, 2020, the Corporation issued 157,469 common shares to FLH. This represents interest due November 1, 2020 in the aggregate amount of \$ 25,000 on the convertible debenture and was made at a deemed price of \$0.1588 per share, which is the volume-weighted trading price for the 20 trading days ended October 13, 2020. The securities are subject to a four-month hold period following the date of issuance.
- The Corporation is in negotiations with FLH and David J. Hennigar to extend the maturity date on the convertible debenture. The convertible debenture matured on November 1, 2020.
- On October 28, 2020, NAIC received a loan from a related-party of \$25,000. The loan bears an interest rate of 10% per annum and matures on October 28, 2021.

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 several 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 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	
	September 30-20	September 30-19
	\$'s	\$'s
Revenue	-	-
Expenses		
Utilities	2,217	137
Dues and fees	6,861	2,886
Feasibility study	6,270	-
Foreign exchange losses	(3,600)	2,940
General and administrative	1,575	1,672
Insurance	-	875
Management and consulting fees	42,500	107,250
Professional fees	22,971	40,616
Rental	924	855
Travel	12,608	30,721
Salaries and wages	35,619	15,764
Consolidated operating loss before under noted	(127,945)	(203,715)
Amortization	(955)	(881)
Interest including accretion	(204,165)	(207,470)
Gain (loss) on investments	(800)	400
Net Income (before taxes)	(333,865)	(411,666)
Income tax (expense) recovery	101,168	123,554
Net Income	(232,697)	(288,112)
Non-controlling interest	117,930	(128,260)
Comprehensive income (loss) attributable to MMI	(114,767)	(159,852)
Income (Loss) per share	(0.006)	(0.009)
Avg. Weighted Shares O/S	18,362,704	18,139,144

For the quarter ended September 30, 2020, the consolidated operating loss before interest, amortization income tax and other unusual items was (\$127,945) compared to a loss of (\$203,715) for the prior year. For the quarter ended September 30, 2020 the comprehensive loss attributed to the Corporation shareholders was (\$114,767) (\$0.006) per share compared to a loss of (\$159,852) (\$0.009 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, its indirect interests in the production of pig iron or sales of mineral sands.

Interest and accretion expense

For the first quarter ended September 30, 2020, the Corporation had an interest and accretion expense of \$204,165 (Q1 2020) compared to an interest expenses of \$207,470 (Q1 2019). These amounts do not include interest expense or accretion that was capitalized during the year.

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 14 of the unaudited interim 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	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
	2020	2020	2020	2019	2019	2019	2019	2018
Expenses								
Utilities	2,217	2,947	2,048	1,873	137	-	268	1,574
Dues and fees	6,861	8,236	370	10,034	2,886	3,121	4,129	8,925
Feasibility study	6,270	-	0	-	0	-	-	-
Foreign exchange losses	(3,600)	(6,742)	13,716	(1,964)	2,940	(2,457)	(2,163)	(110)
General and administrative	1,575	(4,169)	10,316	13,340	1,671	(8,720)	596	11,591
Insurance	-	-	0	583	875	1,167	583	875
Management fees	42,500	(116,043)	41,274	112,927	107,250	151,635	108,550	198,746
Professional fees	22,971	28,575	28,271	43,697	40,616	112,343	11,577	19,750
Rental	924	982	1,186	855	855	16,744	822	14,341
Travel	12,608	(2,358)	25,738	28,660	30,722	23,266	3,734	106,904
Salaries and wages	35,619	16,033	3,159	13,842	15,764	23,046	10,276	67,824
Operating (loss) income) before under noted	(127,945)	72,539	(126,078)	(223,847)	(203,716)	(320,145)	(138,372)	(430,421)
Cumulative Translations adjustments	-	-	-	-	-	-	-	-
Amortization	(955)	(955)	(889)	(881)	(881)	(1,965)	(280)	(1,122)
Interest expense including accretion	(204,165)	(319,576)	(251,437)	(242,377)	(207,470)	(228,058)	(177,238)	(175,601)
Gain on sale of intangible asset	-	-	-	-	-	-	-	-
Gain on sale of equipment	-	-	-	-	-	-	-	-
Valuation discount term loan	-	-	-	-	-	234,526	-	-
Gain (loss) on investments	(800)	320	-	(720)	400	1,120	(1,120)	(480)
Income tax recovery	101,168	87,269	114,942	140,213	123,554	290,171	93,081	169,200
Consolidated Income (Loss)	(232,697)	(148,281)	(263,462)	(327,612)	(288,112)	(24,351)	(223,929)	(438,424)
Non-controlling interest	117,930	(90,328)	108,196	127,168	128,260	185,430	87,532	194,725
Comprehensive Income (Loss)	(114,767)	(57,953)	(155,266)	(200,444)	(159,852)	161,079)	(136,396)	(243,699)
Income (Loss) per share	(\$0.006)	(\$0.003)	(\$0.008)	(\$0.011)	(\$0.009)	\$0.009	(\$0.008)	(\$0.014)
Avg. Weighted Shares O/S	18,362,704	1,834,944	18,470,304	18,229,315	18,139,144	18,208,212	17,862,991	17,809,894

