



**METALO MANUFACTURING INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

The following is a discussion of the audited consolidated financial condition and results of operations of Metalo Manufacturing Inc. (“MMI” or “the Corporation”) for the year ended June 30, 2018. This discussion and analysis should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the year ended June 30, 2018 and the related notes.

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

In March, 2018 a restructuring transaction occurred between Petmin and GRI resulting in significant changes in ownership of NAIC which is outlined in the Corporate Overview section. Also refer to Investment in Subsidiaries -Note 3 of the consolidated financial statements for additional explanation.

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, 2018.

Additional information about MMI can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Canadian Securities Exchange at [www.cse.ca](http://www.cse.ca)

This MD&A is dated as of October 25, 2018 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**

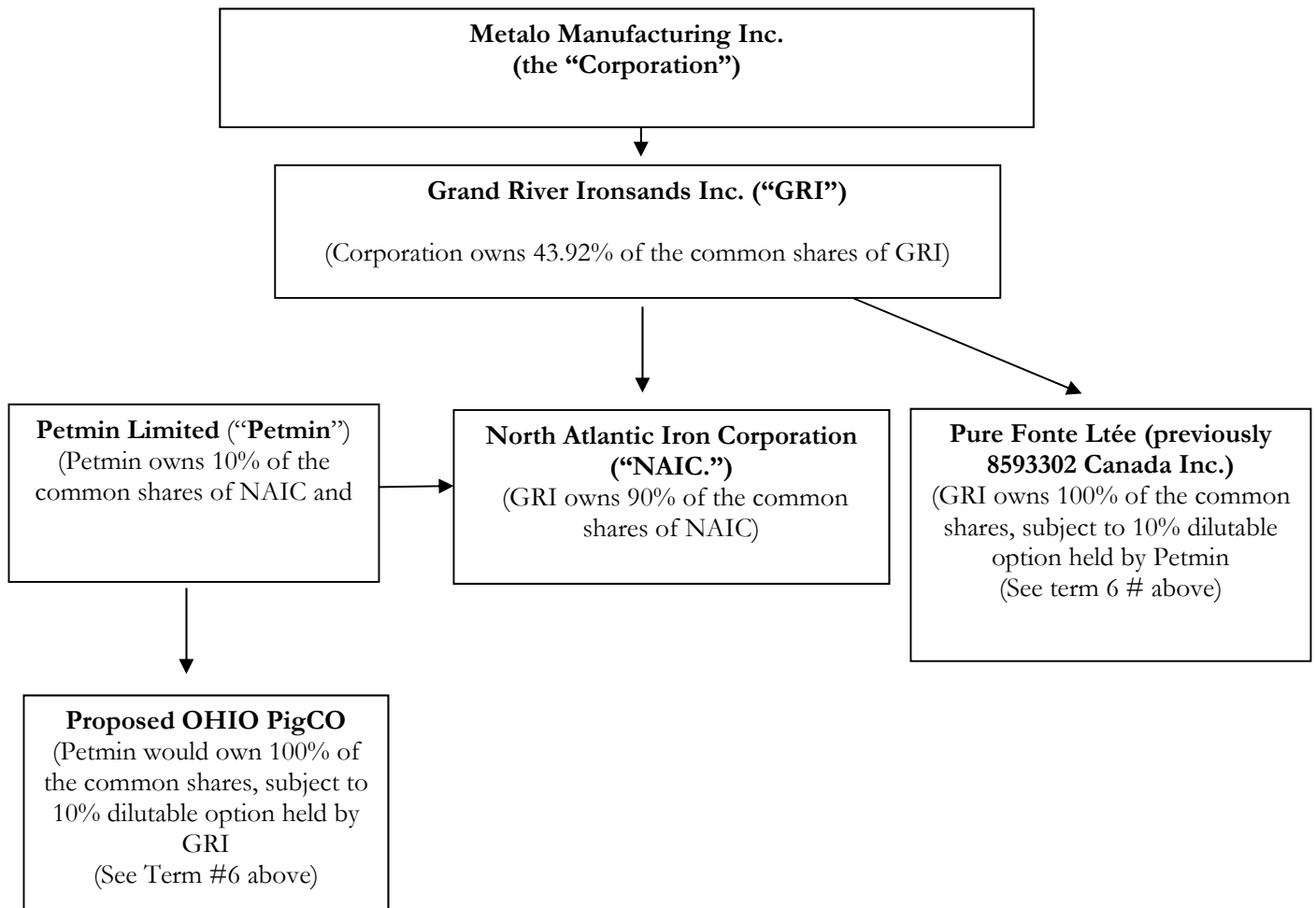
In March, 2018 GRI, NAIC, Pure Font and Petmin Limited agreed to complete a major restructuring summarized as follows which has been completed, with the exception of item 6 –share exchange. Prior to the restructuring, Petmin Limited was a 40% shareholder of NAIC and it is now a 10% shareholder of NAIC with an option to purchase a 10% interest in Pure Fonte:

