



METALO
METALO MANUFACTURING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The following is a discussion of the audited consolidated financial condition and results of operations of Metalo Manufacturing Inc. (“MMI” or “the Corporation”) for the year ended June 30, 2017. This discussion and analysis should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the year ended June 30, 2017 and the related notes.

The Corporation’s principle asset is a 43.92% (43.92% at June 30, 2017 and 44.3% at June 30, 2016) interest in Grand River Ironsands Inc. (“GRI”). GRI owns 60.0% (60.0% at June 30, 2017 and 60.0% at June 30, 2016) of North Atlantic Iron Corporation (“NAIC”), a joint venture investing to become a vertically integrated pig iron producer with a mineral sands project in Labrador and Newfoundland. NAIC owns 100% of 8593302 Canada Inc., a corporation incorporated in Canada engaged in steel manufacturing. GRI also owns 100% of Forks Specialities Metal Inc. (“FSM”), which owns and operates two submerged arc smelting furnaces in Pennsylvania, USA.

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 June 30, 2017.

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

This MD&A is dated as of October 30, 2017 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

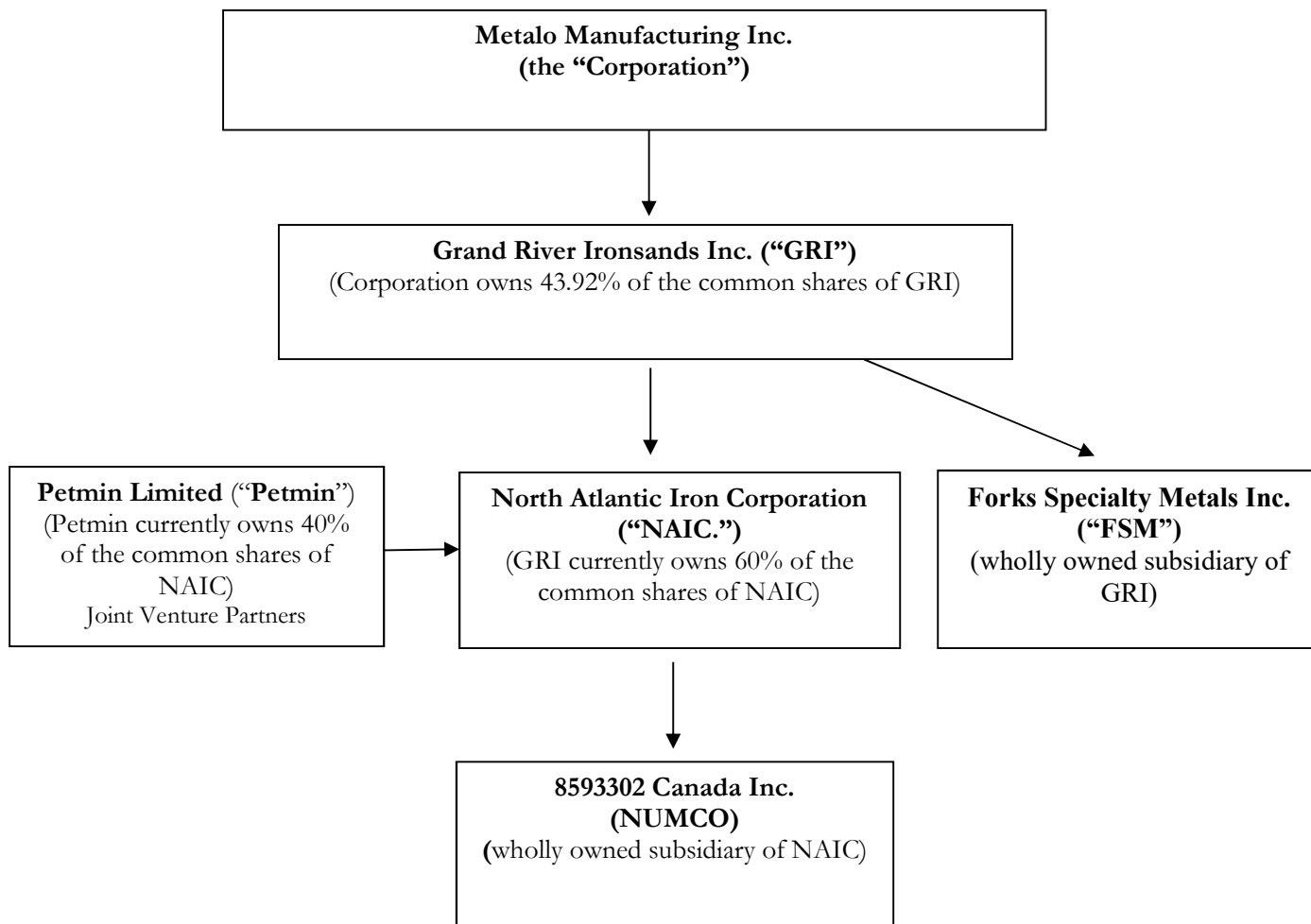
The following discussion and analysis contains forward-looking statements which reflects management’s expectations regarding the Corporation’s future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflect management’s current 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