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. The segments are managed on a worldwide basis, but operate in one principal geographical area, namely, Canada. Segment assets are based on the geographical location of the assets.

Segmented Information (continued)

	Corporate		NAIC		Pure Fonte		Consolidated	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue - intersegment	-	-	-	-	-	-	-	-
Operating expenses	(71,938)	(136,409)	(26,567)	(1,728)	(29,441)	(65,580)	(127,945)	(203,716)
Depreciation and Amortization	(266)	(220)	(689)	(661)	-	-	(955)	(881)
Interest and bank charges	(171,763)	(142,973)	(3,663)	(122)	(8,613)	(8,197)	(184,039)	(151,293)
Interest accretion	-	(40,802)	-	-	(20,126)	(15,375)	(20,126)	(56,177)
Gain (loss) on subsidiary debt	-	-	-	-	-	-	-	-
Valuation discount on term loan	-	-	-	-	-	-	-	-
Gain on sale of intangible asset	-	-	-	-	-	-	-	-
Impairment of property & equipment	-	-	-	-	-	-	-	-
Loss on sale of property & equipment	-	-	-	-	-	-	-	-
Realized gain (loss) on investments	-	-	-	-	-	-	-	-
Unrealized gain on investments	(800)	400	-	-	-	-	(800)	400
	(244,767)	(320,004)	(30,918)	(2,511)	(58,180)	(89,153)	(333,865)	(411,667)
Segment income (loss) before taxes	(244,767)	(320,004)	(30,918)	(2,511)	(58,180)	(89,153)	(333,865)	(411,667)
Total assets	3,414,501	3,752,318	53,854,313	53,892,355	1,466,944	1,464,633	58,735,758	59,109,306
Total liabilities	13,975,526	13,495,088	380,379	425,787	636,597	587,121	14,992,500	14,507,996

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet the prior three fiscal years.

Selected Consolidated Balance Sheet Items			
	Year to Date		Year End
	September 30, 2020		June 30, 2020
	\$'s		\$'s
Cash	103,959		325,513
Other receivables	7,865		9,297
Prepaid and other deposits	-		-
Investment and loan receivable	2,000		2,800
Resource Properties	57,146,380		57,210,600
Project development costs	1,462,322		1,462,322
Property and equipment	13,232		14,187
Accounts Payable	(792,044)		(860,835)
Short Term Loans	(8,816,998)		(8,692,604)
Long term debt	(966,508)		(1,001,993)
Deferred Taxes	(4,416,948)		(4,518,332)
Shareholders' Equity	17,415,248		17,505,015
Shareholders' Equity associated with Non controlling interests	26,328,010		26,445,940

Account and Other Receivables

This principally consists of HST receivable.

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.

	Balance 30-Jun-20 \$	Interest Accretion \$	Accretion Adjustment \$	Balance 30-Sep-20 \$
Labrador Mineral Sands	57,210,600	7,632	(71,852)	57,146,380

Project development costs

This represents engineering and consulting costs associated with the preparation of the BFS, site selection and permitting for the proposed pig iron facility.