1. NAIC assigned the right to the use of the “Tenova Process” that permits either party to construct a pig iron facility in specified locations, Ohio, US for Petmin and Quebec, Canada for GRI. These exclusive rights will expire in the event either parties have not commenced the construction of a pig iron facility within three years of the date of the agreement.
2. NAIC transferred 100% of its investment and ownership position in the proposed pig iron facility in Quebec (Pure Fonte) in consideration of reduction of a portion of its debt to GRI and GRI purchased additional shares in Pure Fonte.
3. NAIC will retain 100% ownership of the mineral resources at Goose Bay, with GRI holding 90% of its shares and Petmin holding a 10% dilutable ownership position in NAIC.
4. GRI shall provide Petmin all documents and related rights and correspondence pertaining to the Corporation’s Tenova Process; and all bankable feasibility study documents, notes and models pertaining to the development, processing and construction of a pig iron facility.
5. Both parties agreed not to license, transfer or assign any rights to use the Tenova Process to any third party, without the consent of the other party.
6. Both parties have agreed to exchange shares in their respective pig iron facilities to provide a 10% dilutable ownership position based on the capital position which remains outstanding.

NAIC and GRI have invested substantial funds to prove the economic viability and to develop a bankable feasibility study related to the planned construction of the pig iron facility, this included site selection, preliminary environmental assessment and permitting, process design and engineering and logistics. Approximately \$2.9 million was capitalized through PFL as project development costs.

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

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



Not reflected above is GRI’s 100% ownership of Forks Specialities Metal Inc. (“FSM”), which owned and operated two submerged arc smelting furnaces in Pennsylvania, USA. 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. The bankruptcy proceedings are progressing and GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM (Refer to Notes 3, 7 and 20 in the consolidated financial statements).

### OVERVIEW OF NAIC

NAIC’s exploration properties are in the Happy Valley, Goose Bay region of Newfoundland and Labrador. The claims are in central Labrador immediately to the east, west, south, southwest and southeast of the Town of Happy Valley-Goose Bay. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet and from the Churchill River to the boundary of the Mealy Mountains National Park. GRI has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation in Goose Bay, Newfoundland and Labrador and to reduce carrying costs and future work commitments. This review resulted in the cancellation and

forfeiture of minerals claims associated with several significant blocks. At the date of the MD&A the property comprises 181 claims in 3 claim blocks with a total area of approximately 23 square kilometres. Management are confident that this significant reduction in claims will have no material impact on a future development solution.

### NAIC Mineral Claims

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

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

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

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

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

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

## OVERVIEW OF PFL

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

Design attributes required:

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

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

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

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

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

## 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, 2018 include all the accounts of the Corporation, including GRI, NAIC, FSM and PFL.