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.

Below is a chart of the corporate structure of the Corporation and its wholly and partially owned subsidiaries, along with the current and potential joint venture partners hereinafter explained:



The Corporation has a 43.92% shareholding in GRI, a private company which was incorporated on March 24, 2001, in the Province of Nova Scotia, pursuant to the *Companies Act* (Nova Scotia). GRI has a 60% shareholding in NAIC, a joint venture investing to become a pig iron producer through its wholly owned Canadian subsidiary NUMCO which is headquartered in Quebec. In addition, NAIC is involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI and its subsidiary, NAIC, entered into a share purchase agreement with Petmin Limited, a privately held mining company in South Africa, dated September 15, 2010, as amended, whereby GRI contributed its mineral

claims to NAIC and Petmin acquired shares in NAIC through cash investments. Since entering into the Joint Venture agreement with GRI, Petmin has invested a total of US\$25 million into NAIC and currently holds a 40% ownership position. Petmin has the option to acquire an additional 9.9% of the common shares of NAIC, at a fair market price, increasing its potential ownership of NAIC to 49.9% on a fully diluted basis. GRI also owns 100% of Forks Specialty Metal Inc. (“FSM”), which owns and operates two electric arc smelting furnaces in Easton, PA, USA.

OVERVIEW OF NAIC

GRI and its JV partner, Petmin Ltd. (South Africa’s largest anthracite coal producer), plan to build a merchant pig iron plant and become the first specialized producer in North America of premium pig iron for export to the United States and Europe. NAIC business model is to be a low cost North American producer of foundry grade pig iron. Project partners remain confident they can achieve this standard and thereby ensure premium prices for its products. North America currently imports 4-5 million tonnes of pig iron annually primarily from Brazil, Russia, South Africa and the Ukraine. This plant is being 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.

The Bankable Feasibility Study (BFS) is nearly complete for the Quebec site and at present, effort is principally focused on the US site with the intent of having all engineering work completed by March 31, 2018. The Quebec site requires confirmation of the impact of the proposed carbon tax for the plant and if the Quebec government are prepared to mitigate the impact with other tax measures or other assistance. The Ohio site requires the finalization of construction costs and clarification of the impact the proposed reduction of US corporate income tax, impact of the proposed “Border Adjustment Tax”, and implications of the speculated “Buy America” program.

GRI and Petmin have recently invested an additional \$3.7 million in debt to ensure continued progress. Efforts for additional financing will continue with the view to soon move to detailed engineering and then construction. Upon finalizing adjustments to the Bankable Feasibility Study, a work has been underway for more than one year, decisions will be made by the project partners.

Given that the Corporation will be acquiring iron ore pellets from the merchant market, discussions with potential providers and testing of their respective iron ore for the pig iron manufacturing plant will be ongoing. Iron ores from two producers have been tested along with steel mill reverts (waste material containing iron ore) and those results were successful.

The key goals for the initial pig iron manufacturing initiative for the next several months will be to (i) finalize the site selection and complete the permitting process; (ii) complete and release 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.

Labrador Mineral Sands

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

Claim No	No Claims	Issued	Status	Renewal Date	NTS Map
South Branch					
017911M	44	8/23/2010	Active	8/23/2020	13F/02, 13F/07
Muskkrat					
017907M	23	8/23/2010	Active	8/23/2020	13F/07
Hoffman					
018325M	114	1/6/2011	Active	1/6/2021	13F/03, 13F/02
Total					
	181				

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.