	30-Sep-20 \$	30-Sep-19 \$
Balance beginning of period	1,462,322	1,462,322
Balance end of period	1,462,322	1,462,322

Property and Equipment

	Computer equipment \$	Industrial equipment \$	Office equipment \$	Total \$
For the period ended September 30, 2020				
Opening net book value	2,006	12,000	181	14,187
Depreciation	(193)	(750)	(12)	(955)
Net Book Value	1,813	11,250	169	13,232
As at September 30, 2020				
Cost	3,250	18,751	282	22,283
Accumulated depreciation	(1,437)	(7,501)	(113)	(9,051)
Net Book Value	1,813	11,250	169	13,232

Accounts Payable

The accounts payable balance at September 30, 2020 was \$ 792,044.

Short Term Loans (refer to Note 7 of the unaudited interim consolidated financial statements)

On August 25, 2016, GRI borrowed \$250,000 from an unrelated party with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants at an exercise price of \$0.01 per share. The repayment date in the original loan agreement has been extended to

December 31, 2020 and the warrant expiry date has been extended to December 31, 2020. Including accrued interest, the balance outstanding at September 30, 2020 totaled \$ 319,380.

On September 29, 2016, GRI borrowed \$250,000 from FLH, a company controlled by a director and officer of the Corporation, with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants 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, to GRI in the amount of \$2,105,000. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, for \$2,355,000 with interest at 6% per annum accruing monthly. The original loan amount was increased by an additional \$14,000 on March 14, 2019, bringing the total loan amount to \$2,369,000. The warrant expiry time was also extended to December 31, 2020. Including accrued interest, the balance outstanding at September 30, 2020 totaled \$2,932,952.

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 with Forest Lane Holdings Ltd. (“FLH”). The maturity date of the debenture was extended until November 1, 2020 (previously May 1, 2020) and bears interest at a rate of 5% per annum payable quarterly and in previous years was reflected in long-term debt. As consideration for the extension to the maturity date, 200,000 common shares in the capital stock of the Corporation were issued to FLH. The debenture is 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 \$1.00 per common share. An additional extension to the maturity date is currently being negotiated.

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. This loan was previously reflected in short-term debt, however, subsequent to year end, a loan extension was signed extending the payment of principal, without penalty, on or before August 31, 2020, and the holder has the option to convert the principal of the loan and the interest accrued on the loan to common shares at a conversion rate of \$2.10 per share. Including accrued interest, the balance outstanding at September 30, 2020 totaled \$2,564,666. This loan was reclassified to current liabilities as at September 30, 2019.

On October 8, 2020, the Corporation reached an agreement with Mr. Hennigar to extend the maturity date of the \$ 2,000,000 loan to August 31, 2022.

On October 28, 2020, NAIC received a loan from a related-party of \$25,000. The loan bears an interest rate of 10% per annum and matures on October 28, 2021.

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 the sale of its equity securities by way of private placements and/or shareholder loans and advances. There can be no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation when required.

At November 27, 2020 the Corporation has cash on hand of approximately \$52,000 and has a working capital deficiency of approximately \$9,495,218. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing business 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 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.

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 unknown if success will be achieved with the process undertaking with the terms of this loan and therefore repayment remains uncertain and unlikely. It is management’s opinion that this loan will be forgiven.

On July 5, 2018, an unsecured loan in the amount of \$621,000 was provided to PFL by a non-related party. The loan bears interest at a rate of 5% per annum and matures three years from the date of receipt. The interest shall accrue and will be capitalized to the end of term. The principal and accumulated interest can be converted into shares at the option of the holder discounted by 25%. The loan can be paid in advance, however, is subject to a 15% penalty.

Please refer to Note 8 of the unaudited interim consolidated financial statement for further details.

Share Capital

A summary of the Corporation's common shares outstanding as of September 30, 2020

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares	Number of Shares	\$
Opening Balance June 30, 2020	18,830,815	9,387,978
Shares issued for convertible debt interest	127,660	25,000
Closing Balance September 30, 2020	18,958,475	9,412,978

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 3,504,203 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.

