METALO MANUFACTURING INC.
INTERIM MD&A-QUARTERLY HIGHLIGHTS
FOR THE SECOND QUARTER ENDED DECEMBER 31, 2017

The following is a discussion of the unaudited interim consolidated financial statements and results of operations of Metalo Manufacturing Inc. ("MMI" or "the Corporation") for the second quarter ended December 31, 2017. This interim discussion and analysis should be read in conjunction with the Corporation's quarterly unaudited interim financial statements for the quarter ended December 31, 2017 and the annual audited consolidated financial statements and the annual MD&A for the year ended June 30, 2017.

The 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 December 31, 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 Interim MD&A is dated as of February 28, 2018 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

CORPORATE OVERVIEW

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

The Corporation has a 43.92% shareholding in Grand River Ironsands Incorporated (GRI), a private company incorporated in the Province of Nova Scotia. GRI has a 60% shareholding in North Atlantic Iron Corporation (NAIC), a private corporation which plans to construct a pig iron plant in North America. The remaining NAIC shares (40%) are held by Petmin Limited, a privately held mining company in South Africa. In addition, NAIC is involved in the exploration and development of a mineral sands project near Happy Valley-Goose Bay, NL, Canada. GRI also owns 100% of Forks Specialty Metal Inc. ("**FSM**"), which in the process of bankruptcy.

OVERVIEW OF NAIC

NAIC plans to build a merchant pig iron plant and become the first specialized producer in North America of premium pig iron. This plant is has been designed to provide a new standard for environmental emissions and stewardship as well as to be strategically located to provide competitive advantage in both access to raw materials as well as access to markets.

The Bankable Feasibility Study (BFS) is virtually complete for the Quebec site and at present, is the most likely site for the $400 million pig iron manufacturing plant. In addition, the Environmental Assessment has been commissioned for the Quebec site and will continue as the project is advanced.

Design and required attributes required:

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

The economics of the plant continues to improve, due to the market for pig iron remaining near or aboveU$400/tonne for more than one year. Also, raw materials prices for iron ore, natural gas and electricity have remained in forecasted ranges.

Management continue to assess a number of significant factors that may materially impact the economics of the project, including, the Canadian carbon tax initiative, the reduction of US corporate income tax, the proposed "Border Adjustment Tax", and implications of the speculated "Buy America" program as well as NAFTA negotiations.

GRI continues to invest capital to advance the project and this will continue until new sources of capital are sourced. Approximately $15 Million will be needed in the near term to move to detailed engineering followed by construction.

The key goals for the initial pig iron manufacturing initiative for the next several months will be to finalize the site selection, access capital, complete the detailed design, and complete the permitting process.

Labrador Mineral Sands

NAIC's exploration properties are in the 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. As at the date of the MD&A the Corporation has injected the prescribed amount of exploration expenditures and all claims are in good standing.

NAIC undertook the extensive smelting tests and proved the technical viability of producing pig iron from NAIC's iron sands, however, 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.

NAIC continues to evaluate the accessory minerals associated with the Labrador Mineral Sands properties. These minerals primarily include garnet, zircon, feldspars, and silica sands. NAIC needs to commission a market feasibility study to further understand the development potential associated with the accessory minerals, however, further assessment has suspended until after a decision and funding of the Pig Iron plant has been finalized.

FORKS SPECIALTY METALS (FSM)

FSM owned and operated two submerged arc furnaces in Pennsylvania. These furnaces were essential for testing various iron ore composition and coals. FSM tried unsuccessfully to independently operationalize as a stand-alone business and operated with minimal cash for in excess of a year. In addition, SK 3700 Glover Road Owner LLC, the former landlord of FSM, obtained a judgment against FSM for rental arrears, accelerated rent, and attorney's fees in the amount of USD$1,189,562.70. After considering all other possible avenues, on December 28, 2017, FSM filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. On February 26, 2018, at a meeting of creditors for FSM held at Lehigh County Bar Association, it was determined that additional information was required and proceedings were stayed until March 23, 2018.