FORKS SPECIALTY METALS (FSM)

FSM owns and operates two submerged arc furnaces in Pennsylvania. These furnaces were essential for testing various iron ore composition and coals and will continue to be required as a laboratory for refining the pig iron process going forward. However, they are underutilized and GRI management continues to seek partnering and/or joint venture opportunities to more fully utilize this major asset. FSM have been successful in proving the feasibility of the smelting of electronic waste to capture and recycle the copper, gold, platinum group metals (PGM) and other valuable metals found in end of life electronic units and have been meeting with electronic waste recyclers to determine if an economical supply of scrap material can be guaranteed to sustain a smelting operation. While testing efforts were a success, including one under the supervision of a major PGM recycler - to date this effort to conclude a commercial contract has not met with any success. In the event a commercial acceptable solution cannot be found within the next 30-60 days, GRI will close the operation and liquidate any and all assets related to the

operation. In addition, on or about October 18, 2017, SK 3700 Glover Road Owner LLC served a notice on FSM indicating that a Confession of Judgment for Money (the “Judgment”) was granted against Forks by the Court of Common Pleas Northampton County in Pennsylvania, USA. The Judgment was in the amount of US\$1,189,562.71 for rental arrears, accelerated rent and attorney’s fees. Forks has 30 days from the receipt of Judgment to dispute the claim and Forks is currently assessing its rights and remedies and is also considering outside counsel in the relevant jurisdiction.

Due to the uncertain future of FSM, the undepreciated capital cost of the industrial equipment was written off resulting in an impairment charge of \$1,990,435CDN in fiscal 2017.

Depending on the outcome and the legal dispute and potential market for the industrial equipment and potential acquirers, the outcomes may differ from management expectations and additional losses may occur.

FINANCIAL SUMMARY

The Corporation is in the mining, exploration and manufacturing sectors through its interest in GRI.

The audited consolidated financial statements for the year ended June 30, 2017 include all the accounts of the Corporation, including GRI, NAIC, FSM and NUMCO.

The following discussion addresses the operating results and financial condition of the Corporation for the year ended June 30, 2017. 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, 2017 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 year ended June 30, 2017, and to the date of this MD&A

- On August 2, 2016, the Corporation issued 25,518 common shares to Forest Lane Holdings Limited (“FLH”), a company controlled by an insider of the Corporation. This issuance represents interest due August 1, 2016 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.9797 per share, which is the volume-weighted trading price for the 20 trading days ending July 1, 2016. The securities are subject to a four-month hold period following the date of issuance.
- On August 25, 2016 GRI borrowed \$250,000 from an unrelated party bearing interest at 6% per annum calculated monthly plus 50,000 three-year warrants at an exercise price of \$0.01 per share.
- On September 29, 2016 GRI borrowed \$250,000 from Forest Lane Holdings Limited, a related party, bearing interest at 6% per annum calculated monthly plus 50,000 three-year warrants at an exercise price of \$0.01 per share.
- On November 1, 2016, the Corporation issued 36,398 common shares to FLH. This issuance represents interest due November 1, 2016 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.6869 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2016. The securities are subject to a four-month hold period following the date of issuance.
- On September 30, 2016, Directors and Officers exercised options to purchase 205,000 shares GRI at an exercise price of \$1.25 per share for aggregate proceeds of \$256,250.

- On February 1, 2017, the Corporation issued 48,685 common shares to FLH. This issuance represents interest due February 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.5135 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2017. The securities are subject to a four month hold period following the date of issuance.
- Between December 6, 2016 and June 30, 2017 Forest Lane Holdings advanced GRI an additional \$2,105,000 against a line of credit bearing interest at 6% per annum calculated monthly.
- On May 1, 2017, the Corporation issued 63,762 common shares to FLH. This issuance represents interest due May 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3921 per share, which is the volume-weighted trading price for the 20 trading days ending March 31, 2017. The securities are subject to a four month hold period following the date of issuance.
- On August 1, 2017, the Corporation issued 41,667 common shares to Forest Lane Holdings Limited. This represents interest due August 1, 2017 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.60 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2017. The securities are subject to a four month hold period following the date of issuance.
- 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 repayable, without penalty, on or before August 31, 2018.
- On August 25, 2017, NAIC received a shareholder loan, with no fixed terms of repayment, in the amount of US\$1,259,654 from Petmin. This loan represents Petmin's proportionate share of the NIAC's projected cash requirements. GRI has also advanced to NAIC their proportionate share of those projected requirements.

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.

The following tables summarize selected yearly and quarterly financial results from operation for the last two fiscal years.