The following discussion addresses the operating results and financial condition of the Corporation for the year ended June 30, 2018. 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, 2018 and the related notes thereto, as well as reference to the forward-looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

## HIGHLIGHTS

Following is a summary of the major financial highlights for the year ended June 30, 2018, 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. The loan was subsequently extended for repayment on August 31, 2019.
- 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 NAIC's projected cash requirements. GRI has also advanced to NAIC their proportionate share of those projected requirements. As part of the restructuring, a portion of the loan was repaid and the balance written off.
- 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.
- On May 1, 2018, the Corporation issued 62,574 common shares to FLH. This represents interest due May 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3995 per share, which is the volume-weighted trading price for the 20 trading days ending April 10, 2018.
- On August 1, 2018, the Corporation issued 69,351 common shares to FLH. This represents interest due August 1, 2018 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.3605 per share, which is the volume-weighted trading price for the 20 trading days ending July 4, 2018. The securities are subject to a four month hold period following the date of issuance.
- On July 5, 2018 a loan in the amount of \$621,000 was advanced to Pure Fonte Ltée by a non-related party which shall bear interest at a rate of 5% per annum for a period of 3 years. The loan and interest will be capitalized to the end of term and are convertible into shares at the option of the holder.

The Forks bankruptcy proceedings are continuing and FSM has had several meetings with the creditors and with the trustee in bankruptcy requesting additional documentation which has been subsequently provided. There are no meetings of creditors scheduled. As the bankruptcy proceedings are ongoing, there can be no assurance that the trustee will approve FSM's petition for bankruptcy without challenge or whether the amounts contained therein are ultimately the responsibility of the Company. Management believes there is no basis for the trustee to challenge the petition.



## 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-18	30-Jun-17	30-Jun-18	30-Jun-17
	\$'s	\$'s	\$'s	\$'s
Revenue	-	-	-	-
Expenses				
Advertising and promotion	-	-	-	10,305
Utilities	-	55,094	11,141	131,247
Dues and fees	12,497	2,932	27,104	14,398
Exploration Costs	-	-	-	13,179
Facility costs	13,043	86,271	-	103,900
Foreign exchange losses	62,642	(359,703)	(424,045)	(272,460)
General and administrative	3,201	175,248	15,417	206,735
Insurance	875	23,653	49,519	97,502
Management and consulting fees	249,271	472,498	729,221	1,398,966
Professional fees	(5,795)	15,874	118,864	104,159
Rental	8,208	276,899	362,460	1,077,341
Travel	(54,425)	161,682	201,252	631,316
Salaries and wages	41,168	142,064	212,564	573,650
<b>Operating income (loss) before under noted</b>	<b>(330,685)</b>	<b>(1,052,512)</b>	<b>(1,303,497)</b>	<b>(4,090,238)</b>
Amortization	(2,352)	302,361	(12,792)	(22,728)
Interest including accretion	(162,281)	(555,449)	(625,526)	(774,087)
<b>Consolidated income (loss)</b>	<b>(495,318)</b>	<b>(1,305,600)</b>	<b>(1,941,815)</b>	<b>(4,887,053)</b>
Gain on deconsolidation of subsidiary debt	-	-	1,562,459	-
Gain on sale of intangible asset	-	-	2,249,678	-
Impairment of property and equipment	-	(1,990,435)	(20,609)	(1,990,435)
Gain on sale of equipment	6,177	-	6,177	-
Gain (loss) on investments	(1,040)	(1,640)	(4,123)	13,571
Income tax (expense) recovery	430,034	1,134,166	(100,845)	2,175,998
Cumulative translation adjustments	175,364	-	-	48,132
Non-controlling interest	(773,403)	1,507,888	(1,359,044)	3,002,431
<b>Comprehensive income (loss) attributable to MMI</b>	<b>(658,186)</b>	<b>(655,620)</b>	<b>391,878</b>	<b>(1,637,356)</b>
Income (Loss) per share	(0.037)	(0.038)	0.022	(0.094)
Avg. Weighted Shares O/S	17,676,321	17,384,638	17,584,713	17,384,638

The consolidated loss for the three-month period before extraordinary items ended June 30, 2018, was (\$495,318) compared to a loss of (\$1,305,600) for the prior year. For the year ended June 30, 2018 the consolidated loss before extraordinary items was (\$1,941,815) compared to a loss of (\$4,887,053) for the prior year. The major variance was the directly attributed to the closure of Forks and the restructuring savings.