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

Options Outstanding and Exercisable			
Number of options outstanding	Expiry Date	Exercise Price	Number of options exercisable
144,000	28-May-2022	0.65	144,000
450,000	30-Nov-2022	0.65	450,000
985,000	6-Dec-2023	0.85	985,000
455,000	8-Dec-2024	0.75	455,000
2,034,000		0.77	2,034,000

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, 2020, there were 2,376,933 common shares eligible for issuance pursuant to the stock option plan, of which 150,000 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.

On May 27, 2016, GRI granted 150,000 options to directors, officers, employees, and consultants of GRI under the stock purchase plan at an exercise price of \$2.50. These options vested immediately and expire in 5 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions; risk free interest rates of 0.78%; dividend yields of nil; volatility factor of 164.02%; share prices of \$2.07; and a weighted average expected life of the option of 5 years.

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

Options Outstanding and Exercisable -September 30, 2020				
Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
May 27,2016	May 27, 2021	\$2.50	150,000	150,000
Total		\$2.50	150,000	150,000

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 unaudited interim consolidated financial statements.

Basis of Presentation and Going Concern

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("**CPA Canada Handbook**"), which incorporates International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The unaudited interim 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 matters and conditions indicate a material uncertainty 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. These consolidated financial statements do not reflect adjustments to 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.

Critical Accounting Estimates

The preparation of consolidated financial statements under IFRS requires the Corporation to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. Refer to note 2(q) of the unaudited interim consolidated financial statements for details on accounting estimates and assumptions that may impact its reported financial position, results of operations and cash flows.

RISK FACTORS

Limited Business History

The likelihood of success of the Corporation must be considered considering the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Corporation has limited financial resources and there is no assurance that additional funding shall be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation can generate revenues, operate profitably, or provide a return on investment, or that it shall successfully implement its plans.

Property Commitments

The property of NAIC in which the Corporation has an indirect interest is subject to work commitments and may be subject to other land payments, royalties and/or work commitments to the land claim holder, the Innu Second Nation. Failure by GRI and NAIC to meet their payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests and dilution.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Corporation may enter into joint ventures in respect of certain mineral exploration properties that may be acquired by the Corporation. Any failure of such joint venture partners to meet their obligations to the Corporation or to third parties could have a material adverse effect on the joint ventures and the Corporation as a result. In addition, the Corporation may be unable to exert influence over strategic decisions made in respect.

Resources and Reserves

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 resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. 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 particular project.

Properties Remote

The property of NAIC is in a remote area with limited infrastructure. Exploration activities on such projects are particularly vulnerable to delays and additional costs due to weather conditions, labour shortages, and other unforeseeable issues.

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.

Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial capabilities and greater financial and technical resources, the Corporation may be unable to acquire rights to exploit additional attractive mining properties on terms that the Corporation considers



acceptable. If the Corporation is not able to acquire such interests, this could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Exploration and Development Activities May Not be Successful

Exploration for and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The Corporation cannot ensure that its future exploration and development programs shall result in profitable commercial mining operations.

Properties May be Subject to Defects in Title

Although the Corporation is not aware of any existing title uncertainties with respect to the property, there is no assurance that such uncertainties shall not result in future losses or additional expenditures, which 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.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

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 on a daily basis 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.

Key Personnel

The senior officers of the Corporation are critical to its success. In the event of the departure of a senior officer, the Corporation believes that it shall be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Corporation grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation's business activity grows, it shall require additional key financial, administrative, and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price shall not occur. It may be anticipated that any quoted market for the shares of the Corporation shall be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation's shares shall be affected by such volatility. An active public market for the Corporation's shares might not develop or be sustained after completion of the Proposed Transactions.

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. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February 8, 2019 in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, GRI, NAIC 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 have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

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 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 "the Corporation". The stock is thinly traded, and investors should be aware that there may be no market for their shares.