Selected Consolidated Operating Results				
	Three Months		Year Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	\$'s	\$'s	\$'s	\$'s
Revenue	-	-	-	-
Expenses				
Advertising and promotion	164,104	(26,099)	174,409	4,143
Utilities	55,094	15,312	131,247	112,181
Dues and fees	2,932	2,327	14,398	23,761
Exploration Costs	-	-	13,179	1,264
Project feasibility costs	86,271	46,220	103,900	46,220
Foreign exchange losses	(359,703)	11,336	(272,460)	(83,205)
General and administrative	11,144	74,213	42,631	182,875
Insurance	23,653	24,964	97,502	100,422
Management fees	472,498	379,364	1,398,966	1,389,618
Professional fees	15,874	7,500	104,159	31,450
Rental	276,899	246,045	1,077,341	1,058,984
Travel	161,682	316,942	631,316	494,542
Stock based compensation	-	288,000	-	288,000
Salaries and wages	142,064	134,753	573,650	547,063
Operating loss before under noted	(1,052,512)	(1,520,877)	(4,090,238)	(4,197,318)
Amortization	302,361	(134,200)	(22,728)	(533,589)
Interest including accretion	(555,449)	(67,252)	(774,087)	(294,675)
Consolidated income (loss)	(1,305,600)	(1,722,329)	(4,887,053)	(5,025,582)
Expense recovery Porcupine Strand	-	327,609	-	494,979
Loss on sale of equipment	-	-	-	(853)
Impairment of property and equipment	(1,990,435)	-	(1,990,435)	-
Gain (loss) on investments	(1,640)	(1,170)	13,571	7,277
Income tax recovery	1,134,166	134,304	2,175,998	1,071,789
Other comprehensive income	(15,688)	(3,683)	48,132	82,508
Non-controlling interest	1,507,888	926,181	3,002,431	2,398,898
Comprehensive (loss) attributable to MMI	(671,310)	(339,089)	(1,637,356)	(970,983)
Income (Loss) per share	(0.039)	(0.020)	(0.094)	(0.056)
Avg. Weighted Shares O/S	17,384,638	17,260,049	17,384,638	17,260,049

Overall performance for the year ended June 30, 2017

The consolidated loss for the three-month period ended June 30, 2017, was (\$1,305,600) compared to a loss of (\$1,722,329) for the prior year. For the year ended June 30, 2017 the consolidated loss before extraordinary items was (\$4,887,053) compared to a loss of (\$5,025,582) for the prior year. The level of expenditures was consistent year over year other than the absence of stock option costs in the current year, which amounted to \$288,000 in 2016 and the capitalization of all consulting costs related to the construction of the proposed Quebec pig iron plant, as well as the increase in interest costs resulting from the corporation's increase in debt financing and the recognition of the full carrying value of a previously discounted loan from



the State of Pennsylvania for FSM, which subsequent to year end was deemed to be in default for late payments and at June 30, 2017 is reflected on the balance sheet as a current liability. (Refer to Note 9 of the consolidated financial statements)

For the year ended June 30, 2017 the comprehensive loss attributed to MMI shareholders was (\$1,637,356) (\$0.094 per share) compared to a loss of (\$970,984) (\$0.056 per share) for the prior year. No stock options were issued during the year and therefore no related cost compared to a cost of \$288,000 in the prior year. In the current fiscal year the Corporation took a charge of \$1,990,435 related to the impairment charge related to the industrial equipment at FSM. (Refer to FSM comments on page 4&5)

Revenue

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

Expense Highlights

Exploration Costs

Exploration costs relate to carrying costs of mineral claims and licenses and are all associated with the corporation property in Happy Valley- Goose Bay, Newfoundland and Labrador. There were minimal exploration costs in 2017.

Stock based compensation

For the year ended June 30, 2017, the Corporation issued no stock options and therefore had no stock based compensation for the year compared to stock option expense of \$288,000 for the prior year.

Amortization

At June 30, 2017 the corporation recorded the write down of the industrial equipment at FSM and reversed all amortization charged in previous quarters resulting in amortization costs of \$22,728 compared to amortization expenses of \$533,589 for the prior year. Amortization was mainly associated to the Forks industrial equipment.

Interest and accretion expense

For the year ended June 30, 2017, the Corporation had interest expense of \$774,087 compared to interest expenses of \$294,675 for the compared to the prior year. These amounts do not include interest expense that was capitalized during the year. The increase reflects the impact of the convertible debenture and the increase in debt load. This increase is also the result of the one- time recognition of interest accretion related to the FSM industrial equipment loan. (Refer to Note 9 of the consolidated financial statements)

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 15 of the consolidated financial statements)



Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters. The quarterly data has been restated to give effect to the reclassification of Forks industrial equipment in fiscal 2016.