For the year ended June 30, 2018 the comprehensive income attributed to MMI shareholders was \$391,878 (\$0.022) per share compared to a loss of (\$1,637,356) (\$0.094 per share) for the prior year. The major variance was the result of the deconsolidation of the debt of FSM in the amount of \$1,562,459 and the restructuring of NAIC, GRI and Petmin that resulted is the recognition of a gain of \$2,249,678 related to the sale of an intangible asset, owned by NAIC and transferred to both Petmin and GRI. (Refer to Note 9 of the consolidated financial statements for additional information)

## **Additional explanations**

### **Revenue**

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

### **Interest and accretion expense**

For the year ended June 30, 2018, the Corporation had interest expense of \$625,526 compared to interest expenses of \$774,087 for the prior year. These amounts do not include interest expense or accretion that was capitalized during the year. The reduction is principally associated with the deconsolidation of the debt of Forks. (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 16 of the consolidated financial statements)

### **Gain on deconsolidation of subsidiary debt**

On December 28, 2017, FSM filed for bankruptcy after management was unsuccessful in selling or operationalizing as a stand-alone business. The bankruptcy proceedings are progressing and GRI has made provision for the write off of all assets, advances receivable and liabilities associated with FSM resulting in a gain of \$1,562,459. (Refer to Notes 3, 7 and 20 in the consolidated financial statements).

### **Gain on sale of intangible asset**

In March, 2018 GRI, NAIC, Pure Fonte and Petmin Limited “Petmin” agreed to complete a restructuring transaction that resulted in Petmin’s ownership of NAIC being reduced to 10% from 40% with an option to purchase a 10% interest in Pure Fonte. Petmin acquired from NAIC the right to the use of the “Tenova Process” which was classified as an Intangible Asset for their proposed pig iron plant in Ohio which resulted in at a disposal and a deemed gain of \$2,249,678. (Refer to Note 3 of the consolidated financials for additional information)



## 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
	2018	2018	2017	2017	2017	2017	2016	2016
Expenses								
Advertising and promotion	-	(1,396)	1,396	-	164,104	9,222	(3,714)	4,797
Utilities	-	499	(12,411)	23,053	55,094	44,660	21,673	9,820
Dues and fees	12,497	4,232	7,957	2,418	2,932	3,113	5,923	2,430
Exploration Costs	-	-	-	-	-	-	13,179	-
Facility costs	13,043	(14,032)	(4,733)	5,722	86,271	7,505	5,186	4,938
Foreign exchange losses	62,642	28,205	(444,322)	(70,570)	(359,703)	22,469	33,779	30,995
General and administrative	3,201	1,534	5,020	5,662	11,144	1,886	14,762	14,839
Insurance	875	875	25,696	22,073	23,653	23,770	24,820	25,259
Management fees	249,271	2,970	196,024	280,956	472,498	322,120	337,099	267,249
Professional fees	(5,795)	49,745	(10,086)	85,000	15,874	48,446	19,034	20,805
Rental	8,208	10,350	85,171	258,731	276,899	267,101	272,058	261,283
Travel	(54,425)	228,405	12,327	14,945	161,682	265,087	113,739	90,808
Stock based compensation	-	-	-	-	-	-	-	-
Salaries and wages	41,168	56,635	(21,720)	136,481	142,064	143,780	138,175	149,631
<b>Operating (income) loss before under noted</b>	<b>(330,685)</b>	<b>(368,022)</b>	<b>159,681</b>	<b>(764,471)</b>	<b>(1,052,512)</b>	<b>(1,159,159)</b>	<b>(995,713)</b>	<b>(882,854)</b>
Expense recovery Porcupine Strand	-	-	-	-	-	-	-	-
Cumulative Translations adjustments	175,364	245,688	(470,952)	49,899	(15,688)	18,060	34,417	11,343
Amortization	(2,352)	(3,480)	(2,489)	(4,471)	302,361	(107,166)	(111,879)	(106,044)
Interest expense including accretion	(162,281)	(159,678)	(168,769)	(134,798)	(555,449)	(93,261)	(69,961)	(55,416)
Gain on deconsolidation of subsidiary	-	-	1,562,459	-	-	-	-	-
Gain on sale of intangible asset	-	2,249,678	-	-	-	-	-	-
Impairment of property and equipment	-	-	(20,609)	-	(1,990,435)	-	-	-
Gain on sale of equipment	6,177	-	-	-	-	-	-	-
Gain (loss) on investments	(1,040)	1,440	603	(5,126)	(1,640)	(12,871)	2,340	25,742
Income tax recovery	430,034	(330,229)	(492,590)	291,941	1,134,166	425,748	344,911	271,173
<b>Consolidated Income (Loss)</b>	<b>115,216</b>	<b>1,635,397</b>	<b>567,334</b>	<b>(567,026)</b>	<b>(2,179,198)</b>	<b>(928,649)</b>	<b>(795,885)</b>	<b>(736,056)</b>
Non-controlling interest	(773,403)	(598,730)	(369,292)	382,381	1,507,888	476,501	555,553	462,489
<b>Comprehensive Income (Loss)</b>	<b>(658,186)</b>	<b>1,036,667</b>	<b>198,042</b>	<b>(184,645)</b>	<b>(671,310)</b>	<b>(452,148)</b>	<b>(240,332)</b>	<b>(273,567)</b>
Income (Loss) per share	(\$0.037)	\$0.024	\$0.011	(\$0.011)	(\$0.039)	(\$0.026)	(\$0.014)	(\$0.016)
<b>Avg. Weighted Shares O/S</b>	<b>17,584,713</b>	<b>17,584,713</b>	<b>17,558,230</b>	<b>17,508,576</b>	<b>17,384,638</b>	<b>17,440,330</b>	<b>17,332,557</b>	<b>17,323,404</b>

