

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Company**

Metalo Manufacturing Inc.  
PO Box 14, 535 Larry Uteck Blvd  
Halifax, Nova Scotia B3M 0E3

**Item 2: Date of Material Change**

February 1, 2021.

**Item 3: News Release**

The media release was issued on February 1, 2021 and disseminated through the facilities of CNW and filed on SEDAR. A copy is attached as Schedule "A".

**Item 4: Summary of Material Change**

The Issuer announced that it has entered into an amending agreement to a convertible debenture entered into with a related party by extending its maturity date from November 1, 2020 to August 1, 2021. The original debenture was announced on May 1, 2015 and amended on May 1, 2020.

**Item 5: Full Description of the material change**

The Issuer and Forest Land Holdings Limited ("**FLH**"), a company controlled by an insider of the Corporation, entered into a convertible debenture on May 1, 2015 in the amount of \$2,000,000, as amended on May 1, 2020 (collectively, the "**Debenture**") with a maturity date of November 1, 2020. The Issuer subsequently entered into an amending agreement dated February 1, 2021 (the "**Second Amending Agreement**") with FLH, to extend the maturity date of the Debenture to August 1, 2021. All other material terms of the Debenture remain unchanged and interest of 5% will continue to accrue and be paid quarterly either in cash or common shares at the option of Issuer.

FLH is majority-owned investment company of David J. Hennigar, a director and chairman of the Issuer. An interest payment of \$25,000 due on February 1, 2021 will be satisfied with the issuance of 262,928 common shares of the Issuer. This issuance is made at a deemed price of \$0.0951 per share which is the volume-weighted trading price for the 20 trading days ending January 11, 2021. Subsequent to this share issuance, Mr. Hennigar, will hold, either directly or indirectly through his various companies, 5,187,492 common shares of the Corporation, representing approximately 26.77% of the common shares of the Corporation. Should the Debenture and his 176,000 options be converted into common shares of Corporation prior to August 1, 2021, DJH would own 7,363,492 common shares of Metalo, representing at least 34.16% of Corporation's issued and outstanding common shares on a partially diluted basis.

The Amending Agreement and share issuance were approved by all independent members of the Board of Directors.

The transaction described herein between the Issuer and FLH constitute a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions (“MI 61-101”). For this transaction the Issuer intends to rely on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(b) of MI 61-101 on the basis that no securities of the Corporation are listed on a specified market set out in such section. The Issuer also intends to rely on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(e) of MI 61-101 on the basis of financial hardship if the Debenture is not extended, by preserving its existing cash for working capital and giving the Issuer until August 1, 2021 to secure the financing required to retire the Debenture. The Issuer did not file a material change report more than 21 days before the entering into the Second Amending Agreement as the details of such agreement were not settled until shortly prior to closing.

**Item 6: Reliance on subsection 7.1(3) of National Instrument 51-102**

N/A

**Item 7: Omitted Information**

N/A

**Item 8: Executive Officer**

Francis MacKenzie  
President & CEO  
Tel: 902.499.7150

**Schedule "A"**  
**Media Release**

**MEDIA RELEASE**  
**Metalo Manufacturing Inc. – Amendment and Interest Payment**

(NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION  
VIA U.S. NEWSWIRE)

**Halifax, Nova Scotia -- (Newsfile Corp. – February 1, 2021)** - Metalo Manufacturing Inc. (the “**Issuer**”) (CSE: MMI) announces that it will issue 262,928 common shares of the Issuer to Forest Lane Holdings Limited (“**FLH**”), a company controlled by an insider of the Issuer.

The Issuer and FLH entered into a convertible debenture on May 1, 2015, as amended May 1, 2020 (collectively, the “**Debenture**”) and February 1, 2021 (detailed below) in the amount of \$2,000,000 with interest of 5% payable quarterly in cash or in common shares at the option of the Issuer. This issuance is made at a deemed price of \$0.0951 per share which is the volume-weighted trading price for the 20 trading days ending January 11, 2021 and represents interest due as of February 1, 2021, for an aggregate amount of \$25,000. The securities will be subject to a four month hold period following the date of issuance.

The Issuer entered into an amending agreement to the Debenture dated February 1, 2021 (the “**Second Amending Agreement**”) with FLH, to extend the term of the Debenture. The maturity date of the Debenture has been extended to August 1, 2021 (previously November 1, 2020). All other material terms and conditions remain the same. The Amending Agreement was approved by independent members of the Board of Directors of the Issuer.

FLH is majority-owned investment company of David J. Hennigar, a director and chairman of the Issuer. Subsequent to the share issuance detailed in this release, Mr. Hennigar, will hold, either directly or indirectly through his various companies, 5,187,492 common shares of the Issuer, representing approximately 26.77% of the common shares of the Corporation.

The transactions described in this news release between the Corporation and FLH constituted a “related party transactions” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions (“MI 61-101”). For this transaction, the Corporation intends to rely on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(b), and the exemption from the minority shareholder approval requirements in Section 5.7(1)(e).

The Issuer did not file a material change report more than 21 days before the expected closing of the Second Amending Agreement, as the details of the Second Amending Agreement were not finalized until immediately prior to the closing and the Issuer wished to close the transaction as soon as practicable.

**ABOUT METALO MANUFACTURING INC. (CSE:MMI)**

Metalo's principal focus is an investment in various projects, namely those that are involved in the development and construction of a pig iron manufacturing plant to produce high purity pig iron for steel mills and foundries. MMI is a 44% shareholder of Grand River Ironsands Incorporated (“GRI”). GRI owns a 100% interest in Pure Fonte Ltée, which has its business emphasis to build a plant for the manufacturing of pig iron. North Atlantic Iron Corporation is 90% owned by GRI and it owns mining rights for a resource in Happy Valley-Goose Bay, Newfoundland and Labrador. The Corporation has 19,378,872 issued and outstanding common shares.

*Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.*

**The Corporation seeks Safe Harbour.**

For additional information contact:

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