Selected Quarterly Financial Data								
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
	2017	2017	2016	2016	2016	2016	2015	2015
						Restated	Restated	Restated
Expenses								
Advertising and promotion	164,104	9,222	(3,714)	4,797	(26,099)	30,242	-	-
Utilities	55,094	44,660	21,673	9,820	15,312	51,692	25,556	19,621
Dues and fees	2,932	3,113	5,923	2,430	2,327	2,419	16,020	2,995
Exploration Costs	-	-	13,179	-	-	1,264	-	-
Profect feasibility costs	86,271	7,505	5,186	4,938	46,220	-	-	-
Foreign exchange losses	(359,703)	22,469	33,779	30,995	11,336	135,003	(13,233)	(216,311)
General and administrative	11,144	1,886	14,762	14,839	74,213	13,565	18,393	76,704
Insurance	23,653	23,770	24,820	25,259	24,964	21,776	27,057	26,625
Management fees	472,498	322,120	337,099	267,249	379,364	324,564	368,027	317,663
Professional fees	15,874	48,446	19,034	20,805	7,500	7,500	16,450	-
Rental	276,899	267,101	272,058	261,283	246,045	288,868	261,162	262,909
Travel	161,682	265,087	113,739	90,808	316,942	116,571	140,497	(79,468)
Stock based compensation	-	-	-	-	288,000	-	-	-
Salaries and wages	142,064	143,780	138,175	149,631	134,753	144,973	134,829	132,508
Operating loss before under noted	(1,052,512)	(1,159,159)	(995,713)	(882,854)	(1,520,877)	(1,138,437)	(994,758)	(543,246)
Expense recovery Porcupine Strand	-	-	-	-	327,609	-	-	167,370
Other comprehensive income	(15,688)	18,060	34,417	11,343	(3,683)	(140,972)	78,561	148,602
Amortization	302,361	(107,166)	(111,879)	(106,044)	(134,200)	(134,624)	(134,578)	(130,187)
Interest expense including accretion	(555,449)	(93,261)	(69,961)	(55,416)	(67,252)	(78,990)	(75,673)	(72,760)
Loss on sale of equipment	-	-	-	-	-	-	(853)	-
Impairment of property and equipment	(1,990,435)	-	-	-	-	-	-	-
Gain (loss) on investments	(1,640)	(12,871)	2,340	25,742	(1,170)	1,170	(13,486)	20,763
Income tax recovery	1,134,166	425,748	344,911	271,173	134,304	406,748	370,018	160,719
Consolidated Income (Loss)	(2,179,198)	(928,649)	(795,885)	(736,056)	(1,265,269)	(1,085,107)	(770,769)	(248,739)
Non-controlling interest	1,507,888	476,501	555,553	462,489	926,181	885,343	566,205	21,169
Comprehensive (Loss)	(671,310)	(452,148)	(240,332)	(273,567)	(339,088)	(199,764)	(204,564)	(227,570)
Income (Loss) per share	(\$0.039)	(\$0.026)	(\$0.014)	(\$0.016)	(\$0.020)	(\$0.012)	(\$0.012)	(\$0.013)
Avg. Weighted Shares O/S	17,384,638	17,440,330	17,356,295	17,323,404	17,260,049	17,251,018	17,251,018	17,251,018

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.



Non-current assets	30-Jun-17	30-Jun-16
	\$	\$
Canada	60,131,729	59,270,250
United State of America	20,611	2,016,263
Total non-current assets	60,152,340	61,286,513