## 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-18	30-Jun-17
	\$	\$
Canada	58,653,967	60,131,729
United State of America	-	20,611
<b>Total non-current assets</b>	<b>58,653,967</b>	<b>60,152,340</b>

### Selected Consolidated Financial Information

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

Selected Consolidated Balance Sheet Items			
	Year End June 30, 2018	Year End June 30, 2017	Year End June 30, 2016
		Restated	Restated
	\$'s	\$'s	\$'s
Cash	28,148	169,039	591,665
Other receivables	13,511	64,006	114,337
Prepaid and other deposits	51,458	351,019	446,448
Investment and loan receivable	3,200	20,478	16,381
Resource Properties	57,170,334	57,138,760	57,109,885
Project development costs	1,462,322	2,924,994	2,074,815
Property and equipment	21,311	88,586	2,101,813
Accounts Payable	(403,370)	(2,670,498)	(1,105,061)
Short Term Loans	(4,828,844)	(2,664,504)	-
Current portion long term debt	-	(1,560,467)	(1,171,550)
Long term debt	(2,093,401)	(1,931,549)	(1,789,334)
Deferred Taxes	(5,658,778)	(5,557,933)	(7,733,931)
Shareholders' Equity	18,260,469	14,515,209	16,064,453
Shareholders' Equity associated with Non controlling interests	27,505,422	31,856,722	34,591,014

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

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



Details of significant balance sheet items are detailed below.

### Account and Other Receivables

Principally consists of HST receivable.

### Prepaid and Other Deposits

The prepaid and other deposits in the amount of \$51,458 at June 30, 2018 as compared to \$351,019 of the previous year. The major reduction is the related to the closure of the smelting facility in Forks, PA. and principally consists of the site deposit related to Pure Fonte.

### 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.

<b>Resource Properties</b>			
	<b>Balance</b>	<b>Interest</b>	<b>Balance</b>
	<b>30-Jun-17</b>	<b>Accretion</b>	<b>30-Jun-18</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Labrador Mineral Sands	57,138,760	31,574	57,170,334

### 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. The disposal represent the 50% of the intangible asset that was transferred to Petmin as one of the terms of the restructuring agreement.