FINANCIAL SUMMARY

The following discussion addresses the operating results and financial condition of the Corporation for the second quarter ended December 31, 2017. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation's unaudited financial statements for the quarter ended December 31, 2017 and the 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 quarter ended December 31, 2017, and to the date of this MD&A.

- On August 1, 2017, the Corporation issued 41,667 common shares to Forest Lane Holdings Limited (FLH). 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

- On November 1, 2017, the Corporation issued 53,914 common shares to FLH. This represents interest due November 1, 2017 in the aggregate amount of $25,000 on the convertible debenture and was made at a deemed price of $0.4637 per share, which is the volume-weighted trading price for the 20 trading days ending October 3, 2017. The securities are subject to a four month hold period following the date of issuance.

- On February 1, 2018, the Corporation issued 58,080 common shares to FLH. This represents interest due February 1, 2018 in the aggregate amount of $25,000 on the convertible debenture and was made at a deemed price of $0.4304 per share, which is the volume-weighted trading price for the 20 trading days ending January 4, 2018. The securities are subject to a four month hold period following the date of issuance.

Financial and operational results

NON-GAAP Financial Measures

There are measures included in this MD&A that does 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		Year to Date	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	$'s	$'s	$'s	$'s
Revenue	-	-	-	-
Expenses				
Advertising and promotion	1,396	(3,714)	1,396	1,083
Utilities	(12,411)	21,673	10,642	31,493
Dues and fees	7,957	5,923	10,375	8,353
Facility costs	(4,733)	5,186	989	10,124
Foreign exchange losses	(444,322)	33,779	(514,892)	64,774
General and administrative	5,020	14,762	10,682	29,601
Insurance	25,696	24,820	47,769	50,079
Management and consutling fees	196,024	337,099	476,980	604,348
Professional fees	(10,086)	19,034	74,914	39,839
Rental	85,171	272,058	343,902	533,341
Travel	12,327	113,739	27,272	204,547
Salaries and wages	(21,720)	138,175	114,761	287,806
Operating income (loss) before under noted	**159,681**	**(995,713)**	**(604,790)**	**(1,878,567)**
Amortization	(2,489)	(111,879)	(6,960)	(217,923)
Interest including accretion	(168,769)	(69,961)	(303,567)	(125,377)
Consolidated income (loss)	**(11,577)**	**(1,177,553)**	**(915,317)**	**(2,221,867)**
Gain on deconsolidaton of subsidary debt	1,554,704	-	1,554,704	-
Impairment of property and equipment	(20,609)	-	(20,609)	-
Gain (loss) on investments	603	2,340	(4,523)	28,082
Income tax recovery	(492,590)	344,911	(200,649)	616,084
Other comprehensive income	(470,952)	34,417	(421,053)	45,760
Non-controlling interest	(369,292)	555,553	13,089	1,018,042
Comprehensive income (loss) attributable to MMI	**190,287**	**(240,333)**	**5,642**	**(513,897)**
Income (Loss) per share	0.011	(0.014)	0.000	(0.030)
Avg. Weighted Shares O/S	**17,558,230**	**17,332,557**	**17,533,403**	**17,327,980**

Overall performance for the first quarter ended December 31, 2017

The consolidated loss for the quarter and six months ended December 31, 2017, was ($11,577) and ($915,317) respectively compared to a loss of ($1,177,553) and ($2,221,867) for the comparable periods for the prior year.

For the quarter and six months ended December 31, 2017 the comprehensive income attributed to MMI shareholders was $190,287 ($0.011 per share) and $5,642 ($0.000) compared to a loss of ($240,333) ($0.014 per share)and($512,897) ($0.030 per share for the prior year. The major variance was the result of the deconsolidation of the debt of FSM in the amount of $1,544,704 in the current quarter.

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

Amortization

The reduction was the result of writing off of the industrial equipment of FSM pursuant to management decision to cease operations at FSM. See FSM comments on page 2 of MD&A.