	Corporate		GRI		NAIC		FSM		Eliminations		Consolidated	
	30/Jun/17	30/Jun/16	30/Jun/17	30/Jun/16	30/Jun/17	30/Jun/16	30/Jun/17	30/Jun/16	30/Jun/17	30/Jun/16	30/Jun/17	30/Jun/16
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue - external customers	-	-	-	-	-	-	-	-	-	-	-	-
Revenue - intersegment	-	-	65,697	579,511	-	-	1,332,728	1,962,048	(1,398,425)	(2,541,559)	-	-
	-	-	65,697	579,511	-	-	1,332,728	1,962,048	(1,398,425)	(2,541,559)	-	-
Operating expenses	218,784	216,587	2,114,989	2,215,903	1,865,216	6,283,697	1,916,613	1,936,952	(2,025,363)	(6,455,821)	4,090,238	4,197,318
EBITDA	(218,784)	(216,587)	(2,049,292)	(1,636,392)	(1,865,216)	(6,283,697)	(583,885)	25,095	626,938	3,914,262	(4,090,238)	(4,197,318)
Depreciation and Amortization	-	-	(1,830)	(2,579)	(15,745)	(19,869)	(5,153)	(511,142)	-	-	(22,728)	(533,589)
Interest and bank charges	(187,590)	(180,309)	(89,087)	(19,423)	(44,401)	(39,550)	(453,008)	(93,558)	-	38,166	(774,087)	(294,675)
Expense recovery	-	-	-	494,979	-	-	-	-	-	-	-	494,979
Loss on sale of fixed assets	-	-	-	(853)	-	-	(1,990,435)	-	-	-	(1,990,435)	(853)
Realized loss on investments	-	-	974	(234,046)	-	-	-	-	-	-	974	(234,046)
Unrealized gain on investments	-	-	12,597	241,323	-	-	-	-	-	-	12,597	241,323
	(187,590)	(180,309)	(77,345)	479,402	(60,147)	(59,419)	(2,448,596)	(604,700)	-	38,166	(2,773,679)	(326,860)
Segment income (loss) before tax	(406,374)	(396,896)	(2,126,637)	(1,156,990)	(1,925,363)	(6,343,115)	(3,032,481)	(579,605)	626,938	3,952,428	(6,863,917)	(4,524,178)
Total assets	5,434,826	5,615,118	4,791,085	4,033,382	58,209,788	57,680,912	588,695	2,810,914	(8,267,512)	(7,684,981)	60,756,882	62,455,344
Total Liabilities	7,214,406	9,264,322	2,869,227	76,923	2,975,621	2,625,072	4,152,181	3,390,052	(2,826,485)	(3,556,493)	14,384,951	11,799,876

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at June 30, 2017 with comparable numbers for the prior two fiscal years.



Selected Consolidated Balance Sheet Items			
	Year Ended	Year End	Year End
	June 30, 2017	June 30, 2016	June 30, 2015
	\$'s	\$'s	\$'s
Cash	169,039	591,665	1,375,031
Restricted cash	-	-	610,000
Other receivables	64,006	114,337	179,796
Prepaid and other deposits	351,019	446,448	532,240
Investment and loan receivable	20,478	16,381	92,266
Resource Properties	57,138,760	57,109,885	60,396,574
Project development costs	2,924,994	2,074,815	-
Property and equipment	88,586	2,101,813	141,808
Accounts Payable	(2,670,498)	(1,105,061)	(2,952,818)
Short Term Loans	(2,664,504)	-	-
Current portion long term debt	(1,560,467)	(1,171,550)	(1,184,923)
Long term debt	(1,931,549)	(1,789,334)	(1,663,511)
Deferred Taxes	(5,557,933)	(7,733,931)	(8,805,720)
Shareholders' Equity (Deficiency)	20,197,582	21,746,827	19,718,228
Shareholders' Equity associated with Non controlling interests	26,174,349	28,908,641	29,002,515

Details of significant balance sheet items are detailed below.

Restricted Cash

On March 24, 2015 by contractual agreement with the “Government of Newfoundland and Labrador” the licenses of Porcupine Strand were terminated in exchange for compensation in the amount of \$610,000. On September 14, 2015, it was confirmed that all conditions had been met and the funds are released.

Account and Other Receivables

Principally consists of HST receivable.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of \$351,019 at June 30, 2017 consists principally of a rent security deposit for the smelting facility in Forks, PA, prepaid liability and environmental insurance and various utilities prepaid.

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			Balance
	30-Jun-16	Additions	Deletions	30-Jun-17
	\$	\$	\$	\$
Labrador Mineral Sands	57,109,885	28,875		57,138,760

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.