12 Months Trading Data				
Month	High	Low	Close	Volume
Oct-19	0.330	0.220	0.220	34,000
Nov-19	0.220	0.185	0.190	24,000
Dec-20	0.280	0.100	0.100	173,490
Jan-20	0.200	0.100	0.200	118,000
Feb-20	0.300	0.125	0.200	4,000
Mar-20	0.200	0.150	0.150	2,500
Apr-20	0.150	0.070	0.070	15,830
May-20	0.080	0.070	0.070	105,540
Jun-20	0.200	0.070	0.200	22,600
Jul-20	0.120	0.105	0.105	10,000
Aug-20	0.150	0.150	0.150	11,000
Sep-20	0.150	0.125	0.150	15,000
	0.330	0.070	0.150	831,450

Cash Flow Requirements

Refer to Notes 7 and 8 of the audited consolidated financial statements at June 30, 2020 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACOA) and Convertible Debenture and other short-term loans. The long-term contractual obligations for the next five years are as follows:

Contractual Obligations in CDN\$ September 30, 2020					
Description	Total	Less than			
		one year	2-3 years	4-5 years	After 5 years
Loan- ACOA	\$ 500,000	\$ -	\$ 125,000	\$ 250,000	\$ 125,000
Short term notes and loans	5,816,997	3,816,997	2,000,000	-	-
Term Loan (interest capitalized)	593,968	-	593,968	-	-
Short term notes and loans	1,040,000	1,000,000	40,000	-	-
Convertible debenture	2,000,000	-	2,000,000	-	-
	\$ 9,950,965	\$ 4,816,997	\$ 4,758,968	\$ 250,000	\$ 125,000

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the first quarter ended September 30, 2020.

	3 months ended		9 months ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	\$	\$	\$	\$
Management fees	39,000	102,750	237,977	233,450
Directors fees	3,500	-	3,500	11,550
Salaries and benefits	35,619	20,264	45,292	96,761
Operating expenses	78,119	123,014	286,769	505,761

The Corporation has issues in lieu of payment of interest on a related party loan as described in Note 7 of the unaudited interim consolidated financial statements.

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

Key management include the President of MMI and the President and Corporate Affairs Director of GRI.

These transactions with related parties have been valued in the unaudited interim 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”), the Corporation’s Chief Executive Officer (CEO) and the Corporation’s Chief Financial Officer (CFO) will be filing interim certificates “Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its interim filings. The certifying officers have concluded that disclosure controls and procedures are effective at September 30, 2020. 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.

This document may contain forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as “anticipated”, “expected”, “could”, “should”, “may”, “plans”, “will”, or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation’s other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements. The Corporation includes in publicly available documents filed from time to time with securities commissions, and the Canadian Securities Exchange, a thorough discussion of the risk factors that can cause the Corporation’s anticipated outcomes to differ from actual outcomes. The Corporation disclaims any intention or obligation to update or revise forward-looking statements.

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.com



CORPORATE PROFILE

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<p>Board of Directors J. Paul Allingham David J. Hennigar Francis H. MacKenzie Jean-Marc MacKenzie Paul R. Snelgrove K. Barry Sparks E. Christopher Stait-Gardner</p>	<p>Corporate Officers David J. Hennigar, Chairman Francis H. MacKenzie, President & CEO Kevin Kemper, Vice President Business Development Jean-Marc MacKenzie, Interim CFO K. Barry Sparks, Vice-Chairman Lina Tannous, Corporate Secretary</p>
<p>Corporate Head Office Metalo Manufacturing Inc. Suite 2002, Hilton Hotel, 145 Richmond St. W., Toronto, ON, M5H 2L2 Fax: (902) 484-7599 Tel: (902) 233-7255</p>	<p>Mailing Address Metalo Manufacturing Inc. Attn: Francis MacKenzie PO Box 14, 535 Larry Uteck Blvd Halifax, Nova Scotia B3M 0E3</p>

Bankers:

Auditors:

Transfer Agent & Registrar:

Stock Exchange:

Shareholder Information: Contact Person:

Contact Telephone Number and email:

Website:

Bank of Montreal, Main Branch, Halifax, Nova Scotia

PricewaterhouseCoopers LLP

TSX Trust Company, Toronto, Ontario

*Canadian Securities Exchange, **Trading Symbol: MMI***

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