Interest Expense

For the quarter and six months ended December 31, 2017 the Corporation had interest expense of $168,769 and $303,567 compared to $69,961 and $125,377 for the comparable periods in the prior year. The increase was the result of increased borrowings, and recognition of prior accretion related to FSM industrial loans written off.

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.

Selected Quarterly Financial Data								
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	2017	2017	2017	2017	2016	2016	2016	2016
								Restated
Expenses								
Advertising and promotion	1,396	-	164,104	9,222	(3,714)	4,797	(26,099)	30,242
Utilities	(12,411)	23,053	55,094	44,660	21,673	9,820	15,312	51,692
Dues and fees	7,957	2,418	2,932	3,113	5,923	2,430	2,327	2,419
Exploration Costs	-	-	-	-	13,179	-	-	1,264
Facility costs	(4,733)	5,722	86,271	7,505	5,186	4,938	46,220	-
Foreign exchange losses	(444,322)	(70,570)	(359,703)	22,469	33,779	30,995	11,336	135,003
General and administrative	5,020	5,662	11,144	1,886	14,762	14,839	74,213	13,565
Insurance	25,696	22,073	23,653	23,770	24,820	25,259	24,964	21,776
Management fees	196,024	280,956	472,498	322,120	337,099	267,249	379,364	324,564
Professional fees	(10,086)	85,000	15,874	48,446	19,034	20,805	7,500	7,500
Rental	85,171	258,731	276,899	267,101	272,058	261,283	246,045	288,868
Travel	12,327	14,945	161,682	265,087	113,739	90,808	316,942	116,571
Stock based compensation	-	-	-	-	-	-	288,000	-
Salaries and wages	(21,720)	136,481	142,064	143,780	138,175	149,631	134,753	144,973
Operating (income) loss before under noted	**159,681**	**(764,471)**	**(1,052,512)**	**(1,159,159)**	**(995,713)**	**(882,854)**	**(1,520,877)**	**(1,138,437)**
Expense recovery Porcupine Strand	-	-	-	-	-	-	327,609	-
Other comprehensive income	(470,952)	49,899	(15,688)	18,060	34,417	11,343	(3,683)	(140,972)
Amortization	(2,489)	(4,471)	302,361	(107,166)	(111,879)	(106,044)	(134,200)	(134,624)
Interest expense including accretion	(168,769)	(134,798)	(555,449)	(93,261)	(69,961)	(55,416)	(67,252)	(78,990)
Gain on deconsolidation of subsidiary	1,554,704	-	-	-	-	-	-	-
Impairment of property and equipment	(20,609)	-	(1,990,435)	-	-	-	-	-
Gain (loss) on investments	603	(5,126)	(1,640)	(12,871)	2,340	25,742	(1,170)	1,170
Income tax recovery	(492,590)	291,941	1,134,166	425,748	344,911	271,173	134,304	406,748
Consolidated Income (Loss)	**559,579**	**(567,026)**	**(2,179,198)**	**(928,649)**	**(795,885)**	**(736,056)**	**(1,265,269)**	**(1,085,107)**
Non-controlling interest	(369,292)	382,381	1,507,888	476,501	555,553	462,489	926,181	885,343
Comprehensive Income (Loss)	**190,287**	**(184,645)**	**(671,310)**	**(452,148)**	**(240,332)**	**(273,567)**	**(339,088)**	**(199,764)**
Income (Loss) per share	$0.011	($0.011)	($0.039)	($0.026)	($0.014)	($0.016)	($0.020)	($0.012)
Avg. Weighted Shares O/S	**17,558,230**	**17,508,576**	**17,384,638**	**17,440,330**	**17,332,557**	**17,323,404**	**17,260,049**	**17,251,018**

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	31-Dec-17	31-Dec-16
	$	$
Canada	60,140,203	60,072,356
United State of America	-	1,872,944
Total non-current assets	**60,140,203**	**61,945,300**

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at December 31, 2017 with comparable numbers for the prior two fiscal years.