Project Development Costs				
	Balance			Balance
	30-Jun-16	Additions	Deletions	30-Jun-17
	\$	\$	\$	\$
Site selection, engineering & design	2,074,815	850,179	-	2,924,994

Property and Equipment

Description	Cost				Accumulated Depreciation				Net Book	Net Book
	Balance	Impairment	Net	Balance	Balance		Impact of Assets	Balance	Value	Value
	30-Jun-16	Charge	Additions	30-Jun-17	30-Jun-16	Depreciation	Impaired	30-Jun-17	30-Jun-16	30-Jun-17
Computer hardware	15,138	-	-	15,138	10,488	1,395	-	11,884	4,650	3,255
Industrial Equipment	2,580,056	(2,383,626)	-	196,430	620,528	16,091	(504,559)	132,060	1,959,528	64,369
Office furniture and equipment	42,658	-	-	42,658	25,171	5,242	-	30,413	17,487	12,245
Foreign exchange differences	120,149	(111,368)	(64)	8,717	-	-	-	-	120,149	8,717
	2,758,001	(2,494,994)		262,943	656,187	22,728	(504,559)	174,357	2,101,814	88,586

Note: In October, 2017 a judgement was granted against Forks by the Court in Pennsylvania, USA in the amount of US\$1,189,562.71 for rental arrears, accelerated rent and attorney's fees. Forks has 30 days from the receipt of Judgment to dispute the claim and Forks is currently assessing its rights and remedies and is also considering outside counsel in the relevant jurisdiction. The industrial equipment was pledged to the lessor as collateral, and therefore deemed impair at June 30, 2017 resulting in a charge to operations in the net amount of \$1,990,435 (Cost \$2,494,994 less \$504,559 in accumulated depreciation))

Accounts Payable

The accounts payable balance at June 30, 2017 was \$2,670,497 compared to \$1,105,061 at June 30, 2016. The significant increase is billed costs of approximately \$1,635,000 related to site selection, permitting, and feasibility studies for the pig iron manufacturing plant, which have been settled subsequent to year end. The remainder represents year end accruals and trade accounts payable.

Short Term Loans

On September 29, 2016 GRI borrowed \$250,000 from Forest Lane Holdings Limited, a related party, for 90 days with interest at 6% per annum calculated monthly plus 50,000 three-year warrants at an exercise price of \$0.01 per share.

During the year the corporation was advanced funds from a related party that including interest amounted to approximately \$2,400,000 at June 30, 2017.

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 shareholders 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 if required.

Currently the Corporation has approximate cash on hand of \$1,462,000 CDN equivalent. Approximately \$1,362,000 of these funds are held in NAIC and can only be used to fund expenditures associated with the operation of NAIC, and the finalization of the feasibility and site selection work associated with the proposed pig iron plant.

The Corporation expects that it will operate at a loss for the foreseeable future. The Corporation believes that outside sources for debt and additional equity capital, if needed, will be available to finance ongoing operations and expansion. The form of any financing will vary depending upon prevailing market and other conditions, and may include short or long-term borrowings from financial institutions, or the issuance of additional equity or debt securities. However, there can be no assurance that funds will be available on terms acceptable to the Corporation and its actions with respect to these activities will be guided accordingly.

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, 2019 and repayments will commence in December 2019.

FSM received a loan from the State of Pennsylvania in the amount of US\$1, 600,000 (\$1,682,880) to partially finance the acquisition of industrial equipment in Forks Township, Pennsylvania. The loan bears interest at 1% and is repayable in monthly principal installments of US\$14,017, commencing March 1, 2013, maturing on February 1, 2023. The carrying value of the loan has been discounted using an effective interest rate of 9%. At June 30, 2017, and June 30, 2016, in accordance with the lending terms, the loan was deemed to be in default for late payments. Accordingly, the discounted value of the loan has been presented as a current liability on the consolidated balance sheet at June 30, 2017 in the amount of \$1,560,467CDN.

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 June 30, 2017 is presented below:

COMMON STOCK ISSUED AND OUTSTANDING	June 30, 2017		June 30, 2016	
	Number of Shares	\$	Number of Shares	\$
Authorized: Unlimited number of common shares				
Opening Balance	17,307,039	8,973,978	17,251,018	8,948,978
Shares issued for convertible debt interest	174,363	100,000	56,021	25,000
Closing Balance	17,481,402	9,073,978	17,307,039	8,973,978

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 3 years from the date of the grant. The Corporation has reserved 3,450,203 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.

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

Continuity of Stock Options Issued and Outstanding				
	June 30, 2017		June 30, 2016	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning balance	2,114,000	\$0.77	2,114,000	\$0.77
Cancelled during the year	-	-	-	-
Issued during the year	-	-	-	-
Ending Balance	2,114,000	\$0.77	2,114,000	\$0.77

Options outstanding at June 30, 2017 are as follows:

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	June 30, 2017	
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 fiscal 2017.