<b>Project Development Costs</b>			
	<b>Balance</b>		<b>Balance</b>
	<b>30-Jun-17</b>	<b>Disposals</b>	<b>30-Jun-18</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Site selection, engineering & design	2,924,994	(1,462,672)	1,462,322

## Property and Equipment

Description	Cost				Accumulated Depreciation				Net Book	Net Book
	Balance			Balance	Balance		Sold or	Balance	Value	Value
	30-Jun-17	Sales	Impaired	30-Jun-18	30-Jun-17	Depreciation	Impaired	30-Jun-18	30-Jun-17	30-Jun-18
Computer hardware	15,138	-	-	15,138	11,884	976	-	12,861	3,254	2,278
Industrial Equipment	196,430	(149,089)	-	47,341	132,060	11,746	(115,215)	28,591	64,370	18,750
Office furniture and equipment	42,658	-	(41,580)	1,078	30,413	71	(29,688)	796	12,245	282
Foreign exchange differences	8,717	-	(8,717)	-	-	-	-	-	8,717	-
	262,943	(149,089)		63,557	174,357	12,793	(144,903)	42,248	88,586	21,311

## Accounts Payable

The accounts payable balance at June 30, 2018 was \$403,370 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. The remainder represents year end accruals and trade accounts payable.

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

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

On September 29, 2016 GRI borrowed \$250,000 from Forest Lane Holdings Limited "FLH", a Company controlled by a Director of the Corporation, for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants exercisable on or before September 29, 2019 at an exercise price of \$0.01 per share. FLH also extended a line of credit facility bearing interest at 6% per annum, accruing monthly. The loan and line of credit have been combined into a demand note, with no fixed terms of repayment, with a balance of \$2,550,000 at June 30, 2018.

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

## LIQUIDITY AND CAPITAL RESOURCES

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

Currently the Corporation has approximate cash on hand of approximately \$81,400 CDN equivalent and has a working capital deficiency of approximately \$5,156,000. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing in order to continue operations. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Corporation. The interim condensed consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if

the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

### Long-Term Debt

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

### Convertible debenture

On May 1, 2015, the Corporation announced that it had completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000. A company controlled by an officer and director of the Corporation fully subscribed to the offering. The debenture will mature on May 1, 2020 and will bear interest at a rate of 5% per annum payable quarterly. The debenture shall be convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.80 per common share if exercised within 12 months of closing and will increase by \$0.05 per common share on the anniversary date each year thereafter until the maturity date.

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

### Share Capital

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

<b>COMMON STOCK ISSUED AND OUTSTANDING</b>		
<b>Authorized: Unlimited number of common shares</b>	<b>Number of Shares</b>	<b>\$</b>
Opening Balance June 30, 2017	17,481,402	9,073,978
Shares issued for convertible debt interest	216,235	100,000
<b>Closing Balance June 30, 2017</b>	<b>17,697,637</b>	<b>9,173,978</b>

### Stock Options

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



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

<b>Continuity of Stock Options Issued and Outstanding</b>				
	<b>June 30, 2018</b>		<b>June 30, 2017</b>	
	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
<b>Beginning balance</b>	<b>2,114,000</b>	<b>\$0.77</b>	<b>2,114,000</b>	<b>\$0.77</b>
Cancelled during the year	-	-	-	-
Issued during the year	-	-	-	-
<b>Ending Balance</b>	<b>2,114,000</b>	<b>\$0.77</b>	<b>2,114,000</b>	<b>\$0.77</b>

Options outstanding at June 30, 2018 are as follows:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Issued</b>	<b>Exercisable</b>
			<b>June 30, 2018</b>	
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
<b>Total</b>		<b>\$0.77</b>	<b>2,114,000</b>	<b>2,114,000</b>

Note: There were no MMI stock options issued during fiscal 2018.