Selected Consolidated Balance Sheet Items			
	First Quarter	Year End	Year End
	December 31, 2017	June 30, 2017	June 30, 2016
	$'s	$'s	$'s
Cash	1,421,488	169,039	591,665
Other receivables	12,886	64,006	114,337
Prepaid and other deposits	74,032	351,019	446,448
Investment and loan receivable	2,800	20,478	16,381
Resource Properties	57,154,198	57,138,760	57,109,885
Project development costs	2,924,988	2,924,994	2,074,815
Property and equipment	61,017	88,586	2,101,813
Accounts Payable	(276,652)	(2,670,498)	(1,105,061)
Short Term Loans	(7,191,835)	(2,664,504)	-
Current portion long term debt	-	(1,560,467)	(1,171,550)
Long term debt	(2,009,856)	(1,931,549)	(1,789,334)
Deferred Taxes	(5,758,582)	(5,557,933)	(7,733,931)
Shareholders' Equity (Deficiency)	20,253,224	20,197,582	21,746,827
Shareholders' Equity associated with Non controlling interests	26,161,260	26,174,349	28,908,641

Details of significant balance sheet items are detailed below.

Account and Other Receivables

Principally consists of HST receivable.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of $ 74,032 at December 31, 2017 consists principally of a prepaid travel and miscellaneous deposits.

Resource Properties

Resource Properties				
	Balance			Balance
	30-Jun-17	Additions	Deletions	30-Sep-17
	$	$	$	$
Labrador Mineral Sands	57,109,885	7,629		57,117,514

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.

Accounts Payable

The accounts payable balance at December 31, 2017 was $276,652 compared to $2,670,498 at June 30, 2017. The decrease is principally the settlement of accrued and billed costs related to site selection, permitting, and feasibility charges for the pig iron manufacturing plant.

LIQUIDITY AND CAPITAL RESOURCES

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

Currently the Corporation has approximate cash on hand of approximately $300,000 CDN equivalent. 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. The carrying value of the loan has been discounted using an effective interest rate of 9%.

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 of the Interim financial statements for further details and explanations related to long term debt.

Share Capital

A summary of the Corporation's common shares outstanding as of December 31, 2017 is presented below:

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares	**Number of Shares**	**$**
Opening Balance June 30, 2017	**17,481,402**	**9,073,978**
Shares issued for convertible debt interest	95,581	50,000
Closing Balance December 31, 2017	**17,576,983**	**9,123,978**

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.

Options outstanding at December 31, 2017:

		Exercise	Issued	Exercisable
Grant Date	**Expiry Date**	**Price**	**December 31, 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 the quarter.

Grand River Ironsands Incorporated Stock Options

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

Options outstanding at December 31, 2017:

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	December 31, 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**

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

CRITICAL ACCOUNTING POLICIES

General

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

Basis of Presentation and Going Concern

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

The Corporation 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 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.

RISK FACTORS

For a complete list of risk factors please refer to the annual MD&A for June 30, 2017. Following are the most significant risk factors.

Resources and Reserves

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

Operational Risks

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

Environmental, Health and Safety Risks

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

Governmental Regulation and Policy Risks

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

Commodity Price Fluctuations

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

Currency Fluctuations

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

Legal Proceedings

On 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 is currently assessing its rights and remedies and legal options to mitigate the impacts on the Corporation.

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the first quarter ended December 31, 2017.

	Quarter		Year to Date	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Purpose of Transaction	$	$	$	$
Directors Fees	-	-	8,400	9,800
Management Fees	38,750	41,250	80,000	82,500
Consulting fees	152,769	209,530	342,545	415,843
Salaries and benefits	39,324	167,430	180,806	336,644
	230,843	**418,210**	**611,751**	**844,787**

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 after the date of their evaluation, and there were no corrective actions regarding significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

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

Public Securities Filings

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