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 June 30, 2017, there were 2,376,933 common shares eligible for issuance pursuant to the stock option plan, of which 1,206,000 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:

Continuity of Stock Options Issued and Outstanding				
	June 30, 2017		June 30, 2016	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning Balance	2,116,000	\$1.73	2,356,000	\$1.60
Expired during the year	(705,000)	\$1.25	(390,000)	\$1.25
Exercised during the year	(205,000)	\$1.25		
Issued during the year	-	-	150,000	\$2.50
Ending Balance	1,206,000	\$2.09	2,116,000	\$1.73

Note: There were no GRI stock options issued during fiscal 2017.

Options outstanding at June 30, 2017

Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
			June 30, 2017	
Nov. 05, 2012	Nov. 05, 2017	\$1.25	87,000	87,000
Dec. 06, 2013	Dec. 06, 2018	\$2.10	475,000	475,000
Dec. 08, 2014	Dec. 08, 2019	\$2.10	494,000	494,000
May 27, 2016	May 27, 2021	\$2.50	150,000	150,000
Total			1,206,000	1,206,000

Continuity of Stock Based Payment Reserve for the year ended June 30, 2017 and fiscal year June 30, 2016 are presented below:

Continuity of Stock Based Payment Reserve		
	30-Jun-17	30-Jun-16
Beginning balance	\$ 1,284,000	\$ 1,284,000
Stock Compensation expense	-	-
Ending balance	\$ 1,284,000	\$ 1,284,000

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 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 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. 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.

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(o) of the 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 in light of 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 located 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 or about October 18, 2017, SK 3700 Glover Road Owner LLC served a notice on FSM indicating that a Confession of Judgment for Money (the "Judgment") was granted against Forks by the Court of Common Pleas Northampton County in

Pennsylvania, USA. The Judgment was in the amount of US\$1,189,562.71 for rental arrears, accelerated rent and attorney's fees. Forks has 30 days from the receipt of Judgment to dispute the claim and Forks is currently assessing its rights and remedies and is also considering outside counsel in the relevant jurisdiction.

Market for Securities

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

Trading Data for 2017				
Month	High	Low	Close	Volume
Jul-16	1.05	0.75	0.75	67,675
Aug-16	0.90	0.70	0.70	19,262
Sep-16	0.80	0.60	0.60	18,394
Oct-16	0.61	0.60	0.61	17,331
Nov-16	0.51	0.26	0.50	2,750
Dec-16	0.57	0.45	0.57	13,099
Jan-17	0.57	0.31	0.42	47,245
Feb-17	0.41	0.26	0.26	9,738
Mar-17	0.50	0.26	0.50	36,030
Apr-17	1.00	0.65	0.90	33,323
May-17	0.65	0.65	0.65	1,000
Jun-17	0.60	0.60	0.60	1,000
	1.05	0.26	0.60	266,847

Cash Flow Requirements

The long-term contractual obligations for the next five years are as follows:

Description	Total	Less than one year	2-3 years	4-5 years	After 5 years
Loan- ACOA	\$ 500,000	\$ -	\$ -	\$ 250,000	\$ 250,000
Loan -State of Pennsylvania	1,170,000	1,170,000	-	-	-
Convertible Debenture(inclusive of interest)	2,280,000	100,000	2,180,000	-	-
Plant Rental -Forks Township, Pennsylvania	1,706,538	1,133,713	572,825	-	-
	\$ 5,656,538	\$ 2,403,713	\$ 2,752,825	\$ 250,000	\$ 250,000

Conversion Rate used was \$1.25 CDN. Refer to Note 9 of the audited consolidated financial statements at June 30, 2017 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACO), State of Pennsylvania loans and Convertible Debenture.

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the fourth quarter and year ended June 30, 2017.

Purpose of Transaction	Quarter		Year ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	\$	\$	\$	\$
Directors Fees	3,850	2,100	15,750	15,750
Management Fees	41,250	41,250	165,000	165,000
Stock based compensation	-	(83,000)	-	288,000
Consulting fees	373,283	269,742	931,513	834,021
Salaries and benefits	63,411	272,617	573,621	686,672
	481,794	502,709	1,685,884	1,989,443
Capitalized	-	(59,023)	-	-
	481,794	561,732	1,685,884	1,989,443

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, Chief Financial Officer and Chief Corporate Affairs, Geologist, and Chief Operating Offer 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.

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.cnsx.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
Lorne S MacFarlane, Chief Financial Officer
Lina Tannous, 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: Lorne S. MacFarlane
380 - 311 Bedford Highway
Halifax, NS B3M 2L4

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