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

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:

<b>Continuity of Stock Options Issued and Outstanding</b>				
	<b>June 30, 2018</b>		<b>June 30, 2017</b>	
	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
<b>Beginning Balance</b>	<b>1,206,000</b>	<b>\$2.15</b>	<b>2,116,000</b>	<b>\$1.60</b>
Expired during the year	87,000	\$1.25	(705,000)	\$1.25
Cancelled during the year	71,000	\$2.10	(205,000)	\$2.10
<b>Ending Balance</b>	<b>1,048,000</b>	<b>\$2.16</b>	<b>1,206,000</b>	<b>\$2.15</b>

Note: There were no GRI stock options issued during fiscal 2018.

Options outstanding at June 30, 2018

		<b>Exercise Price</b>	<b>Issued</b>	<b>Exercisable</b>
<b>Grant Date</b>	<b>Expiry Date</b>	<b>Price</b>	<b>June 30, 2018</b>	
Dec. 06, 2013	Dec. 06, 2018	\$2.10	450,000	475,000
Dec. 08, 2014	Dec. 08, 2019	\$2.10	448,000	494,000
May 27, 2016	May 27, 2021	\$2.50	150,000	150,000
<b>Total</b>		<b>\$2.16</b>	<b>1,048,000</b>	<b>1,119,000</b>

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

### ***Market for Securities***

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

<b>Trading Data for 2018</b>				
<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Volume</b>
Jul-17	0.750	0.305	0.600	29,500
Aug-17	0.600	0.280	0.370	238,808
Sep-17	0.800	0.600	0.600	15,208
Oct-17	0.420	0.265	0.400	18,500
Nov-17	0.450	0.280	0.385	47,032
Dec-17	0.430	0.350	0.350	36,975
Jan-18	0.400	0.245	0.245	5,200
Feb-18	0.570	0.230	0.240	11,979
Mar-18	0.445	0.305	0.400	15,312
Apr-18	0.370	0.225	0.360	31,535
May-18	0.490	0.270	0.380	43,809
Jun-18	0.400	0.330	0.330	1,000
	<b>0.800</b>	<b>0.225</b>	<b>0.330</b>	<b>494,858</b>

### **Cash Flow Requirements**

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



Contractual Obligations in CDN\$ June 30, 2018					
Description	Total	Less than one year	2-3 years	4-5 years	After 5 years
Loan- ACOA	\$ 500,000	\$ -	\$ -	\$ 250,000	\$ 250,000
Short term notes and loans	4,830,000	2,830,000	2,000,000	-	-
Convertible Debenture( inclusive of interest)	2,280,000	100,000	2,180,000	-	-
	\$ 7,610,000	\$ 2,930,000	\$ 4,180,000	\$ 250,000	\$ 250,000

### Transactions with Related Parties

The Corporation incurred the following related party expenditures for the fourth quarter and year ended June 30, 2018.

Purpose of Transaction	Year to Date	
	30-Jun-18	30-Jun-17
	\$	\$
Directors Fees	13,650	165,000
Management Fees	150,000	931,513
Consulting fees	250,697	-
Salaries and benefits	291,969	573,621
	<b>706,316</b>	<b>1,685,884</b>

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

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

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

### Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

### Proposed Transactions

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

### DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 issued by the Canadian Securities Administrators (“NI52-109”), MMI’s Chief Executive Officer (CEO) and MMI’s Chief Financial Officer (CFO) will be filing annual certificates “Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its annual filings. The





certifying officers have concluded that disclosure controls and procedures are effective at March 31, 2015. Upon completion of its filings, the signed certificates will be available on SEDAR.

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

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

### **Changes Internal Control over Financial Reporting**

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

### **ADDITIONAL INFORMATION**

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

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](http://www.sedar.com) additional information is also available on the Canadian Securities Exchange at [www.cse.ca](http://www.cse.ca)



## CORPORATE PROFILE

### Board of Directors

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

### Corporate Officers

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

### Corporate Head Office

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

### Mailing Address

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

### Corporate Information

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

### Stock Exchange

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

### Shareholder Information

Contact Person:	C H Bert Loveless
Contact Telephone Number:	(902) 471-8028
Contact E-Mail Address:	<a href="mailto:bert@metalo.ca">bert@metalo.ca</a>
Website:	<a href="http://www.metalo.ca">www.metalo.ca</a>

